# INTERNATIONAL BROTHERHOOD OF TEAMSTERS

JAMES P. HOFFA
General President

25 Louisiana Avenue, NW
Washington, DC 20001

C. THOMAS KEEGEL
General Secretary-Treasurer

202.624.6800
www.teamster.org


November 15, 2010

Mr. Eric Garfinkel
Chief Counsel for China Trade
Office of the United States Trade Representative
600 17th Street NW
Washington, DC 20508

RE: International Brotherhood of Teamsters Comments on Section 302 Investigation: China—Acts, Policies and Practices Affecting Trade and Investment in Green Technology (Docket No. USTR-2010-0028)

Dear Mr. Garfinkel:

On behalf of the 1.4 million men and women of the International Brotherhood of Teamsters (IBT), I submit these comments on the investigation initiated by USTR into China's policies impacting trade and investment in clean technology.[1] The IBT represents members in a wide variety of industries affected by China's mercantilist and unfair trade policies, including chemicals, electronics and tool and die makers. We urge you to act on the full range of policies described in the 301 petition filed by the United Steelworkers Union (USW) to hold China accountable and to show American workers and industries that the international trade rules can be fair and enforced.

The green energy sector has emerged as a major growth area in the United States. According to some estimates, more than 770,000 jobs in this sector were created in the United States in 2007.[2] We need to ensure that other countries do not illegally subsidize this emerging growth sector. It hurts the United States competitively and places unnecessary impediments on the development of our own clean energy sector.

[1] *See Initiation of Section 302 Investigation and Request for Public Comment: China—Acts, Policies and Practices Affecting Trade and Investment in Green Technology*, 75 Fed. Reg. 64776 (USTR Oct. 20, 2010).
[2] The Clean Energy Economy. Pew Charitable Trusts. June, 2009
http://www.pewcenteronthestates.org/uploadedFiles/Clean_Economy_Report_Web.pdf

The Chinese government has enacted a series of policies deliberately designed to capture dominance in the alternative green technology sector in the global economy regardless of violations of international trade laws. To achieve dominance in this sector—a sector critical to our own future economic growth—the Chinese government has resorted to a variety of means that go well beyond the accepted tools of a national industrial policy. Through mercantilist, discriminatory, and protectionist measures the government has distorted trade, seized market share, undercut prices, diverted investment to its shores, and acquired special access to new technology and raw materials all to advance its domestic alternative energy sector.

China does not merely provide research and development assistance to its producers as other countries do but rather, for example, conditions receipt of research and development funds for green technology on the achievement of a minimum level of export, or on proof of supply agreements that demonstrate a company can only use Chinese-made, and not imported, components. In addition, while many countries support exports through export credits and guarantees (e.g., the U.S. EX-IM Bank), China provides a magnitude of support that dwarfs other countries' support, including the United States. To date, China has simply refused to be obligated to limit such support by abiding by minimum international standards agreed to by other countries. Indeed, China's other subsidies are so massive that they have swollen their industries to over-capacity and precipitated global price collapses that have driven foreign producers out of business.

The United States and other nations encourage companies to build wind and solar farms to generate renewable electricity in accordance with World Trade Organization (WTO) rules. China *requires* wind and solar farms built in China to use Chinese-made wind turbines and solar panel in order to gain approval for such Chinese alternative energy projects in clear violation of those rules. This is a clear violation of international trade law.

Many countries also encourage foreign investment and support domestic technological innovation. But China leverages its authority to approve foreign investment by linking the two, and it requires foreign companies to transfer cutting-edge clean technologies to their Chinese competitors as a condition of investment approval.

Finally, China clamps down on exports of critical raw materials as part of an explicit strategy to give downstream producers within China an unfair cost advantage over foreign producers who must grapple with export quotas, licenses, and other barriers to gain access to needed inputs and who must pay higher prices for these critical inputs. These policies directly violate the obligations China undertook when it entered the WTO and have been allowed to persist for far too long. We cannot continue to allow China to be unaccountable for its unfair trade policies.

The IBT urges USTR to pursue each of the claims set forth in the petition vigorously and with all deliberate speed by requesting consultations with China and by pursuing a WTO case against China if those consultations do not lead to satisfactory results. The United States plays by the rules; our industries and workers are ready to compete based on our efficiency, productivity, and innovation. But we will never get a fair chance in the emerging clean energy sector if China is permitted to break the rules with impunity.

American workers need to see that the rules of the global economy work for them. This case gives the Administration an opportunity to do so. If you have further questions on this filing, please contact Lisa P. Kinard, Director, Department of Federal Legislation and Regulation, at (202) 624-6890.

Sincerely,

James P. Hoffa

James P. Hoffa
General President