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U.S.-China Economic Review Commission
Hearing: *China and the WTO: Assessing and Enforcing Compliance*

Testimony of
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Mr. Chairman. I want to express my thanks to you for bringing together several panels today to discuss the issues related to the Continued Dumping and Subsidy Offset Act (“CDSOA”) on U.S.-China issues. Let me be blunt, it is absolutely essential that we preserve this provision. As you know, this provision helps companies that have been harmed by foreign competitors who continue to dump or receive subsidies despite the imposition of trade measures taken in the United States.

We must stand firm on this. I have reviewed the WTO panel decision against the CDSOA provision, and I believe it is the worst decision to come out of the WTO since its inception. The problem with this decision is it purports to prohibit a practice – that of distributing antidumping or countervailing duties to affected companies and workers – that was never agreed to by the United States during WTO trade negotiations. The WTO must stop creating new obligations for the U.S. that we never agreed to. Additionally, this loss of sovereignty is very real and most disturbing to me.

The only way we can effectively deal with this problem is to negotiate a solution during the current round of trade negotiations. In both the 2004 and 2005 omnibus appropriation bills, Congress directed the Administration to clarify the fact that all nations retain their existing right to distribute duties collected on unfair imports to affected companies and workers. Moreover, I and 69 of my Senate colleagues sent a letter to the President telling him that it would be a mistake simply to revoke this provision instead of negotiating a solution to keep it in place. The Administration did put forward a proposal last April to do just that. However, we need to make certain that the Administration understands they must push hard to get this accomplished during the negotiations – in the meantime the CDSOA must stay in place.

When foreign companies continue to dump or get subsidies, the rightful benefits from the imposition of offsetting duties is negated. The CDSOA seeks to rebalance that problem, and has done a good job of doing so over the years it has been in place. As you know, this provision has been very helpful to several important Idaho companies that have been continually hurt by unfair foreign trade, including Micron Technology, Bennett Lumber, Clearwater Forest Industries, Regulus Stud Mills, and Hamilton Honey. In all, 10 Idaho companies received duties in FY2004 amounting to over \$12 million.

As the United States continues to see increased imports from China, the remedial effects of the CDSOA provision will be even more critical. Micron Technology, a large and important semiconductor manufacturer in my state, has long had problems with foreign government subsidized support to build up Micron's competitors in Asia. This started in Japan, Korea, and Taiwan. As we witness today, China is the next battleground.

I cannot underscore enough the importance that we must have the Administration actively defending and supporting the CDSOA, and I add my voice to the majority of the Senate in urging the Administration to keep this law on the books.