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Senate

The Senate met at 12:02 p.m., and was called to order by the Honorable LARRY E. CRAIG, a Senator from the State of Idaho.

The PRESIDING OFFICER. Today's prayer will be offered by our guest Chaplain, Norris A. Keirn, National Chaplain of the American Legion.

PRAYER

The guest chaplain offered the following prayer:

Eternal Father, You have been our shield and strength from the birth of our Nation to this present day. Our homeland has been preserved in the palm of Your hand. By inspiration of Your Holy Spirit, we have continuously moved to develop a more perfect union that would mirror Your divine purpose.

Through Your guidance, these Senators have been raised to make laws and direct efforts for the enduring betterment of the peoples of this Nation and the world. Grant great wisdom so that Your righteous purposes would be fulfilled. Afford each one the strength of will to be diligent dispensers of truth and justice. Bless them with solidarity that transcends personal views and political affiliations. Grant a bipartisan unity that would bring You glory!

Bless also those who defend this democracy and place themselves in harm's way. Dispatch Your angels to protect and to bring them home with victory over the evil forces that would attempt to destroy freedom. Enable them to break the bondage of oppression as You have so graciously granted in the past. In the Name of our Lord we pray, Amen.

PLEDGE OF ALLEGIANCE

The Honorable LARRY E. CRAIG led the Pledge of Allegiance, as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. STEVENS).

The assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, DC, March 3, 2003.

To the Senate:

Under the provisions of rule I, paragraph 3, of the Standing Rules of the Senate, I hereby appoint the Honorable LARRY E. CRAIG, a Senator from the State of Idaho, to perform the duties of the Chair.

TED STEVENS,
President pro tempore.

Mr. CRAIG thereupon assumed the chair as Acting President pro tempore. (Mr. CHAMBLISS assumed the chair.)

RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDING OFFICER. The Senator from Idaho is recognized.

SCHEDULE

Mr. CRAIG. Mr. President, the Senate will spend the day in executive session trying to reach an agreement for a time to vote on the Estrada nomination. The nomination has been pending before the full Senate since February 5. The majority leader has attempted on a number of occasions to reach a time certain for this nomination. Each time there has been an objection by the other side of the aisle.

If Members desire to speak, they are encouraged to do so during today's session.

As a reminder to all Members, there will be a rollcall vote today beginning at 5:30. Under the unanimous consent agreement reached last Thursday, the vote will be on the confirmation of Marian Blank Horn to serve on the

U.S. Court of Federal Claims. I thank all Members for their attention.

RESERVATION OF LEADER TIME

The PRESIDING OFFICER. Under the previous order, the leadership time is reserved.

EXECUTIVE SESSION

NOMINATION OF MIGUEL A. ESTRADA, OF VIRGINIA, TO BE UNITED STATES CIRCUIT JUDGE FOR THE DISTRICT OF COLUMBIA CIRCUIT (Resumed)

The PRESIDING OFFICER. Under the previous order, the Senate will now go into executive session and resume consideration of executive calendar No. 21, which the clerk will report.

The assistant legislative clerk read the nomination of Miguel A. Estrada, of Virginia, to be United States Circuit Judge for the District of Columbia Circuit.

The PRESIDING OFFICER. The assistant minority leader is recognized.

Mr. REID. The manager of the bill is on the floor and the acting leader, Senator CRAIG, is also here. Senator BINGAMAN is here and wishes to speak. I understand Senator CRAIG wishes to speak for about 15 minutes. I wonder if I may direct attention to the distinguished chairman of the Judiciary Committee, Chairman HATCH. Senator BINGAMAN is here and I would like to see if we can get him in the queue to speak after Senator CRAIG. I know the Senator from Utah is managing this bill and, of course, I am sure he wishes to speak. I wonder if he has any objection to Mr. BINGAMAN speaking.

Mr. HATCH. I have no objection.

Mr. REID. He only wants about 5 to 10 minutes.

Mr. HATCH. I will have no objection, and I have no objection to Senator CRAIG speaking as well.

• This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.



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Mr. REID. Mr. President, I ask unanimous consent that Senator CRAIG be recognized for 15 minutes and then Senator BINGAMAN for up to 10 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Idaho is recognized.

MASSIVE GOVERNMENT SUBSIDIES TO HYNIX
SEMICONDUCTOR

Mr. CRAIG. Mr. President, I rise today to visit with my colleagues about something that is going on in Idaho and across this Nation at this moment that is critical to our economy, and especially critical to the economy of the State of Idaho. The situation that a company in Idaho finds itself in at this moment has resulted in its need to lay off 10 percent of its workforce because of actions taken by the Korean Government to prop up a bankrupt competitor of Micron.

Micron is a company in Idaho that has been in place and is the world's second largest producer of memory chips. As a result of the Korean Government's propping up of the Hynix Semiconductor Corporation, the market now is tremendously softened and layoffs are occurring.

In the mid-1980s, Micron almost went out of business because of dumping by Japanese companies. At that time, I acted in concert with the Bush Government. President Bush at that time worked with the Department of Commerce to put duties on that offset, but eventually that overrode that impact and it allowed that company, Micron, to become the second largest of the semiconductor companies in the world today.

Micron, as I mentioned, is critical to the technological base of the United States. It employs 13,000 people—invaluable high-tech jobs in the U.S. and in other parts of the world. It produces D-RAM semiconductors, or random memory chips, a key component in countless electronic systems, from personal computers to satellites to military command and control systems.

Most importantly, Micron is the only remaining producer of D-RAM chips in the United States. There used to be a half dozen of these companies a decade ago, but they all left the business in large part due to the unfair trade practices of other countries such as and including Korea.

Now I believe I must do what I can to address this new situation that is costing U.S. jobs in the United States, is weakening our technology base, and is having a substantial impact on the State of Idaho.

My bill, introduced last week, S. 492, reflects just how far, in my opinion, the Government of Korea has pushed with what I call illegal subsidies, and it reflects just how far I think we must go to respond to that situation.

My bill would impose a duty on Hynix semiconductors as they come into the country. My bill "suspends liquidation" for these Korean semiconductors, which is another way of

saying it watches them at the border. Then my bill requires a cash deposit of estimated countervailing duties in the 80-percent range. That is a serious step. Yet it is a legal and an appropriate step and, yes, it is actionable under the WTO, but it focuses us as a country on the problem we are facing with this kind of competition that I believe is illegal and is heavily Government supported.

I am angry, and I say that straightforwardly, at the Government of Korea and their continued unrelenting campaign of illegal subsidies to Hynix in an attempt to bring our domestic producer not only to its knees, but to destroy it altogether and then dominate the semiconductor industry.

Since October of 2000, the Korean Government, acting through the banks it owns and controls, has provided an incredible \$16 billion—let me repeat that—the banks of Korea have provided an incredible \$16 billion in subsidies to Hynix, the Korean producer of D-RAM semiconductors. How much has our Federal Government subsidized Micron? Nada; not one bit.

I think it is time we at least put up a barrier and test the international trade community to understand whether this is or is not an illegal action. We have that argument before the ITC at this moment. We hope there is a finding soon. But until then, I hope this Senate and the Finance Committee can come on point to recognize the critical environment that is being created by a company such as Hynix and a government backing them that strictly supports them for the purpose of dominating a world market and keeping its people employed.

In the 1990s, Government-controlled banks in Korea lent heavily to Hynix at cheap rates, and Hynix built up massive capacity, over 90 percent of which it exports. Ninety percent of what it produces in Korea leaves for the world market.

The Government of Korea built up this company with one goal in mind: to create an export powerhouse. It succeeded, and Hynix became the No. 3 producer of D-RAM chips in the world.

When Hynix became unable to repay the debt coming due in 2001, the Government of Korea stepped in and essentially wiped out the debt by providing over \$16 billion in debt forgiveness and debt restructuring over the past 2½ years. There is no rational economic justification for Government support for Hynix. Hynix has been unable to repay its debt, and it has lost \$8 billion over the past 3 years. The subsidies it has received have permitted Hynix to stay in business and continue to run all its D-RAM plants at full capacity, flooding the market with subsidized product.

They cannot make money. They have lost money, \$8 billion over the last 3 years; and yet the Government still dumps money into them, and they are dumping money into them at a time when they are out building new capac-

ity. The most recent Hynix bailout came 2 months ago when the Government provided \$4.1 billion in debt relief and another \$4.1 billion in subsidy. Hynix only had \$2.4 billion in sales last year. It just does not add up. Take a chalkboard out and outline that for the world to see, and the world will say that is a Government-controlled, Government-subsidized plant that is not even making a profit and, in fact, is losing large amounts of money.

Hynix will use the debt forgiveness to continue to expand capacity. Just last week—this is almost like a slap in the face to the American workforce and to Micron and its companies—just last week Hynix announced it would begin work on new fabrication lines to produce D-RAMs on state-of-the-art 300 mm wafers which will result in even more subsidized D-RAM from Hynix. They cannot make a profit, they are being subsidized heavily, and they are going to build more capacity. That does not make any sense at all, but then again putting a lot of people out of work in Idaho does not make any sense either when we are asking a company to compete against this producer at well below market prices.

Now we read in the papers that Hynix and other Hyundai companies are being investigated for illegally transferring \$500 million to North Korea in 2000. If that is true, that is a real slap in the face of Americans and the American worker. Of course, they did that for lucrative contracts. It did so with the help of South Korean banks and with the approval of the President of South Korea. I say that again. North Korea is being investigated for illegal actions with that country. This is the country that plans to reactivate its nuclear arms program and, we are now told, has just started one of its reactors. I hope the world will not tolerate this situation, and I hope our Senate will speak up to the issue.

Korea is a developed country. It is one of the most developed economies in Asia. The Korean Government has absolutely no business keeping a company going when it would otherwise be bankrupt, and there is no question about it. Like I said, pull a chalkboard out, and run those figures. You have one conclusion: Unless your banker or your best friend—and in this instance, the bank is the best friend. The Government owns the bank and the bank owns the company and you bail them out for \$16 billion. The purpose is obvious.

The purpose of my legislation is to urge the Department of Commerce and other U.S. trade agencies to do everything in their power to fix this problem. That is what our trade laws are for. Do I like doing what I am doing? Absolutely not. Will I apologize for trying to protect an American company and a workforce against a heavily subsidized dominating company that wants to control the world marketplace with an undercost product? No, I will not apologize for that whatsoever.

Is the action I take if the Senate were to pass my bill and were it to become law actionable at the WTO? Absolutely, and it ought to be to test whether what we have done is appropriate or whether, in fact, what Korea is doing at this moment is illegal, as I believe it is, and as I think the world marketplace would believe and the World Trade Organization.

Once again, the ITC is reviewing this. We hope by late March that decision will be out there. The European Union is already reviewing Hynix. I am told they are finding them in violation. Why should American workers, Idaho workers, a great American company, one of the great American success stories, have to shut itself down and put itself in financial stress because it is being dumped on in a world market?

Those are the problems we face. That is why I have introduced the legislation. My colleague, Senator CRAPO, has introduced a resolution and has spoken to it. On the House side, Congressman BUTCH OTTER speaks to it. Clearly, Idaho and Idaho's economy will take a tremendous hit because the Koreans are illegally playing the world trade game, heavily subsidized by their banks and by their government.

I yield the floor.

The PRESIDING OFFICER. Under the previous unanimous consent, the Senator from New Mexico is recognized for 5 minutes.

The Senator from Utah.

Mr. HATCH. Mr. President, I ask unanimous consent that I be given 1 minute. I do have the approval of the distinguished Senator from New Mexico.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HATCH. Mr. President, I compliment my colleague from Idaho. He has called it exactly the way it is. What is going on is a matter of unfair competition. It is a matter of improper governmental subsidization in competition with a company that is doing it all without government subsidization. I personally thank him for his good remarks; I agree with them and I would like to be associated with them.

Mr. CRAIG. I thank my colleague.

The PRESIDING OFFICER. The Senator from New Mexico.

LACK OF SPR POLICY

Mr. BINGAMAN. Mr. President, I appreciate the chance to speak for a few minutes about the Strategic Petroleum Reserve and the lack of action by the administration to deal with the problems we see in our oil markets today. What we are seeing by the administration is not bad policy, as such. What it is is a lack of policy for how we will use the Strategic Petroleum Reserve at a critical time such as the one we are in today. This indecision, this failure to articulate a policy, is hurting consumers and it is hurting our economy.

We have an oil supply crisis on our hands right now. Oil prices hit \$40 a barrel last week. Domestic crude and product stocks are at an all-time low

and oil prices are now hovering at levels that we have not seen since the gulf war. High energy prices such as this do hurt consumers and the economy. The question is, What has the administration done to minimize this economic pain that Americans are feeling?

The average consumer may not know what the price of oil is on a daily basis, but the average consumer does know the price of gasoline at the pump, and American consumers have had to bear the brunt of several weeks of very high gasoline prices while Saudi Arabia has been ramping up their production to maintain, if not to increase, their market share.

I do not know the connection between our national policy and Saudi Arabia's maintenance of market share. That has not been explained to me. But last fall, after the elections, when crude supply was first impacted and prices began to rise, the administration was urged to act to do a test sale of the Strategic Petroleum Reserve oil by several oil analysts.

A Strategic Petroleum Reserve release on this small scale would have been appropriate then. It would have been a simple statement outlining the administration's SPR policy, and it would have helped to calm jittery markets, which is certainly what we have seen in recent days and weeks. The situation we now face, in which the curtailment of oil supplies is hurting our national economic security, is precisely what we foresaw when Congress created the Strategic Petroleum Reserve. The curtailment has been months in the making. The current crisis in Venezuela has pushed the supply situation to a level that is beyond "severe".

The Strategic Petroleum Reserve was established in 1975, in direct response to the Arab oil embargo. Today, the Strategic Petroleum Reserve contains a total of 599.3 million barrels, almost 60 days' worth of imports. When this body considered the Omnibus Appropriations Act for 2003, I offered an amendment to extend our authority to use the SPR. That authority was set to expire later this year. I am pleased that the Senate adopted that provision and that as a result we have another 5 years of authority during which we can use SPR as a response to oil supply crises.

However, the authority was enacted for a reason. There is a supply problem. We have known this for some time now. In December, 3 million barrels of Venezuelan crude came off the market altogether. This has had a larger supply impact than removing all Iraqi crude will have under a war scenario, which we all, I believe, consider to be very likely.

Prior to December 2002, Venezuela was one of the world's five largest oil exporters. Its net exports averaged 2.4 million barrels per day. During the first 9 months of 2002, oil from Venezuela supplied approximately 14 percent of U.S. net oil imports, or about 1.5 million barrels per day.

The United States depends on Venezuela for substantial volumes of gasoline imports as well as oil imports. A 10-week general strike in Venezuela has resulted in a sharp decrease in Venezuela's exports to the United States. The strike comes at a time when markets are already tight.

On Tuesday, in the Committee on Energy and Natural Resources, we heard testimony from the Secretary of Energy that everything was getting better in Venezuela, that the crisis was passing. Recent events, though, suggest that this may not be the case. A key factor in the uncertainty that is keeping prices up is the uncertainty surrounding the administration's intentions about using the SPR. A clear statement from the administration of the conditions under which oil would be released from the SPR would have an immediate effect on lowering oil prices.

A cryptic phrase that is used by the administration is that they would release oil from the SPR only in the case of "a severe supply disruption." But since the administration will not elaborate on what a severe supply disruption entails, the suspicion is that they will never release oil from SPR absent an all out war in the Persian Gulf that involves major damage to Saudi oilfields. For that reason, the psychology of the market largely discounts the existence of the Strategic Petroleum Reserve at this time, and consumers are paying all-time high prices at the pump.

Gas prices have risen more than 30 cents a gallon since December. Gas prices are high in part because our crude stocks are down. We are operating at minimum operating levels in the refining sector. With high crude prices, increased refining output means even higher prices at the pump.

Demand for gasoline is high as we head into the driving season. Since most spare capacity in the market is in the Middle East, it is going to take awhile to get the oil we need. It does not take much to send prices spiking again. Cold weather can do it. Disruption in supply from Venezuela or Nigeria could do it. War in the gulf could do it.

My colleagues have listened to many speeches over the last year bemoaning the fact we do not have an energy policy. I am not going to ask that we come to closure today on a universal, all-encompassing, comprehensive energy policy. I would settle for a single action by the administration. That would be a clearly enunciated and understandable policy for when we will use the Strategic Petroleum Reserve.

The administration may be sufficiently captive to a minimalist ideology in dealing with this oil crisis, that they never actually plan to use the Strategic Petroleum Reserve, and I hope very much that is not the case.

I call on the President to give us a clear and understandable signal as to what his policy is. Merely saying we