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NAM DEMANDS CHINA ELIMINATE PROHIBITED SUBSIDIES

“It’s Time to End this Major Distortion of Trade,” Vargo Says

WASHINGTON, D.C., February 15, 2007 – The National Association of Manufacturers today told Congress that China’s illegal subsidies put many of America’s manufacturers at an unfair disadvantage in the increasingly competitive global marketplace, and expressed support for the Bush Administration’s case against China filed with the World Trade Organization (WTO).

“The U.S. Trade Representative (USTR) must act quickly in eliminating the prohibited subsidies identified in the case filed with the WTO,” said NAM’s Vice President for International Economic Affairs Frank Vargo in a testimony before the House Ways and Means Committee. “Illegal is illegal and it is time for China to make good on its promises to eliminate these subsidies. They are forcing American manufacturers to fight with one hand behind their back.

“China’s membership in the WTO requires full compliance with the rule of law – just like for all other WTO members,” he said. “In reviewing USTR’s complaint, there isn’t much of a question that the subsidies identified are illegal. These subsidies look like they could be causing significant distortion in trade patterns – particularly those that appear to favor the purchase of domestic Chinese equipment instead of imports.

“Many import-competing manufacturers see prices of Chinese products so low – sometimes even lower than the cost of the raw materials – that it is nearly impossible to compete,” Vargo said. “Smaller U.S. manufacturers face ample obstacles in foreign markets without having to compete against subsidized Chinese.

The full testimony is available at <http://www.nam.org/chinarelations>

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