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## Lawmakers press Obama on China auto parts

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By [Doug Palmer](#)

WASHINGTON (Reuters) - Midwestern lawmakers and union groups on Tuesday urged President Barack Obama to restrict imports of auto parts from China that they said benefited from massive illegal subsidies and threatened hundreds of thousands of American jobs.

"We need to stand up to the bully on the block," said Senator Debbie Stabenow, a Michigan Democrat, referring to Beijing. "The bully on the block continues to take our lunch money and we need to stop that."

The push for the administration to bring a possible case at the World Trade Organization or begin a U.S. Commerce Department investigation that could lead to duties on Chinese-made auto parts came one week after Obama said he was creating a new Trade Enforcement Unit to crack down on unfair foreign trade practices in China and other countries around the world.

It could create further strains in the U.S.-China relationship as Obama is preparing to host Chinese Vice President Xi Jinping, who is expected to be China's next leader, at the White House on February 14.

"We must be aggressive on trade enforcement - especially as China ramps up subsidies in strategic industries like auto parts, said Senator Sherrod Brown, an Ohio Democrat.

"Today, we're providing the president with his first opportunity to deliver on the promise to guarantee a level playing field," said Scott Paul, president of the American Alliance for Manufacturing, whose members include the United Steelworkers union and steel companies.

A U.S. trade official stopped short of committing to action on the issue, but said the Obama "administration will not stand by when our competitors don't play by the rules."

"We will continue to identify and address unfair trade practices to ensure ... U.S. workers and companies can compete and succeed on a level playing field," the official said on condition of anonymity.

The groups released studies prepared by the labor-backed Economic Policy Institute and the Stewart and Stewart law firm that cataloged Chinese government subsidies and practices that they said violated WTO rules and threatened jobs at many small- and medium-sized U.S. auto parts manufacturers.

"If these policies are not stopped, by the end of the decade, China could seize 50 percent or more of our auto parts market, costing hundreds of thousands of American jobs," said Terence Stewart, Stewart and Stewart's managing partner, which specializes in cases against allegedly unfair imports.

Last year, the United States ran a deficit of nearly \$10 billion in auto parts trade with China.

### SUBSIDIES FROM CHINESE

The EPI study estimated the Chinese auto parts industry has received \$27.5 billion in government subsidies since 2001, helping to fuel U.S. auto parts imports from China.

Although American auto companies have experienced a turnaround since the U.S. government prevented the industry from collapsing in 2009, the auto parts sector has regained only about 60,000 in the past two years and has lost more than 400,000 over the past eleven years, the EPI study said.

Large Chinese government subsidies were the second major cause of the lost jobs, behind competition from Mexico, Bob King, president of the United Auto Workers union, said in a statement.

He also noted many Chinese auto workers "work for the same multinational corporations as we do" and urged "global corporations to refrain from a 'race to the bottom' to find workers that they can pay the least."

GM is currently the market share leader in China, which overtook the United States in 2009 to become the world's largest auto market. Ford has been playing catchup by opening plants and dealerships.

Unlike other foreign automakers in China, U.S. car companies have "cut ties with (auto parts) suppliers in the United States or have encouraged them to manufacture there," EPI said.

GM spokesman Greg Martin said the company has "a sourcing process that leverages the scale of a global supply base and takes into consideration total enterprise cost, quality and technology."

Beijing angered Washington in December with a decision to impose punitive duties of up to 22 percent on large cars and SUVs from the United States, a move that many saw as retaliation for earlier U.S. moves to restrict imports of Chinese goods ranging from tires to poultry.

The Obama administration is now considering whether to slap anti-dumping and countervailing duties on solar panels and wind energy towers from China in response to U.S. industry allegations of unfair trading practices.

(Additional reporting by [John Crowley](#) and [Ben Klayman](#); Editing by Paul Simao and [Doina Chiacu](#))

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