



THE US-CHINA BUSINESS COUNCIL

美中贸易全国委员会

January 2009 China Policy Recommendations

Background and Key Points

Background

The US-China Business Council launched an initiative in January 2009 to brief the incoming Obama administration, new and existing members of Congress and their staff, other core constituencies, and the media on the key issues in the US-China trading relationship. The briefing materials correct misperceptions about the relationship and provide recommendations on how to best maintain America's international economic leadership and advance the US trade agenda with China.

USCBC is asking its member companies to use these materials in their own meetings with the incoming administration and members of Congress, as well as with their employees, customers, suppliers, and local officials and media to ensure a consistent business community voice on China policy and encourage a non-partisan, fact-based approach to the key issues.

Key Points

- Few issues loom as large on America's economic and foreign policy agendas as our relationship with China. The current global environment may offer more immediate crises clamoring for attention, but China is the enduring challenge—and opportunity—for the United States that has emerged in the new century.
- China trade policy choices have implications for both the economic and the strategic aspects of the bilateral relationship. There is much to be gained, in both economic and strategic terms, if we get the relationship right—but economic and strategic difficulties lie ahead if we don't.
- We need to have a balanced and fact-based policy approach to China that bolsters and builds upon the many strengths of US companies.
- The US and Chinese economies are greatly intertwined and our mutual economic success in the years ahead requires us to work together on major issues such as energy, the environment, financial and currency policies, food and product safety, combating protectionism, and adhering to the rules-based international trading system.
- USCBC's policy recommendations document corrects many of the misperceptions about the US trading relationship with China, including:
 - Whether China's economy is on the verge of dominating America's (it isn't);

- How China's entry into the world economy has affected US manufacturing (the United States has maintained its leading share of global manufacturing output);
 - Whether China's currency policies are at the root of the US trade deficit (they aren't, although a multilateral effort on global trade and financial imbalances is needed).
- The facts make clear that there are many specific issues that should be addressed related to China, but the bigger challenges to maintaining America's economic leadership are right here at home. Sound policies on energy, healthcare, education, and innovation, for example, would do much more to enhance our international competitiveness.
 - USCBC recommends a three-pronged approach to America's economic and commercial relationship with China:
 - Continue a high-level, comprehensive, forward-looking dialogue that focuses on key issues such as energy, the environment, food and product safety, financial and currency policies, global economics, and maintaining open investment environments.
 - Address specific trade issues and disputes first through good faith negotiations via bilateral channels such as the Joint Commission on Commerce and Trade (JCCT).
 - When good-faith dialogue fails, use rules-based, internationally accepted trade dispute mechanisms, such as World Trade Organization cases when well-defined, winnable, and supported by industry.
 - USCBC's policy recommendations are being provided to the incoming Obama administration, members of Congress, and other interested groups. They are publicly available on USCBC's website at www.uschina.org/public/documents/2009/china_policy_recommendations.pdf, along with additional materials on the trade relationship, which can be found at www.uschina.org/tradefacts.
 - For additional information on these or related issues, please contact the US-China Business Council. John Frisbie and Erin Ennis can be reached in USCBC's Washington office at 202-429-0340.