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Chinese trade practices killing U.S. automotive jobs, reports say

By Matt Stevens

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California is at risk of losing more than 70,000 jobs in the U.S. auto supply chain unless China curtails its “predatory” trading practices, the Alliance for American Manufacturing said Tuesday.

The left-leaning alliance announced the release of three reports Tuesday morning that collectively accuse China of issuing illegal subsidies, rigging its tax laws and manipulating its currency. The reports conclude that these practices that have killed an estimated 400,000 U.S. jobs since 2000 and put 1.6 million more at risk in the future.

“These studies show unequivocal evidence that China has predatory practices with respect to the auto sector,” said Scott Paul, executive director of the alliance. “And these practices have had, and continue to have, a detrimental effect on employment and competitiveness in a key U.S. industry — the auto supply industry.”

A 251-page report from the Stewart and Stewart law firm enumerated ways it says China violates its World Trade Organization Agreement, while two other report from the Economic Policy Institute evaluated the economic consequences of China’s alleged violations.

Robert E. Scott, a research director at EPI, called the situation a “triple-whammy,” reiterating that China's fast growth, heavy subsidies and currency manipulation all cost jobs in the American auto supply industry.

“I think it’s a major source of concern,” Scott said, adding that Chinese exports often arrive in the U.S. at half their regular price. “We’d like the administration to self-initiate a trade case.”

Paul said the U.S. suffered from an almost $9-billion trade deficit with China in auto parts in 2010, while other countries dealing with the country enjoyed surpluses. He cited the Chevy Volt as an example of China’s alleged unfair trade practices aimed specifically at the United States. He said the Volt was not eligible for a key tax break offered to Chinese buyers of renewable-energy cars because it’s not manufactured in China.

He said renewable fuels and cars have also been a target of the Chinese government, which could spell additional bad news for California companies like Tesla Motors, which designs and manufactures electric vehicles.

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