
CONGRESSIONAL BRIEFING CIRCULAR

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Background re: [H.Con.Res.160](#)

China's Unfair Trade Practices: China does not play by the same rules as other nations

This synopsis contains a summary of the unilateralist actions of the post-1949 communist government of the People's Republic of China which are credibly known to have occurred and which continue in effect at present, and which constitute violations of international law and multilateral trade agreements including the WTO. The information presented herein has been sourced from the 2006 annual report of the *U.S.-China Economic and Security Review Commission*, and also includes additional information from supplemental sources as indicated. A survey of some the more egregious actions by the communist Chinese government reveals the following:

Mercantilist Trade Practices:

- Active sponsorship of mercantilist trade practices including industrial export subsidies and currency manipulation, resulting in the loss of an estimated 2,250 U.S. jobs each day and the dislocation of entire U.S. industries.¹
- Refusal to settle U.S. citizens' claims involving the massive international sovereign debt defaults left outstanding by the Chinese government.²
- Continued issuance of sovereign notes and bonds, including within the United States, lacking disclosure of China's defaulted sovereign debt.³
- Deliberately re-indebting African nations to China following debt relief by G-8 nations and then linking debt repayment to exclusive supplier contracts regarding petroleum and other energy and mineral resources.⁴
- Maintaining direct government control of the economy and continuing dedication of government resources to commercial enterprises.⁵
- Rampant intellectual property theft, trademark infringement and counterfeiting of trademark-protected property.⁶
- Failure to ensure the safety of food exports to the United States and other countries.⁷
- Heavy metals contamination of northern Pacific fish stocks resulting from unfiltered industrial pollutants emanating from China.⁸

Military Expansion:

- Threats by senior PLA generals to preemptively use nuclear weapons against the United States whenever U.S. policy is perceived as contrary to the expansionist agenda espoused by the mainland communist government. See also the recent passage of the PRC's anti-secession law.⁹
- Continued economic dedication to expansion of military capabilities despite inadequate water infrastructure adversely affecting approximately 45% of the Chinese population.¹⁰
- Supplying Iraqi insurgents with weapons capable of penetrating the armor of M-1 Abrams tanks.¹¹
- Active engagement in both conventional and nuclear weapons proliferation, including having supplied nuclear technology to Libya and North Korea, and missile sales to Iran.¹²
- Active pursuit of the space militarization activities including testing and deployment of anti-satellite (ASAT) weapons.¹³
- Importation by a Chinese government-owned enterprise into the United States of assault weapons intended for distribution to Los Angeles street gangs.¹⁴

Human Rights Abuses:

- Abusive treatment of political dissidents and members of the Falun Gong spiritual faith, including the continuing practice of engaging in human biological experimentation and live prisoner organ harvesting.¹⁵
- Complicity in the conduct of the Sudanese government's genocidal actions occurring in the Darfur region of Sudan.¹⁶
- State control over media including jamming of the Voice of America signal and suppression of religious freedom and persecution of persons of a Christian faith.¹⁷
- Consumption of human fetuses as a food delicacy in mainland China. Female fetuses are especially susceptible to cannibalistic practices.¹⁸

Conclusion

A review of the prevailing policies and practices of the communist government of the People's Republic of China demonstrates an endemic disrespect for the rule of law, including rejection of the successor government doctrine of settled international law. It is noteworthy that such a government also enjoys privileged and preferential treatment from the U.S. Administration as well as U.S. regulators, including the Securities and Exchange Commission (SEC). The predatory commercial practices employed by the communist Chinese government are injurious to U.S. interests and the interests of other nations, and do not conform to the same standards applicable to U.S. businesses.

H.Con.Res.160 imposes the requirement that China "play by the same rules" as other nations and conducts their affairs including international business affairs in accordance with the agreements to which China is a signatory. The financial markets discipline imposed by **H.Con.Res.160** will send a clear signal that China is expected to respect and abide by established international law and conduct itself in a manner consistent with the terms and protocols of international trade agreements. **H.Con.Res.160** embodies the principle recently articulated by U.S. Secretary of State Condoleezza Rice that, "...it is crucial for the U.S. to help integrate China into an international, rules-based economy before it becomes a military superpower".¹⁹ The provisions of **H.Con.Res.160** will assist in the integration of China as a responsible participant in the global community of nations.

Endnotes

¹ See "Beijing's Secret War on America". *Agora Financial Publishing* (March 6, 2004).

² For a comprehensive description of the claims of U.S. citizens, see testimony of Ms. Jonna Bianco, President, American Bondholders Foundation, before the Committee on International Relations of the United States House of Representatives (October 21, 2003). See the comment by the president of the United States Foreign Bondholders Protective Council that in over 40 settlements of defaulted sovereign debt, the communist Chinese government represents the only instance of a government refusing to negotiate settlement of its defaulted sovereign debt. See also the information available on the world wide web at: <http://www.globalsecuritieswatch.org>.

³ See U.S. registration statement no. 333-108727 and prospectus dated October 16, 2003 available on the world wide web at:

<http://www.sec.gov/Archives/edgar/data/909321/000114554903001347/u98681p1e424b5.htm>.

See also the complaint filed with the United States Securities and Exchange Commission:

http://www.globalsecuritieswatch.org/Sovereign_Disclosure_Obligation.pdf

and the amendment to the complaint stating the allegation of fraud:

http://www.globalsecuritieswatch.org/Amended_SEC_Complaint.pdf.

⁴ See "Nigeria Secures Deal to Write Off \$18bn of Debts." *Financial Times* (July 1, 2005). See also "Bank Warns of Shortfall from G8 Debt" *Financial Times* (August 2, 2005). See also "Oil Politics, the Middle East and the Middle Kingdom." *Financial Times* (August 17, 2005).

⁵ See the Chinese government's financial participation in numerous state-owned enterprises including China National Offshore Oil Company (CNOOC), PetroChina, China National Petroleum Corporation and Sinopec.

⁶ See testimony of Mr. Timothy Trainer, President, International Anti-Counterfeiting Coalition, before the United States Senate Committee on the Judiciary (March 32, 2004). See also “We Need to Crack Down on China for Intellectual Property Theft.” *The Cincinnati Enquirer* (May 31, 2007).

⁷ See “Is China Trying to Poison Americans *and* Their Pets? U.S. Market Flooded with Food Unfit for Humans, Tainted with Carcinogens, Pesticides, Bacteria, Drugs” *World Net Daily* (May 27, 2007). See also Seafood Imports from China Raised in Untreated Sewage. Fish Products Consumed by Americans Treated with Dangerous Drugs, Chemicals”. Id. (June 4, 2007).

⁸ See “Marine Environmental Contaminant Issues in the North Pacific: What are the Dangers and How do we Identify Them?” *Institute of Ocean Sciences and the Swire Institute of Marine Science* (2002).

⁹ See “Chinese General Threatens Use of A-Bombs if U.S. Intrudes”. *New York Times* (July 15, 2005). See also the speech reportedly delivered by His Excellency Chi Haotian, Minister of Defense, People’s Republic of China, entitled “War is Not Far from Us and is the Midwife of the Chinese Century”. *The International Epoch Times* (August 8, 2005). See also the approximate 1,000 missiles aimed at Taiwan by the PRC.

¹⁰ See supra note 7.

¹¹ See the statement (page 33), “Chinese-made missiles capable of penetrating an M1 Abrams tank are being smuggled into Iraq.” *Newsweek*, (February 16, 2004).

¹² See “Libyan Arms Designs Traced Back to China”. *Washington Post* (February 15, 2004). See also “Taliban Uses Weapons Made in China, Iran”. *Washington Times* (June 5, 2007).

¹³ See “China Has Gained and Tested Array of Space Weapons”. *The Washington Times* (March 30, 2007). See also “Beijing Shields Goals of Military Modernization”. *The Washington Times* (March 8, 2007). Note in particular the statement by Admiral William J. Fallon, Commander of the U.S. Pacific Command, that the conflicting Chinese government response to its ASAT test “demonstrates that there’s a long way to go” for China to be a member of the “world body”.

¹⁴ See “Anatomy of a Sting”. *Time Magazine* (January 24, 2001). This article describes in detail how a corporation controlled by the PLA conspired to smuggle 2,000 fully automatic Chinese-government-manufactured AK-47 assault rifles into the United States.

¹⁵ See “Japan’s Rich Buy Organs from Executed Chinese Prisoners”. *Independent News and Media Limited* (March 21, 2006). See also “Sale of Human Organs in China”. Testimony of Mr. Michael Parmly, Principal Deputy Assistant Secretary of State, before the Subcommittee on International Operations and Human Rights, House Committee on International Relations (June 27, 2001). See also the report authored by the former Canadian Secretary of State for Asia-Pacific Affairs, Honorable David Kilgore, concerning the continued murder of Falun Gong practitioners in China for their organs, broadcast by *The Epoch Times International* (January 31, 2007).

¹⁶ For a prior example, see China’s support for the Pol Pot-led Khmer Rouge regime responsible for the mass killing of an estimated 2,000,000 Cambodians representing 25% of the population. See also, the Cultural Revolution in which an estimated 100,000,000 Chinese citizens were murdered.

¹⁷ See “Faith Under Fire: Christians Jailed for Walking Near Olympic Hotel. Persecution Ramping Up as 2008 Games in Beijing Approach”. *World Net Daily* (February 22, 2007).

¹⁸ See “Aborted Babies Sold as Health Food”. *Hong Kong Eastern Express* (April 12, 1995). The article describes the general health benefits from the growing practice of eating aborted fetuses in the Shenzhen region of China. See also “Hong Kong Reports Mainland Chinese Eating Infants”. *The Epoch Times International* (March 29, 2007).

¹⁹ See “Rice Wants U.S. to Help China be Positive Force”, *Wall Street Journal* (June 29, 2005).

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