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SEN. CASEY, SEVEN SENATORS URGE ACTION TO ADDRESS CHINESE SUBSIDIES THAT HURT U.S. GLASS INDUSTRY

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WASHINGTON, Oct. 28 -- The office of Sen. Bob Casey, D-Pa., has issued the following news release:

U.S. Senator Bob Casey (D-PA) today spearheaded a letter signed by seven other senators to the Secretary of Commerce and the U.S. Trade Representative urging that action be taken against Chinese trade policies that have hurt American glass manufacturers. The letter was also signed by Senators Arlen Specter (D-PA), Chuck Schumer (D-NY), Mary Landrieu (D-LA), Evan Bayh (D-IN), Debbie Stabenow (D-MI), Sherrod Brown (D-OH) and Kirsten Gillibrand (D-NY).

"Since 2001, the American manufacturing sector has lost over 2 million jobs as a result of the trade deficit with China, which over 2007 and 2008 exceeded \$526 billion," the senators wrote. "The dramatic increase in the trade deficit is a direct result of Chinese subsidization, which drives down the cost of their exports and prevent American companies from competing on a level playing field."

According to a recent study by Dr. **Usha Haley** of Harvard University and the Economic Policy Institute, *Through China's Looking Glass: Subsidies to the Chinese Glass Industry from 2004-08*, the Chinese glass industry has benefited from subsidies that distort trade and create an unlevel playing field for our domestic companies and workers.

Notably, a Chinese company was recently awarded the contract to supply the exterior glass for the construction of the new tower on the World Trade Center site. Three U.S. companies, including Pittsburgh-based PPG Industries, bid on the contract and spent months working with the developers to design a new type of glass for the construction.

As a series of high-level meetings of the U.S.-China Joint Commission on Commerce and Trade are due to begin, the senators wrote to make sure that the issues related to Chinese glass are on the agenda. Commerce Secretary Gary Locke and USTR Ron Kirk are co-chairs of the forum.

The letter continued: "At a time when we need job growth, not loss, we strongly urge you to raise the issues mentioned in this letter with your Chinese counterparts."

"I want to commend Senator Casey and all of his colleagues who agree that China's glass subsidies must be urgently addressed," said Alliance for American Manufacturing Executive Director Scott Paul. "We've already lost too many good paying jobs in this industry. Our trade negotiators must work to eliminate China's energy subsidies. Otherwise, America's oldest industry - dating back to Jamestown Colony in Virginia - may face a bleak future."

Leo W. Gerard, international president of the United Steelworkers (USW), is direct in his anger, saying: "China's predatory practices of both dumping and subsidization in the global glass market is destroying jobs and industry in the U.S. Nothing illustrates this more gallingly than the recent decision to use Chinese glass in construction of the new World Trade Center. China's cheating and massive subsidies mean lost work and lost opportunities for American manufacturers and their workers."

The author of the report, Dr. **Usha Haley**, Asia Programs Fellow at the Harvard Kennedy School, said, "As my study notes, China's glass and glass-products industry has received at least \$30.3 billion in subsidies from 2004 to 2008. These subsidies have been growing steadily and no doubt account for China's becoming the world's largest glass producer as well as the largest exporter of flat glass and glass fiber in a very short time."

The text of the letter is below.

Dear Secretary Locke and Ambassador Kirk:

We write to you today to urge you to address the increasing harmful effects of Chinese policies on the American manufacturing sector when you meet with your Chinese counterparts as part of the Joint Commission on Commerce and Trade (JCCT).

Since 2001, the American manufacturing sector has lost over 2 million jobs as a result of the trade deficit with China, which over 2007 and 2008 exceeded \$526 billion. The dramatic increase in the trade deficit is a direct result of Chinese subsidization, which drives down the cost of their exports and prevent American companies from competing on a level playing field. Industries across the country have been affected by these unfair policies, including steel, tires, textiles, solar energy and glass.

Recently, a study was completed on the negative effects Chinese policies have caused the American glass industry. The study by Dr. **Usha Haley** of Harvard University, Through China's Looking Glass: Subsidies to the Chinese Glass Industry from 2004-08, documents the industry's growth and exports, and the Chinese government subsidies that have bolstered such industry. Specifically, Dr. Haley makes the following findings:

* Since 2003, glass production in China has more than doubled. Concurrently, production capacity in China has doubled since 2003 and increased more than three-fold since 2000.

* China has become the largest exporter of flat glass and glass fiber in the world. The Chinese glass industry experienced a three-fold increase in exports to the United States from 2000 to 2008; correspondingly, the U.S. trade deficit with China on glass also tripled in the same period.

* China's glass and glass-products industry received at least \$30.3 billion in subsidies from 2004 to 2008. These subsidies spanned heavy oil, coal, electricity, and soda ash and have been growing steadily in this period, reaching about 35% of gross industrial output value of glass in 2008.

As a direct result of China's policies, glass production in the U.S. has suffered in recent years, with plant closings and as many as 40,000 lost jobs throughout the country. While our domestic glass industry is the most efficient in the world, it cannot compete against production that is heavily subsidized.

At a time when we need job growth, not loss, we strongly urge you to raise the issues mentioned in this letter with your Chinese counterparts. Thank you for your attention to this important issue. We have enclosed a copy of Dr. Haley's report for your reference. For more information please contact: Sarabjit Jagirdar, Email: - htsyndication@hindustantimes.com

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