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**BAUCUS SEEKS ENERGY POLICY, STRONGER TRADE ENFORCEMENT
IN FIRST OF TWO CHINA HEARINGS THIS WEEK**

Finance Committee Chairman seeks breakthroughs on U.S.-China relations

Washington, D.C. – In the first of two hearings this week on U.S.-China relations, Senate Finance Committee Chairman Max Baucus (D-Mont.) sought ideas to break current stalemates with China on trade, economics, financial services, and energy. Baucus stressed a need to change the U.S.-China dialogue toward a discussion of actionable items for progress, rather than a rehashing of current disputes. Witnesses stressed the effects of trade with China on the steel industry and the opportunities in the growing financial services sector. China’s growing energy needs and their consequences also featured prominently.

“This hearing showed that America can do more to enforce our trade laws and fully engage our trade tools. We can stand up for our full rights as a trading partner with China,” said Baucus. **“It is also clear that our economic relationship with China cannot be divorced from energy policy. We neglect the effects of China’s energy consumption at our peril.”**

On energy, Baucus said that an aggressive energy strategy must create real incentives to move China onto a path of sustainable and environmentally sound energy consumption. Enforcement discussion at the hearing involved not only WTO disputes but also current U.S. laws that could be used to help American industries. Congress created a special Section 421 safeguard to protect industries harmed by dramatic increases in Chinese imports, but that provision has not been used by the executive branch. No WTO dispute cases have been launched over China’s continued rampant violations of intellectual property rights.

The Senate Finance Committee will hold a second hearing on China on Wednesday, March 28, 2007, focused exclusively on China’s exchange rate regime.

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