



U.S.- CHINA ECONOMIC AND SECURITY  
REVIEW COMMISSION

*Hearing on China and the WTO: Assessing and Enforcing Compliance*

**Opening Statement of  
Roger W. Robinson, Jr.  
Commission Vice Chairman**

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Washington, DC**

The Commission is holding this hearing as part of our continuing assessment of the U.S.-China economic relationship, as we return to Washington, D.C. after two field hearings. In Akron, Ohio and Seattle, Washington, the Commission heard powerful testimony from manufacturers and other producers. Our panelists at these hearings represented a substantial part of the base of the U.S. economy, and they are under considerable strain as the challenges of China's economic presence multiply. They pinpointed some of the difficulties they face from China, some of which – like the exchange rate and violations of intellectual property rights – can be addressed through the WTO.

We are using China's accession to the World Trade Organization as the hearing's frame of reference, considering both the obligations it placed on China and the trade remedies it provides for the U.S. We intend to not only evaluate China's record of compliance with its WTO obligations, but to also take a step back to review the manner in which the U.S. does and should respond to compliance shortfalls.

The Commission has made a number of strong findings and recommendations following past hearings and in our Annual Report to Congress this past June. Our recommendations have been aimed at moving the ball forward on a number of key trade concerns, among them China's undervalued currency, intellectual property rights violations, textile exports, and agricultural trade. We hope today to look at the specific mechanisms of our trade laws and the WTO as a means to redress problems in these areas.

For instance, in our 2004 Annual Report, the Commission found that "China is systematically intervening in the foreign exchange market to keep its currency undervalued." On intellectual property rights, the report found that "large-scale piracy – at levels of over ninety percent – continues to characterize intellectual property rights protection in China and is a major concern for U.S. exporters of high-tech goods and services." In response, the Commission recommended that barring any progress U.S. trade officials should consider taking more aggressive measures, including fashioning WTO cases. Today we have a distinguished array of panelists to help us evaluate the merits and methods of this approach.

This will be the modus operandi of this hearing. In addition to cataloguing China's failures to meet WTO commitments, we want to examine potential U.S. responses to encourage China's compliance or ameliorate the effects on U.S. producers. Where we have previously found shortcomings, we seek solutions. Where we have previously recommended action, we seek to hone implementation of these recommendations. In short, we want to build on our past work by exploring the options available to the U.S. to respond to the growing challenges of the U.S.-China trade relationship and its impact upon the U.S. economy.

I'd like to now turn over the proceedings to the co-chairs of this hearing, Commissioners Mulloy and Dreyer.