STATEMENT OF U.S. CONGRESSMAN KEVIN BRADY
Ranking Member, Ways & Means Trade Subcommittee

June 16, 2010

In China, the tiger often symbolizes protection. In this Year of the Tiger, China is carrying out a series of troubling and harmful policies that amount to mercantilist protectionism.

These aggressive policies – which include indigenous innovation barriers, intellectual property violations, subsidization, and discriminatory standards – have caused great harm to our trading relationship. Congress should shine light on them and address them using every tool we have, including by engaging with our trading partners in a coordinated strategy to put significant multilateral pressure on China.

Our recent Ways & Means hearing on the issue of China's currency showed how deeply concerned Members are about the value of the renminbi. There is widespread agreement that the currency is undervalued.

In recent days, there has been a renewed call for legislation to address the undervaluation of China's currency and a threat to move legislation in the Senate authored by Senator Charles Schumer (D-NY) within the next two weeks. While I am deeply sympathetic with the frustration manifested by this call to arms, I do not believe that moving such legislation is the right approach at this time and may in fact make it harder to resolve other, potentially even more pressing problems with China.

The Schumer bill, in my view, will do little to change the trade imbalance with China, potentially exposes American exporters to retaliation and will amount to a consumer tax on American families and businesses.

I also believe that any response must be consistent with our WTO obligations - or it will make the situation worse. It is clear that the WTO consistency of this legislative approach is at best untested. In addition, I have real doubts that the Schumer bill would result in comprehensive reform of China's currency practices.

Instead, I believe that the best way to handle this issue is through multilateral pressure on China. The G-20 meetings later this month provide an opportunity that I hope the Administration, our trading partners, and China will take to pursue this issue as part of a package of badly needed reforms in China essential to ushering in a global economic recovery.

Ultimately, we have to remember that we have a whole host of problems with China that we must address. We should not let potentially counterproductive currency legislation dominate the discussions with China and limit our ability to address the serious problems posed by indigenous innovation, subsidies, directed lending, and other policies. I have heard from many that these problems have more of an effect on our ability to create U.S. jobs than the currency situation.

I look forward to the testimony today to address these other problems and the steps that we should be taking.

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