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U.S. House of Representatives

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JANICE MAYS,
MINORITY CHIEF COUNSEL

April 19, 2006

The President
The White House
Washington, DC 20500

Dear Mr. President:

In anticipation of Chinese President Hu Jintao's visit later this week, we are writing to request that you urge President Hu to take immediate action to address China's longstanding unfair trade practices, including its currency manipulation, flagrant piracy of intellectual property, unreasonable restrictions on market access, and continued reliance on industrial subsidies and industrial policies to promote exports. China is one of the most important trading partners of the United States, and President Hu's visit presents a unique opportunity for our two countries to work together to enhance our trade relationship.

During the last five years, the U.S. trade deficit with China has more than doubled – growing from \$84 billion in 2000, to \$202 billion in 2005. This trend is unacceptable and unsustainable, as the United States has had to borrow massive amounts of money from foreign countries to fund this deficit and has now accumulated more than \$2.2 trillion in foreign debt. Moreover, our trade deficit reflects tremendous lost market opportunities for U.S. companies and tremendous harm to U.S. workers, farmers, manufacturers and businesses.

The imbalance in the U.S.-China trade relationship is caused in part by China's continuing currency manipulation, piracy of intellectual property, unreasonable restrictions on market access, and export surges driven by non-market based signals. Despite repeated promises to move toward a more flexible exchange rate, China continues to use a rigid currency policy that has caused the yuan to become under valued by as much as 40 percent. China's currency manipulation gives China an unfair trade advantage by making Chinese exports cheaper and U.S. exports to China more expensive.

China also continues to flaunt international trade rules by failing to crack down on rampant piracy of intellectual property. The Chinese Government has repeatedly made commitments on intellectual property protection and enforcement – as part of joining the World Trade Organization, in the context of the U.S.-China Joint Commission on Commerce and Trade (JCCT) and in other fora. However, each year, American companies continue to be robbed of

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their intellectual property in China – where piracy rates exceed 90% in many sectors and cost U.S. companies more than \$2 billion in 2005.

Additionally, China continues to use a variety of other unfair trade practices to provide advantages to Chinese companies and prevent U.S. and other foreign companies from competing on a level playing field. For example, China imposes unscientific and burdensome technical standards and certification requirements to restrict U.S. manufacturing and agricultural exports; uses an opaque regulatory process, overly burdensome licensing and operating requirements and often discriminatory regulations to restrict U.S. exports of services; and provides direct and indirect subsidies to its domestic industries.

We believe President Hu's visit provides an important opportunity for the Administration to work with China to address the key problems in our bilateral trade relationship. Thank you for your consideration of this request.

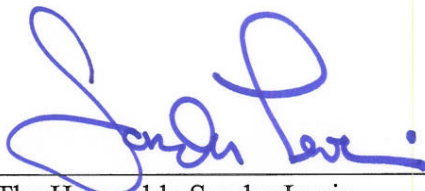
Sincerely,



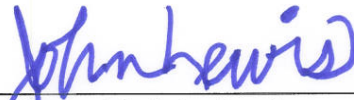
The Honorable Benjamin L. Cardin
Ranking Member
Subcommittee on Trade



The Honorable Charles B. Rangel
Ranking Member



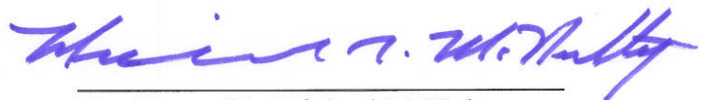
The Honorable Sander Levin
Ranking Member
Subcommittee on Social Security



The Honorable John Lewis
Ranking Member
Subcommittee on Oversight



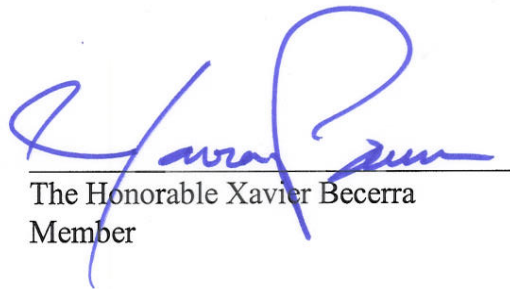
The Honorable Richard Neal
Member



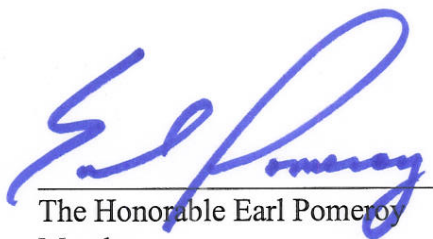
The Honorable Michael McNulty
Ranking Member
Subcommittee on Select Revenue Measures



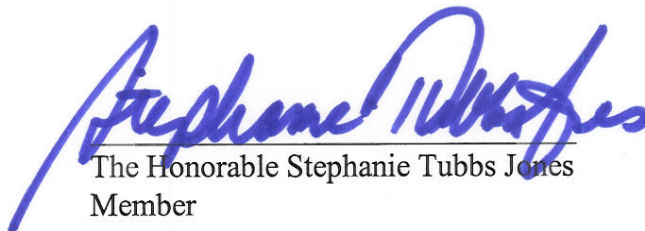
The Honorable William Jefferson
Member



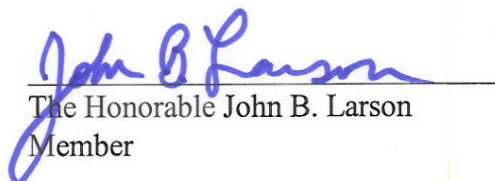
The Honorable Xavier Becerra
Member



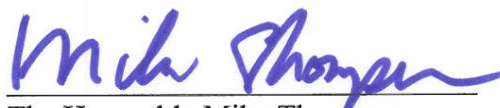
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The Honorable Stephanie Tubbs Jones
Member



The Honorable John B. Larson
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The Honorable Mike Thompson
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