

# UNITED STATES BUSINESS AND INDUSTRY COUNCIL

*FIGHTING FOR AMERICAN COMPANIES AND AMERICAN JOBS SINCE 1933*

November 8, 2007

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## **MANUFACTURING GROUP BLASTS HOUSE PASSAGE OF PERU TRADE DEAL**

Says Congress' leaders ignore overwhelming China threat to domestic industry at nation's peril

WASHINGTON -- The U.S. Business and Industry Council condemned the House of Representatives' passage of the U.S.-Peru free trade agreement in the face of Congress's failure to address the biggest trade threats facing domestic manufacturers and their workers -- specifically, currency manipulation by China and other East Asian countries, as well as a host of other predatory economic practices they engage in

"Congress is fiddling with midget markets like Peru while domestic companies and their workers are being burned by China and the rest of East Asia," said USBIC President Kevin L. Kearns. "Congress's misplaced trade priorities indicate that the new Congressional leadership is no more serious about promoting domestic production and jobs through trade policy than is President Bush."

Kearns continued, "House Ways and Means Committee Chairman Charles Rangel (D-NY) announced last week that the leadership's legislative timetable would not enable the House to address the China issue until 2008 at the earliest. So factories and jobs continue to be shipped overseas wholesale while Congress pretends there are more important priorities than healthy American businesses and good American jobs." "

Peru is an economy only slightly bigger than Hartford, Conn. (\$79 billion according to the latest 2005 comparative figures)," said Kearns. "And the U.S. Trade Representative's office itself pegs the country's poverty rate at nearly 50 percent. Clearly, the Peruvian market for U.S.-made goods will be negligible under any trade arrangement, and thus will have minimal impact on American production or jobs."

"By contrast," observed Kearns, "the United States ran a \$232 billion merchandise trade deficit with China last year -- when Congress was in Republican hands -- and the gap is running 14 percent higher so far this year -- when Congress is in Democratic hands. Worse, China's currency continues to saddle fully competitive domestic U.S. manufacturers and their workers with a crippling and completely artificial 40-plus percent price disadvantage, and the PRC's full range of other trade-distorting economic subsidies remain firmly in place. Similarly, Japan's price advantage on cars and trucks is estimated at between \$4,000 and \$12,000 per vehicle due to its intervention in currency markets to keep the yen undervalued."

Continued Kearns, "Yet even as China's and East Asia's predatory trade practices devastate American companies, erode their workers' wages, or destroy their jobs completely, Congressional leaders are responding by sticking their heads in the sand. Increasing Trade Adjustment Assistance is not a solution to the central problems. It treats only one of the symptoms of dysfunctional U.S. trade policies. Worse, it allows a bipartisan majority in Congress to believe that they have actually accomplished something when in fact they have punted on the major trade issues facing the nation. The leadership's trade program is of benefit only to outsourcing multinational companies, not businesses that create middle-class jobs here in the United States."

The U.S. Business and Industry Council is a national business organization founded in 1933. Its 1,500 members are mainly family-held domestic manufacturing companies.