



Paper Tiger Trade Policy

If Obama Is In Ohio, It Must Mean He Is Launching Another Toothless Trade Action Against China

WHEN OBAMA CHOOSES TO STAND UP TO CHINA IS DICTATED BY WHERE HIS CAMPAIGN GOES

Obama Will Use A Campaign Stop In Ohio To Announce A New Trade Enforcement Case Against Chinese Automobiles And Automobile Parts. "President Barack Obama is launching a new trade enforcement case against China as he seeks an advantage over Republican rival Mitt Romney on an economic issue that has become a flashpoint in the presidential campaign. Senior administration officials said Obama will announce the new action, targeting Chinese subsidies for exports of automobiles and automobile parts, Monday during a campaign trip to Ohio. The swing state has a large manufacturing base where many blame China for depressing its industry." (Julie Pace, "Obama Launches New China Trade Action," [The Associated Press](#), 9/17/12)

The Fact That Obama Is Announcing The New Complaints In Ohio "Is A Carefully Crafted White House Decision." "That Mr. Obama will highlight Monday's action during a campaign trip to Ohio is a carefully crafted White House decision. The notion of unfair Chinese trade practices has particular resonance in the industrial Midwest, a region where Messrs. Obama and Romney are battling for votes." (Carol Lee and Damian Paletta, "U.S. To File WTO Charges On China," [The Wall Street Journal](#), 9/17/12)

- **When Obama Last Filed A Complaint Against China, He Was Campaigning In Ohio.** "The administration's WTO action Monday would enhance a complaint it filed in July over Beijing's import duties on U.S. cars. Mr. Obama also announced that decision in Ohio at the start of a campaign trip. At the time, Mr. Obama said the complaint was intended 'to hold China accountable for unfair trade practices that harm American auto makers.'" (Carol Lee and Damian Paletta, "U.S. To File WTO Charges On China," [The Wall Street Journal](#), 9/17/12)
- **The Decision To Announce The Trade Action In Ohio Could Be An Attempt To "Bolster Obama In Key Midwestern Swing-States Where Labor Groups Have Pressed The Administration To Take A Tougher Stance On Trade Issues."** "President Obama is expected to announce the move at a campaign event in swing-state Ohio on Monday. The new WTO complaints could bolster Obama in key Midwestern swing-states where labor groups have pressed the administration to take a tougher stance on trade issues." (Meghashyam Mali, "Report: Obama To File New China Trade Case," [The Hill's "Briefing Room" Blog](#), 9/17/12)

On His Last Campaign Trip To Ohio In July, Obama Announced That He Would File A Trade Complaint Against Chinese Tariffs On U.S. Auto Exports.

“‘Just this morning, my administration took a new action to hold China accountable for trade practices that harm American automakers,’ Obama said at an appearance in this manufacturing town just south of Toledo, where he kicked off a two-day bus tour of Ohio and Pennsylvania. The president hopes to rally blue-collar workers in heavily union areas who supported his administration’s bailout of the auto industry three years ago.” (David Nakamura, “U.S. Files Complaint Against China Over Auto Tariffs,” [The Washington Post](#), 7/5/12)

- **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](#), 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](#), 7/6/12)

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](#), 2/28/12)

OBAMA’S SCATTERSHOT RECORD ON CHINA HAS FAILED TO PROTECT AMERICAN MANUFACTURING JOBS***Obama Has Had Little Success In Countering China’s Unfair Trade Practices***

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, “Obama Launches New China Trade Action,” [The Associated Press](#), 9/17/12)

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](#), 1/26/12)

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)

"When The Country Has More Trade, You're Going To Have More Cases. And Trade With China Has Boomed Over The Decade." ("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)

Under Obama, The Trade Deficit With China Is At Its Highest Level Since 1985

The Trade Deficit With China In 2008 Was \$268 Billion. ("Trade Goods With China," [U.S. Census Bureau](#), Accessed 9/7/11)

In 2011, The Trade Deficit With China Grew To \$295 Billion. ("Trade Goods With China," [U.S. Census Bureau](#), Accessed 9/17/12)

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 9/17/12)

- **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)

U.S. Manufacturing Is Stalled Under Obama

"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)

- **Robert Scott Of The Economic Policy Institute: "I Think He Walked Away From The Campaign Commitments."** "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.' According to a study by the U.S. Bureau of Economic Analysis, large

American companies in 2010 barely added any workers in the United States, increasing their numbers by 0.1 percent, while they expanded their foreign workforce by 1.5 percent.” (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)

The August ISM U.S. Manufacturing Index Is The Worst Reading Since July 2009, At 49.6 Percent.

“The Institute for Supply Management manufacturing index fell to 49.6% in August, lower than the 49.8% in July and the worst reading since July 2009.” (Greg Robb, “ISM Factory Index Contracts For Third Month,” [MarketWatch](#), 9/4/12)

- **Bradley Holcomb, Chairman Of The ISM Survey Committee, Says “It Is A Sobering Picture For Manufacturing.”** “‘It is a sobering picture for manufacturing,’ said Bradley Holcomb, chairman of the ISM survey committee.” (Greg Robb, “ISM Factory Index Contracts For Third Month,” [MarketWatch](#), 9/4/12)

Manufacturing Activity Has Contracted For The Third Month In A Row. “A gauge that measures the strength of the factory sector remained below the 50% mark for the third straight month, stirring fears that a slowdown in manufacturing was lingering, according to a closely followed survey of top executives released Tuesday.” (Greg Robb, “ISM Factory Index Contracts For Third Month,” [MarketWatch](#), 9/4/12)

- **Manufacturing Declined For The Third Consecutive Month For The First Time Since The Summer Of 2009.** “It’s the first time there have been three-straight sub-50% readings since the summer of 2009.” (Greg Robb, “ISM Factory Index Contracts For Third Month,” [MarketWatch](#), 9/4/12)
- **The Index Means That “More Firms Are Contracting Than Are Growing.”** “Readings below 50% in the ISM diffusion index indicate that more firms are contracting than growing.” (Greg Robb, “ISM Factory Index Contracts For Third Month,” [MarketWatch](#), 9/4/12)

Reuters Headline: “Manufacturing Another Headache For U.S. Economy” (Jonathan Spicer, “Manufacturing Another Headache For U.S. Economy,” [Reuters](#), 9/4/12)

- **“Manufacturing Has Been A Drag On The Slow U.S. Economic Recovery, Which Is Stalling And Struggling To Add Jobs Now Some Three Years After The Brutal Recession And Financial Crisis Ended.”** “ISM’s index of national factory activity fell to 49.6 in August, from 49.8 in July, and just shy of the 50.0 median estimate in a Reuters poll of economists. A reading below 50 indicates contraction in the key sector. Manufacturing has been a drag on the slow U.S. economic recovery, which is stalling and struggling to add jobs now some three years after the brutal recession and financial crisis ended.” (Jonathan Spicer, “Manufacturing Another Headache For U.S. Economy,” [Reuters](#), 9/4/12)