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# United States Senate

WASHINGTON, DC 20510-3205

July 23, 2009

U.S.-China Economic and Security Review Commission  
444 North Capitol Street, N.W.  
Suite 602  
Washington, D.C. 20001

Dear Chairwoman Bartholomew and Members of the Commission:

I regret that I am unable to attend your field hearing in Rochester, but I thank you for choosing to listen to the concerns of Upstate New Yorkers who call and write to my office every day as they struggle to compete in the global economy.

The relationship between the United States and China is one of growing cooperation and interdependence, resulting in increased opportunities and challenges for both our countries. China is the second largest U.S. trading partner and our largest source of imports. In 2008, trade with China accounted for about 12 percent of total U.S. global trade. The magnitude of U.S.-China economic ties underscores the need to develop strong policies that ensure a fair playing field for U.S. businesses and workers, some of the most talented of whom live and work in and around Rochester, New York.

I believe that there are many issues where both of our governments, as well as individuals and companies in the private sector, can work collaboratively. One such area is the global effort to reduce carbon emissions and transition to a low-carbon economy. We are already making progress, as evidenced by China's willingness to engage bilaterally with U.S. officials on climate change. Already, Secretary of State Clinton, Special Envoy Todd Stern, and Secretaries Locke and Chu have travelled to China and put carbon reduction at the top of their agenda. As the United States grows our green technology sector, we have the opportunity to work with China to develop new technologies that will benefit both of our economies, while also protecting the environment.

There are specific concerns that have been repeatedly raised by my constituents, particularly those in the manufacturing sector, which I would like to amplify for you. In addition, Rochester Institute of Technology recently released a study which addresses the impact of China on companies in Upstate New York. At the top of the list of concerns is the loss of manufacturing jobs that continues to erode the Upstate New York economy. From 2001-2008, the Rochester-Finger Lakes region alone lost over 26,769 manufacturing jobs.

Pro-Mold, Inc., which is owned and operated in Rochester, has seen first-hand the effects of Chinese manufacturing on their business. Pro-Mold, Inc. manufactures plastic parts for products that range from toys to cars. The company has had to downsize almost half of its workforce since 2001, from 61 employees to about 35, as a direct result of Chinese manufacturers, subsidized by the government, being able to produce the same product at a fraction of the cost. Consequently, many large American companies that have traditionally contracted with Pro-Mold are choosing to contract with Chinese manufacturers for a significantly lower price. This is just one example, but there are many companies like Pro-Mold that are being forced to downsize to the point where they are very close to going out of business or have already closed their doors because their customers are relocating to China.

A second concern raised by my constituents is the undervaluing of China's currency. China's refusal to adopt a floating currency exchange rate is alarming, as it serves to provide a competitive advantage for Chinese manufacturers that has resulted in the loss of U.S. jobs. In recent years, China has made moves to increase the flexibility of its currency and reduce its relative undervaluation against the dollar, however I believe there is still more that must be done to ensure that Chinese manufacturers are not unfairly advantaged over American workers.

I believe in the innovative spirit of New York, and there are many industries that are evolving to meet the challenges that we face. I am committed to investing in new technologies, such as clean technology, biotech and nanotechnology, which will create a new economy in Upstate New York that can compete with countries around the world, including China.

Again, I thank you for choosing Rochester, New York to hold this important field hearing. I know that the concerns I have raised will be echoed in the testimony and public comments that you will hear. By listening to the concerns of Upstate New Yorkers, you will be better informed to advise policy makers on how best to partner with China to level the global playing field and strengthen our economy here at home.

Sincerely,



Kirsten E. Gillibrand  
United States Senator