

reached in China on Tuesday morning, declined to make the mayor available for comment about the problems Heidtman Steel had in China.

In December, 2010, an arbitrator in Geneva agreed with Heidtman and ordered the Chinese company—Hebei Huiyuan Group Tangshan Import & Export Co. Ltd.—to repay \$3.5 million plus other costs for 44,000 tons of coke it had promised to deliver but did not. Two years later, Heidtman is still without its money and never received the shipment.

In 2004, when coke was difficult to obtain and the price of steel was sky-high, John Bates, Heidtman's chief executive officer, thought he had found a supply of coke to satisfy his customers.

"We became aware that there was maybe some coking coal available in China for export to the United States, so our CEO went over and met with some individuals," Mr. Ridenour said. "We signed a contract [and] made a payment in order to obtain this coking coal, which we would then turn around and sell to a steel producer; in this case, it was SeverStal."

The deal with Hebei was signed on Nov. 13, 2004, and the money was wired three days later. The coke was supposed to be waiting on a dock in China north of Beijing on Dec. 5, 2004.

After Hebei failed to deliver the coke, Heidtman agreed to cover the difference between the contract price and the cost of buying 44,000 tons of coke on the dock from another seller to honor its commitment to SeverStal. In January, 2005, SeverStal demanded \$1.68 million from Heidtman for the purchase price difference of that coke and extra shipping costs.

The arbitrator awarded Heidtman \$3.51 million as reimbursement and the \$1.68 million it had to pay to SeverStal. Heidtman was also awarded \$440,000 plus \$185,876 in legal fees, hearing costs, and arbitration fees.

Xu Jianguo, chairman and legal representative of Hebei, could not be reached for comment at his office in China. Mr. Xu and the company are listed on a variety of Chinese-language Web sites. One site calls him "the city of Tangshan coke king" and says that he has been chairman of the board of the Entrepreneurs Association of Hebei Province, Tangshan City Federation executive committee.

Mr. Ridenour alleged Mr. Xu asked for an additional \$10 million after the coke shipment didn't arrive at the docks.

John Carey, a lawyer with Eastman & Smith Ltd. who is working for Heidtman, said the arbitration award has been ignored but there are legal options in China.

"We have a two-year window to do something with it in China," Mr. Carey said. "We have had a Chinese lawyer in Beijing for about a year trying to help us. . . . We have been told by everybody and their aunt that you can go through the Chinese judicial process if you want to; it will take a really long time; it will be really expensive, and really there is no certainty for outcome."

Derek Scissors, an expert on China and an Asian scholar at the Heritage Foundation in Washington, said he was not surprised to hear about Heidtman's troubles with the Chinese company. He said American companies should first check out businesses in China before proceeding because recovering money in a legal dispute is very difficult.

"No certainty for an outcome is an understatement," Mr. Scissors said. "The fundamental problem for the U.S. is that it wants to encourage private Chinese companies, but private does not mean ethical or well run. . . . It could be owned by thieves and all of these companies have the shelter that they

are not going to be forced to pay unless they have other overseas exposure."

Mr. Scissors said American companies in similar disputes will not get a judgment on any basis of law. "There is no rule of law in China," he said. "Decisions are made on a political basis and the top one is keeping people employed, so if the Chinese company says it would have to lay off workers to pay this order, then forget it, you are not going to get squat."

Mr. Ridenour admits Heidtman should have used an international letter of credit rather than paying up front for the coke.

"This was our first foray into China and maybe our last," he said. "It's a story about the perils of doing business in China without having your behind protected."

Heidtman and its law firm have asked for help from U.S. Sen. Rob Portman (R., Ohio), U.S. Rep. Marcy Kaptur (D., Toledo), the U.S. Department of State, the U.S. Department of Commerce, the American Embassy in Beijing, and the International Chamber of Commerce.

Miss Kaptur said she is trying to "get justice" for Heidtman by going through official channels.

"I am seeking a personal meeting with the ambassador from China to the United States and we have asked for that meeting and we are waiting for a reply," she said. "We are operating with a country that does not have reciprocal trade practices. They do not have a rule of law and they do not abide by the normal practice of global trade."

She said Heidtman's situation is a cautionary tale.

"This is indicative of many American companies doing business in China," Miss Kaptur said.

MESSAGE FROM THE SENATE

A message from the Senate by Ms. Curtis, one of its clerks, announced that the Senate has passed a bill of the following title in which the concurrence of the House is requested:

S. 3642. An act to clarify the scope of the Economic Espionage Act of 1996.

DEVASTATING EFFECTS OF SEQUESTRATION CUTS TO MATERNAL AND CHILD HEALTH PROGRAMS AND RESEARCH

The SPEAKER pro tempore. Under the Speaker's announced policy of January 5, 2011, the gentlewoman from Illinois (Ms. SCHAKOWSKY) is recognized for 60 minutes as the designee of the minority leader.

Ms. SCHAKOWSKY. Thank you, Mr. Speaker, for yielding to me for a very important hour.

I want to begin with Elodie Michaud, this beautiful, beautiful baby and hope that everyone will think about Elodie as every child, as any child, as your child. Because what I rise to talk about today is the importance of protecting very important maternal and child health programs and research, some wonderful things that our country does to make sure that children like Elodie, regardless of their circumstances and where they live and how much money their parents make, will be able to grow up healthy and happy and productive in our country.

□ 1430

Investments in maternal and child health improve the well-being and

quality of life for women and children and families all over the country while actually reducing government costs. So as we deal with all of the issues of the debt and the deficit, I want to make sure that everybody is keeping Elodie, and children like her and her mother and her father and her family, in mind and making cuts that really make sense and avoiding cuts that absolutely make no sense, that don't save money, and certainly don't make our country any better. The investments that we make help children remain healthy, achieve success in school, and become productive members of society.

While we all agree that we want to tackle our fiscal challenges, we want to make sure that we take the kind of balanced and sensible approach that reduces our deficit, puts our fiscal house in order, and protects the health of women, children, and families. So we should all agree, both sides of the aisle, that we want to increase revenue to tackle our budget deficits and ask those who can afford it—the wealthier individuals and profitable corporations—to pay their fair share so that we don't ask children and families, like Elodie's family, to bear the burden.

Elodie certainly had nothing to do with creating the deficit, and many families that the Elodies of the world live in had nothing to do with creating the deficit. Asking them to pay more doesn't make any sense. We need to find more savings in the bloated defense budget and waste, fraud, and abuse throughout many different systems. Obviously, we want to get rid of unnecessary and duplicative programs that we don't need, and we should go very carefully through our budget. We don't want to do it at the expense of children.

When we talk about sequestration, these are automatic budget cuts that will go through if we don't resolve the fiscal problems that we have right now. These are, I would argue, inefficient, across-the-board cuts that will be made. And even though some programs for vulnerable Americans are protected, others would be severely cut. We should not allow this.

American families shouldn't be paying for a budget deficit largely caused by things like two unpaid-for wars and two unpaid-for tax cuts that disproportionately benefited the wealthy and Wall Street gone wild, which led to the worst recession since the Great Depression. Our budget should not be balanced on the backs of vulnerable Americans, including women and children. Funding programs that assist vulnerable women and children have already experienced serious cuts in recent years, and we shouldn't be asking more from these safety net programs.

We also want to ensure that we don't replace sequestration, these automatic cuts that will go into place, with something even worse. Some alternatives