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of Philadelphia

2008 – 09 Model Senate Foreign Relations Committee Hearing

U.S. Senate Committee on Foreign Relations
110th Congress
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S. RES. # ____

Urging the sense of the Senate that the United States should foster the long-term strategic growth of the increasingly important relationship with China through engagement and cooperation.

IN THE SENATE OF THE UNITED STATES

January 30, 2009

Whereas China's rapid global growth began only three decades ago with the 1978 reforms and opening to the outside world that shifted the country toward a market oriented international economy;

Whereas China is the third largest merchandise trading nation in the world with a global trade surplus exceeding \$100 billion in 2005;

Whereas U.S.-China economic interdependence is increasing with import and export trading totaling over \$386 billion a year;

Whereas China's share of the US global trade deficit has risen in the past decade and the two countries share a bilateral trade deficit of \$256;

Whereas in 2006 President Bush and Chinese President Hu Jintao launched the U.S.-China Strategic Economic Dialogue between Secretary of the Treasury Henry Paulson and Chinese counterpart Wu Yi and other top officials;

Whereas the U.S. is the world's largest economy with a Gross Domestic Product of \$13.8 trillion and China is the world's fourth largest economy with a GDP of \$3.2 trillion as of 2007, China remains a developing country with over 200 million of its citizens living on less than \$1 a day;

Whereas China is the world's second-largest energy consumer after the United States and has a high demand for commodities such as copper, steel, and oil;

Whereas there is vicious competition for lower prices among Chinese manufacturers that create an environment for health and safety violations;

Whereas China has shown limited progress in the protection of intellectual property rights (IPR);

Whereas China is the world's largest and fastest-growing emitter of carbon and needs to address the environmental and health hazards of climate change;

Whereas the United States and China have shown great cooperation in history when there was a common interest and mutual understanding and trust as during the Cold War and President Richard Nixon's famous trip to China;

addressing major issues such as energy, the environment, product safety, financial and currency policies, and open investment environments

Resolved, That it is the sense of the Senate that . . .

(1) the administration should not view China's rise as a threat, but should help foster China's healthy rise in power and influence through engagement.

(2) the United States should continue to build on the successful foundation of the Strategic Economic Dialogue in developing strategic policies by fostering trust and mutual understanding between the two countries.

(3) the United States should negotiate with China a strategic solution to the bilateral trade deficit by instituting a long-term gradual appreciation of the exchange rate of the RMB (renminbi).

(4) the United States should encourage China to participate in international financial institutions such as the Inter-American Development Bank and the Financial Action Task Force while ensuring that China acts responsibly.

(5) the United States should help China deal with the economic and social imbalances created by its growth model, reliance on low-value manufacturing exports, by instituting reform policies to shift the country towards higher domestic demand, production of services, and fairer wages to its workers.

(6) the United States should aid China in meeting its World Trade Organization obligations by providing technical assistance ranging from training government officials to providing WTO-related legal assistance like many other countries including Japan, Australia, and Canada .

(7) the United States should help China enforce IPR laws to protect American companies working in China and encourage further foreign investment in China.

(8) the United States should continue to advocate for energy and environmental reforms, especially building on the Strategic Economic Dialogue's Ten Year Energy and Environment Cooperation Framework.

(9) the United States should help China recognize the importance of consumer product safety to bilateral trade.

(10) the United States itself should bolster its US companies in the high-technology sectors that are in great demand in the international economy.