

Wiley Rein Partner Tim Brightbill Quoted on His Testimony before the U.S.-China Economic and Security Review Commission

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International Trade Practice partner Tim Brightbill was quoted in a *Bloomberg BNA* article highlighting the major ways in which Chinese state-owned enterprises (SOEs) are harming U.S. companies and affecting trade. Testifying before the U.S.-China Economic and Security Review Commission on February 15, Mr. Brightbill said “many Chinese SOEs receive massive subsidies and other benefits from the government, providing an unfair competitive advantage to SOEs in their worldwide operations, pinpointing the types of subsidies, such as cash grants and capital infusions or preferential treatment on loans and in access to raw materials.” He added that “these subsidies and other benefits artificially lower SOEs’ costs and enhance their ability to sell at lower prices than their private sector competitors.” Mr. Brightbill went on to cite the six methods used by SOEs to distort trade including subsidies, business decisions based on profits or shareholder concerns rather than market principles, exemptions from regulations, lack of transparency, favoritism in the purchasing or sale of goods and services, and state ownership of banks, labor unions and other entities.

Mr. Brightbill—who is counsel for the Coalition for American Solar Manufacturing—has recently filed antidumping and countervailing cases against Chinese solar cell and module imports, and told *Bloomberg BNA* that his testimony before the committee was based partly on his experience in those cases. He noted that in those cases, “China shifted its sourcing of polysilicon, the largest input into solar cells, from the United States to Chinese state-owned and controlled

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Practice Areas

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producers. China exports 95 percent of its solar production, and has built capacity far beyond domestic or world demand. This has injured the U.S. solar industry and distorted the entire global market for solar products.”

Mr. Brightbill also noted that the Trans-Pacific Partnership (TPP), a free trade agreement being negotiated between the U.S. and eight Pacific Rim countries, will lay a “groundwork whereby investments have to be made on a commercial basis with transparency so TPP a partners can ask another partner to identify SOEs investments.”

The U.S.-China Economic and Security Review Commission prepares an annual report on national security consequences of U.S.-China trade and economic relations, and also conducts regular hearings on specific issues of importance to the U.S.-China economic relations. The hearing featured testimony from industry experts, professors, attorneys and lawmakers. The agenda and testimony from the February 15 hearing are available at: http://www.uscc.gov/hearings/2012hearings/written_testimonies/hr12_02_15.php.