

# SHIPPING JOBS & MONEY TO CHINA

THE OBAMA RECORD



REPUBLICAN NATIONAL COMMITTEE  
RESEARCH BRIEFING BOOK  
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# OBAMA CANNOT CONTINUE TO IGNORE CHINA'S UNFAIR TRADE PRACTICES

## *Obama Talked Tough On Chinese Currency Manipulation During The 2008 Campaign*

**Obama In 2008: If China Is “Devaluing Their Currency To Make Their Goods Cheaper And Our Goods More Expensive And We’re Not Challenging Them ... Dumping Cheap Steel And Cheap Goods Into This Country Because They’re Subsidized By The Chinese Government And We’re Not Challenging Them, That’s Just Not Fair. It’s Not Right...”** OBAMA: “If they’re devaluing their currency to make their goods cheaper and our goods more expensive and we’re not challenging them, if they’re stealing our intellectual property, our copyrights and we don’t say anything about it, we don’t take them before the World Trade Organization, if they’re dumping cheap steel and cheap goods into this country because they’re subsidized by the Chinese government and we’re not challenging them, that’s just not fair. It’s not right, and it’s going to undermine our economic condition over the long term.” (Craig Gilbert, “Candidates Berate China,” [Milwaukee Journal Sentinel](#), 4/13/08)

OBAMA: “As you know, I have consistently supported in the Senate going after China on this issue with legislation that would push the administration to do the right thing. When I’m president, I won’t have to push the administration to do the right thing because I’ll be the administration.” (Senator Barack Obama, Q&A At The AAM Forum, [Pittsburgh, PA](#), 4/14/08)

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**In 2008, Obama Said He Had A “Pretty Straightforward Proposition” For China, “You Guys Keep On Manipulating Your Currency, We Are Going To Start Shutting Off Access To Some Of Our Markets.”**

OBAMA: “Now look, here’s the thing I think people don’t understand. China needs our market. Their economy is dependent on exports to the United States and we have bargaining power. The problem that we’ve got with China is not that we couldn’t work out a deal in which they are benefitting and we are benefitting. The problem is that through all the tough talk of George W. Bush, he is a patsy when it comes to negotiating these agreements. And, what we need to do is to just be better bargainers that say, ‘Look, here’s the bottom line, you guys keep on manipulating your currency, we are going to start shutting off access to some of our markets. If you are doing the right thing and not trying to manipulate your currency to disadvantage us, then you will have access.’ It’s a pretty, pretty straight forward proposition.” (Senator Barack Obama, Q&A At The AAM Forum, [Pittsburgh, PA](#), 4/14/08)

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## *But Since Taking Office, Obama Has Failed To Protect American Workers From China’s Unfair Currency Practices*

**In May 2012, The Treasury Department Said That China “Did Not Meet The Definition Of A Currency Manipulator Under Its Standards.”** “The Treasury Department on Friday once again declined to name China a currency manipulator despite bipartisan calls for action from Congress. Treasury noted that China’s currency has appreciated against the dollar since June 2010, and said it did not meet the definition of a currency manipulator under its standards.” (Julian Pecquet, “Treasury: China Not Manipulating Currency,” [The Hill’s “Global Affairs” Blog](#), 05/25/12)

- **Obama’s Decision To Avoid Labeling China As A Currency Manipulator Was A Retreat From His “Tough Talk” On The Campaign Trail.** “The Treasury Department on Wednesday declined to label China a currency manipulator, retreating from tough talk last year when a campaigning Barack Obama said Beijing had kept its currency’s exchange rate unfairly low.” (Glenn Somerville and Doug Palmer, “U.S. Again Declines To Brand China Currency Manipulator,” [Reuters](#), 4/25/09)

**The Washington Post: “China’s Policy Has Probably Cost Americans Hundreds Of Thousands Of**

**Jobs And Contributed To China's Destabilizing Pile Of Trillions Of Dollars In Reserves.** "China's undervalued renminbi is a long-standing, bipartisan concern, and it is not a phony one: In pursuit of growth led by exports, China has held the renminbi down in relation to the dollar, rendering its goods artificially cheap in the U.S. market. The renminbi would gain about 20 percent against the dollar if it were allowed to float freely like other currencies, according to the Peterson Institute for International Economics. China's policy has probably cost Americans hundreds of thousands of jobs and contributed to China's destabilizing pile of trillions of dollars in reserves." (Editorial, "Breaking China? Last Thing Needed Is A Trade War," *The Washington Post*, 9/1/11)

- **Obama's Failure To Confront China Cost The United States 450,000 Jobs From 2008 To 2010.** "American jobs have been shifting to low-wage countries for years, and the trend has continued during Obama's presidency. From 2008 to 2010, U.S. trade with China alone cost about 450,000 American jobs because of the growth of Chinese exports, said Robert E. Scott, a pro-labor advocate at the liberal Economic Policy Institute. That figure was less than in previous years, but the decrease was probably tied to the U.S. economic slowdown, which crimped demand for imports. 'I think he has walked away from the campaign commitments,' said Scott, the institute's director of trade and manufacturing policy research. 'He has done far too little to improve U.S. trade.'" (Tom Hamburger, Carol D. Leonnig and Zachary A. Goldfarb, "Obama's Record On Outsourcing Draws Criticism From The Left," *The Washington Post*, 7/9/12)
- **Scott Paul, Head Of The Alliance For American Manufacturing, Is "Perplexed" By Obama's Refusal To Label China A Currency Manipulator.** "But Obama's critics say the most important step the president could take — but hasn't — is to declare China a 'currency manipulator,' which could ultimately allow the U.S. government to erect tariffs to protect American industries. 'I'm perplexed by this decision because it runs counter to the goal of re-shoring jobs from China,' Scott Paul, head of the labor-backed Alliance for American Manufacturing, said in a May statement." (Tom Hamburger, Carol D. Leonnig and Zachary A. Goldfarb, "Obama's Record On Outsourcing Draws Criticism From The Left," *The Washington Post*, 7/9/12)
- **"Obama's Critics, Primarily On The Political Left, Say He Has Repeatedly Failed In Other Ways To Protect American Jobs From Being Moved Overseas" Including Confronting China.** "While White House officials say they have been waiting on Congress to act, Obama's critics, primarily on the political left, say he has repeatedly failed in other ways to protect American jobs from being moved overseas. They point to a range of actions they say he should have taken: confronting China, reining in unfettered trade and reworking a U.S. visa program that critics say ends up sending high-tech jobs abroad." (Tom Hamburger, Carol D. Leonnig and Zachary A. Goldfarb, "Obama's Record On Outsourcing Draws Criticism From The Left," *The Washington Post*, 7/9/12)

### ***Under Obama, The Trade Deficit With China Reached Its Highest Level***

**Under Obama, The Trade Deficit With China Grew To \$295 Billion In 2011.** ("Trade Goods With China," [U.S. Census Bureau](#), Accessed 9/26/12)

- **The Trade Deficit With China In 2008 Was \$268 Billion.** ("Trade Goods With China," [U.S. Census Bureau](#), Accessed 9/26/12)
- **The U.S.-China Trade Deficit Was \$6 Million In 1985, The First Year Recorded By The Census Bureau.** ("Trade Goods With China," [U.S. Census Bureau](#), Accessed 9/26/12)

**In July 2012, The U.S.-China Trade Deficit Was \$29.375 Billion, Totaling Over \$174 Billion This Year.** ("Trade Goods With China," [U.S. Census Bureau](#), Accessed 9/26/12)

- **According To Simon Evenett, Trade Specialist At University Of St. Gallen In Switzerland, The Result Of Obama's Trade Actions Against China "Would Cut The U.S. Bilateral Deficit With China By 0.13%, Which Is Peanuts."** "In a campaign speech in Maumee, Ohio, last week,

Mr. Obama noted a new trade action he brought against China over automobiles and stressed the importance of exports. ... But trade actions affect just a tiny percentage of U.S.-China trade, said Simon Evenett, a trade specialist at University of St. Gallen in Switzerland. Three U.S. dumping cases involving wind power, steel and certain chemicals, for instance, covered \$380 million of Chinese imports, he calculates. 'Eliminating these imports entirely would cut the U.S. bilateral deficit with China by 0.13%, which is peanuts,' he said." (Bob Davis and Tom Orlik, "U.S. Trade Deficit With China Grows, Bucking World Trend," [The Wall Street Journal](#), 7/10/12)

## ***Democrats Are Calling On Obama To Take The Threat Of Chinese Currency Manipulation Seriously***

**Sen. Sherrod Brown (D-OH): "Once Again, The U.S. Treasury Department Has Given China A Free Pass When It Comes To Its Currency Manipulation."** "Once again, the U.S. Treasury Department has given China a free pass when it comes to its currency manipulation,' Brown said. 'While we're seeing American manufacturing rebound, China is stepping up its efforts in a number of critical sectors, including clean and solar energy, advanced manufacturing, and auto parts. Addressing China's currency manipulation is critical to our economic recovery and for job gains, and despite wide bipartisan support in the Senate for legislation that tackles this issue, the U.S. House has failed to act. Speaker Boehner should bring the Currency Exchange and Oversight Reform Act to the floor as soon as possible.'" (Press Release, "Treasury Giving China A 'Free Pass' On Currency Manipulation," [Senator Sherrod Brown](#), 5/25/12)

**Sen. Charles Schumer (D-NY): "The Administration Continues To Let China Get Away With Flouting Trade Rules Just For The Sake Of Diplomacy."** Sen. Charles Schumer (D-N.Y.), who has been sponsored legislation that would punish Chinese imports for the undervalued currency, also criticized the administration's report. 'The administration continues to let China get away with flouting trade rules just for the sake of diplomacy. Calling out China as a manipulator may be awkward, but it is time to take off the kid glove,' he said in a statement. 'With the administration continuing to balk on this, it's up to Congress to act. The Senate has passed bipartisan legislation to confront China and stand up for American workers, and Speaker Boehner needs to stop sitting on it and give it a vote.'" (Julian Pecquet, "Treasury: China Not Manipulating Currency," [The Hill's "Global Affairs" Blog](#), 05/25/12)

**Sen. Bob Casey (D-PA) Urged Obama To "Pursue The Aggressive Policies" Needed To Protect American Companies And Jobs.** "China's unfair trade practices and economic policies are harming companies and costing jobs in Pennsylvania and across the country,' said Senator Casey. 'I urge President Obama to address these concerns with the Chinese Vice President and pursue the aggressive policies I have advocated to give Pennsylvania workers and manufacturers a chance to compete.'" (Senator Bob Casey, "Casey Urges Obama to Get Tough On China Ahead Of Visit From Chinese Vice President," [Press Release](#), 2/14/12)

**Rep. Tim Ryan (D-OH) And Rep. Mike Michaud (D-ME) To Treasury Secretary Tim Geithner: "China Continues To Flout International Trade Laws By Manipulating Its Currency Value To Increase Its Trade Advantages. ... This Is Completely Unacceptable. All That Our People Are Asking For Is A Level Playing Field."** "In March, U.S. Rep. Tim Ryan, D-Niles, and Congressman Mike Michaud, D-Maine, drafted a letter to U.S. Treasury Secretary Tim Geithner and U.S. Commerce Secretary Gary Locke to address China's continued currency manipulation. 'China continues to flout international trade laws by manipulating its currency value to increase its trade advantages,' Ryan said. 'This is completely unacceptable. All that our people are asking for is a level playing field.'" (Editorial, "Cheating Robs U.S., Area Of Jobs," [Tribune Chronicle](#), 6/15/12)

- **Rep. Michaud: "American Jobs Are Being Lost Because Of China's Illegal Government Subsidies."** "Today, Congressman Mike Michaud, Chairman of the House Trade Working Group, highlighted three new reports issued by the Economic Policy Institute (EPI) and the Law Offices of Stewart and Stewart, which found that more than 400,000 jobs in the U.S. auto supply chain have been lost since 2000. The reports also found that another 1.6 million U.S. jobs, including 2,077

jobs in Maine, are at risk unless China is forced to play by the rules. ‘These studies offer compelling proof that American jobs are being lost because of China’s illegal government subsidies,’ said Michaud. ‘I urge the administration to read these reports and use all of its resources to bring a trade enforcement case against China for illegally subsidizing its auto parts industry.’” (Representative Michael Michaud, “China’s Illegal Trade Practices Threaten Over 2,000 Maine Jobs,” [Press Release](#), 1/31/12)

## **OBAMA KEEPS BORROWING FROM CHINA TO PAY FOR HIS SPENDING**

**With \$1.15 Trillion, China Is The Largest Foreign Holder Of U.S. Debt.** (“Major Foreign Holders Of Treasury Securities,” [U.S. Department Of The Treasury](#), Accessed 9/26/12)

**In 2008, Obama Said That You Can’t Be Tough On China When Running Up A “Huge National Debt.”**

OBAMA: “It’s very hard to argue with your banker. Some of you may have had the experience of having borrowed some money from your buddy, you notice you have to be nice to him all the time, even when he is acting like a jerk. Because you are always in the back of your mind thinking ‘I still owe him that money, I hope he doesn’t ask me for that money.’ That’s part of our problem with China, because we’ve been running up this huge national debt.” (Sen. Barack Obama, [Remarks At AAM Forum](#), Pittsburgh, PA, 4/14/08)

- **Obama Is Responsible For “The Most Rapid Increase In The Debt Under Any U.S. President.”** “The latest posting by the Treasury Department shows the national debt has now increased \$4 trillion on President Obama’s watch. The debt was \$10.626 trillion on the day Mr. Obama took office. The latest calculation from Treasury shows the debt has now hit \$14.639 trillion. It’s the most rapid increase in the debt under any U.S. president.” (Mark Knoller, “National Debt Has Increased \$4 Trillion Under Obama,” [CBS News](#), 8/22/11)
- **Since Obama Took Office, The National Debt Has Increased By \$5.4 Trillion, An Increase Of Over 50 Percent.** ([U.S. Treasury Department](#), Accessed 9/26/12)
- **Obama Has Increased Each American’s Share Of The National Debt By \$17,461 To A Total Of \$51,880.** ([U.S. Treasury Department](#), Accessed 9/18/12; [U.S. Census Bureau](#), Accessed 9/26/12)

## **OBAMA’S FAILURE TO CONFRONT CHINA HAS HARMED AMERICAN WORKERS**

### ***Under Obama’s Trade Policies, The American Auto Industry Faces A Competitive Disadvantage***

**The Obama Administration Has So Far Failed To Halt China’s Illegal Subsidies That Put U.S. Auto Manufacturers At A Competitive Disadvantage.** “Officials said the administration will launch enforcement action at the World Trade Organization because it says China is illegally subsidizing exports in their autos and auto parts sectors. The U.S. says the practice puts American parts manufacturers at a competitive disadvantage and encourages the outsourcing of production to China. The administration is taking the issue to the WTO because its attempts to get China to address the subsidies on its own have been unsuccessful, the officials said.” (Julie Pace, “AP Sources: Obama Launching China Trade Case,” [The Associated Press](#), 9/16/12)

**Obama Claimed In The 2012 State Of The Union That His Tariff On Chinese Tires Was “Making A Difference.”** “Similarly, the president claimed that a tougher administration policy against alleged unfair trade practices by China was ‘making a difference.’ He added: Obama: ‘Over a thousand Americans are working today because we stopped a surge in Chinese tires.’ The White House based that claim on Bureau of Labor Statistics data that show the number of tire manufacturing jobs went from 50,800 in September 2009, when a new tariff on Chinese tires was announced, to 51,900 in October 2011, the latest figures available. That’s a gain of 1,100 jobs. But that says nothing about the cause.” (“The State Of America’s Facts,” [FactCheck.org](#), 1/26/12)

- **But Industry Leaders Say Obama’s Policies Are Not Doing Enough To Save American Jobs. “A**



recent Wall Street Journal article says the increased tariff is falling flat. Imports from China did drop sharply after the tariff took effect in 2009, beginning at a rate of 35 percent. However, Chinese tires were soon replaced by imports from Thailand, Indonesia, Mexico and elsewhere. 'So far as saving American jobs, it just isn't working,' the newspaper quoted Roy Littlefield of the Tire Industry Association, which has 6,000 members, as saying. 'And it really hurt a lot of people in the industry—smaller businesses that geared up to bring these tires in from China.'" ("The State Of America's Facts," [FactCheck.org](http://FactCheck.org), 1/26/12)

- **The Chinese Duties Would Only Apply To A Small Number Of Vehicles.** "Fewer than 20,000 Chrysler vehicles would be hit with the tariffs; GM would account for fewer than 14,000 of the vehicles coming under the duties. (Ford would have fewer than 250.)" (Todd Spangler, "Obama Challenges China On Vehicle Import Tariffs," [Detroit Free Press](http://DetroitFreePress.com), 7/6/12)
- **Automakers Say "It's Not An Automotive Business Issue. It's A Political Issue."** "The automakers, however, were largely silent on the administration's request for consultations at the World Trade Organization. Coming as it did with Obama on a campaign stop in suburban Toledo, some saw the challenge -- one of several taken against China trade policies in recent years -- as largely political. 'It's not an automotive business issue. It's a political issue,' said Rebecca Lindland, an analyst with IHS Automotive. With the government estimating the duties would impact only about 92,000 vehicles a year, she said, 'It's not necessarily something that's going to cripple the industry.'" (Todd Spangler, "Obama Challenges China On Vehicle Import Tariffs," [Detroit Free Press](http://DetroitFreePress.com), 7/6/12)

### ***The Obama Administration Has Been Slow To Act But Quick To Congratulate Itself***

**Campaigning In Ohio Earlier This Year, Vice President Biden Said "We Let Them Know That There's A New Administration In Town ... We Created A New Thing Called The Trade Enforcement Unit."** BIDEN: "The second thing we did, we told China and other countries that they have to start playing by the same rules. Look, we let them know that there's a new administration in town, man. We weren't going to stand by while they engage in dumping goods in the United States while blocking products from reaching their markets. So we created a new thing called the trade enforcement unit, whose sole job is to crackdown on countries that pursue those kinds of unfair trade practices and we're doing it." (Vice President Joe Biden, Remarks At Campaign Event, Youngstown, OH, 5/16/12)

- **But The Trade Enforcement Unit Was Created In February 2012, More Than Three Years After The Obama Administration Came To Washington.** "President Barack Obama, following through on a promise to beef up enforcement of trade agreements, on Tuesday will sign an executive order creating a new government team to make sure China and others play by the rules, the White House said. The move comes as Obama has faced criticism from Republican presidential candidate Mitt Romney over his handling of China and the U.S. trade deficit with the world's second largest economy has soared to record \$295.5 billion in 2011. In addition, two new reports on Tuesday raise concerns about state-supported competition from China and call for the United States to take a variety of steps to respond. Obama outlined his plan to create a new Interagency Trade Enforcement Unit (ITEC) in his annual State of the Union speech last month to Congress." (Eric Martin, "Obama To Sign Order Creating Trade Enforcement Unit," [Reuters](http://Reuters.com), 2/28/12)

**Politifact: Obama "Touts His Administration's Record" Of Holding China Accountable, Saying "We've Brought Trade Cases Against China At Nearly Twice The Rate As The Last Administration."** "President Barack Obama touts his administration's record holding trade partners accountable by drawing a contrast with President George W. Bush over China. ...Here's how he set it up. 'Now, one of the ways that we've helped American business sell their products around the world is by calling out our competitors, make sure they're playing by the same rules. For example, we've brought trade cases against China at nearly twice the rate as the last administration. We just brought a new case last month. And

we've set up a trade enforcement unit that's designed to investigate any questionable trade practices taking place anywhere in the world.'" ("President Barack Obama Says His Administration Has Nearly Doubled Rate Of China Trade Cases," [Politifact](#), 4/13/12)

**But Obama's Claim "Fails To Acknowledge Time For China After It Joined To Adjust To New WTO Regulation."** "Though the statistic takes into account the fact that China didn't join the WTO until nearly a year into Bush's term, it fails to acknowledge time for China after it joined to adjust to new WTO regulation. By contrast, Obama's administration could hit the ground running." ("President Barack Obama Says His Administration Has Nearly Doubled Rate Of China Trade Cases," [Politifact](#), 4/13/12)

- **As A New Entrant To The WTO, China Was Given A "Honeymoon" Period.** "But there's a distinction between the two presidencies, what we'll call China's 'honeymoon.' China joined the WTO in 2001, after Bush took office. At that point, member countries essentially gave China a grace period to follow the new rules." ("President Barack Obama Says His Administration Has Nearly Doubled Rate Of China Trade Cases," [Politifact](#), 4/13/12)
- **U.S.-China Expert Gary Clyde Hufbauer Says "(China) Probably Got More Of A Grace Period Than Would Normally Be Expected Because Of The Business Boom" As A New WTO Entrant.** "'Business was just rushing into China ... those were good days,' said Gary Clyde Hufbauer, a senior fellow for the Peterson Institute for International Economics who writes about U.S.-China trade and worked in the Carter and Ford administrations. 'Nobody was wanting to bring cases in particular. (China) probably got more of a grace period than would normally be expected because of the business boom.'" ("President Barack Obama Says His Administration Has Nearly Doubled Rate Of China Trade Cases," [Politifact](#), 4/13/12)

**"Private Companies Have Been Much More Aggrieved In The Last Few Years Than The First Few Years."** "The economic climate matters. While the government brings cases to the WTO, its staff relies on private companies to come forward with strong evidence of wrongdoing. That requires companies to be motivated to do the legwork. In boom times, there's less motivation. An economic downturn makes a difference. 'Private companies have been much more aggrieved in the last few years than the first few years.'" ("President Barack Obama Says His Administration Has Nearly Doubled Rate Of China Trade Cases," [Politifact](#), 4/13/12)

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