

United States Senate

WASHINGTON, DC 20510

April 5, 2017

President Donald J. Trump
The White House
1600 Pennsylvania Ave. NW
Washington, D.C. 20500

Dear President Trump:

We write in advance of your meeting with Chinese President Xi to encourage you raise several trade issues of regional and national importance, including overcapacity, China market economy status, currency manipulation and industrial espionage. Since joining the World Trade Organization in 2001, China has consistently failed to comply with its international trade obligations. And workers across the U.S., including workers in our home states, have paid the price. You pledged to support American workers and go after trade cheaters, and we hope you take this opportunity with your first one-on-one meeting with Chinese President Xi to keep this promise to American workers and strongly affirm these priorities.

Overcapacity

China's excess aluminum and steel production capacity is causing global market distortions and has forced the idling of numerous steel facilities and the layoffs of thousands of U.S. workers. Chinese steel production is up 530 percent from 2000, while American steel mills operated at an average of only 71 percent of capacity in 2016. As a result, U.S. imports of steel increased by 36 percent in 2014, capturing 28 percent of the finished steel market, and a record 29 percent of the total U.S. steel market in 2015. Between January 2015 and December 2016, over 14,000 U.S. steelworkers lost their jobs. Similar trends have been seen in the aluminum sector.

We ask you to urge President Xi to live up to China's previous commitments to reduce its net aluminum and steel production capacity or face strong trade enforcement action by the U.S. against Chinese imports in those industries.

China Market Economy

Despite agreeing to commitments in its WTO accession protocol to transition to a market economy, China remains a nonmarket economy. For example, the government provides trade-distorting subsidies to its industries, causing uncompetitive market conditions, and market concentration. China also exercises significant control over their factors of production through state owned enterprises and other measures. Reclassification of China as a market economy before it has fully transitioned to one will have significant adverse consequences for American companies, workers and communities, and encumber efforts to receive adequate and timely trade relief.

We urge you to reaffirm the position of the United States that China is a nonmarket economy. We also urge you to express your commitment to aggressively defend U.S. treatment of China as a nonmarket economy before the WTO.

Currency Manipulation

Currency manipulation continues to be a significant concern to manufacturers across the country. The Chinese government has a long history of undervaluing its currency to boost exports. When this occurs, American manufacturers pay the price. China continues to intervene in its exchange rate. Data published on March 7, 2017 by the People's Bank of China, show foreign exchange reserves rose by \$6.92 billion, during February, this is counter to expectations that reserves would fall by almost \$3 billion.¹ We urge you to make clear to President Xi that the U.S. will hold China accountable when they are found to manipulate currency to the detriment of American manufacturers.

Industrial Espionage

In 2015, President Obama and President Xi reached an agreement that neither government would “conduct or knowingly support” cyber-enabled theft of intellectual property. Following that agreement, instances declined, however, we must remain vigilant that China is adhering to their past agreements, and work to expand these obligations. Industrial espionage is not a new concern, but new avenues to employ old tactics significantly increased the modes of access to and the vulnerabilities of intellectual property and trade secrets.

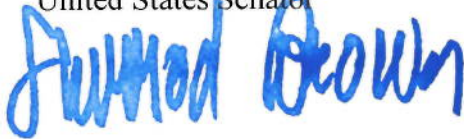
These risks go hand in hand with the widespread piracy we continue to see in China, which inhibits innovation and harms distributors and copyright holders. Theft and violations of intellectual property rights affect all forms of industry, from producers of raw inputs to finished goods. Sales of counterfeit, low-quality merchandise hurt companies across the nation as well as the value of the *Made in America* brand. We urge you to build on the commitments agreed to between President Obama and Xi and in the future, should it become necessary, use all available resources to protect American companies and interests from theft by nation-states of intellectual property and trade secrets.

When you meet with President Xi, we urge you hold firm on your promises to workers in our states and across the country and advance our mutual goal of holding cheaters accountable, bringing home better paying jobs, and fairer markets in which US businesses and workers can compete.

Sincerely,



Robert P. Casey, Jr.
United States Senator



Sherrod Brown
United States Senator



Charles E. Schumer
United States Senator



Debbie Stabenow
United States Senator

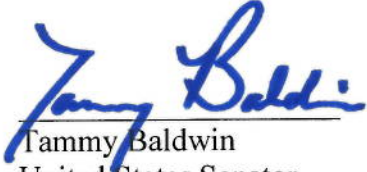
¹ <http://www.businessinsider.com/china-reserves-rise-indicating-intervention-in-yuan-2017-3>



Amy Klobuchar
United States Senator



Al Franken
United States Senator



Tammy Baldwin
United States Senator



Joe Donnelly
United States Senator



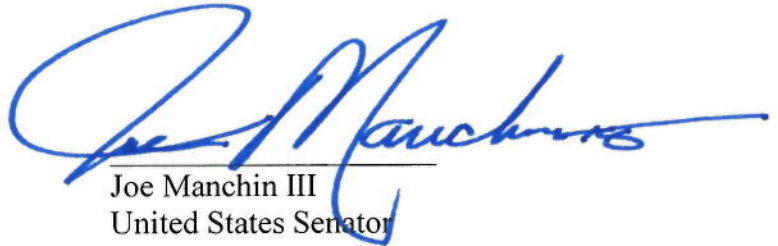
Gary C. Peters
United States Senator



Jeffrey A. Merkley
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Kirsten Gillibrand
United States Senator



Joe Manchin III
United States Senator