

MARKING THE 100 YEAR CELEBRATION OF THE CITY OF FIRTH, IDAHO

HON. MICHAEL K. SIMPSON

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 28, 2005

Mr. SIMPSON. Mr. Speaker, I rise today to join with the townspeople of Firth, Idaho, in celebrating the city's 100th anniversary. This important milestone has been reached through the hard work and tenacity of the early settlers as well as the foresight and spirit of today's citizens.

The town of Firth officially came into existence in 1905 when Lorenzo Firth and his wife gave a plot of land for the town site and an acre for a one-room school house. The 4-room brick building which replaced that first school still stands on the original site, and the city has grown and prospered through the years. Some of the businesses which flourished in the early years of Firth included: a bank, barbershops, drug store, butcher shops and grocery stores, a lumberyard, harness shop, blacksmith shop, hardware store, theatre, grain mill, and potato warehouses. The original Firth Mill and Elevator continues to do business today. Collet's Bar and Grill is proud to have served the residents of Firth for over 75 years. Anthony's Auto and the Stop and Shop Grocery are early businesses still serving customers in the city.

The community's economy has its base in agriculture. Grain, hay, potatoes, and cattle were raised on the farms around Firth. Early civic organizations in Firth were the Riverview Grange, the Lions club, and the Firth Homemakers club. Three religious groups were significant in the success of the City of Firth: the Swedish Baptist Church; the Lutheran Church (which held its early services in the Swedish language); and the Church of Jesus Christ of Latter-day Saints.

Community leaders who have been committed to the success of the City of Firth include Rudolph E. "Bud" Rogers who served as mayor for 16 years and Sam Collet, a city councilman for almost 29 years. Credit goes to these civic minded individuals and others like them who were dedicated to making the City of Firth a great place to live, work, raise families, and educate children.

Mr. Speaker, I would like to congratulate everyone who has been involved in the "100 year celebration of the City of Firth". I know many of the citizens of Firth and have enjoyed their friendship over the years. I wish Mayor Kress, the City of Firth, and all its citizens well as they continue toward their second hundred years.

TRIBUTE TO SOL STETIN

HON. BILL PASCRELL, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 28, 2005

Mr. PASCRELL. Mr. Speaker, I would like to call your attention to the life of a wonderful man, who sadly passed recently, Mr. Sol Stetin.

It is fitting that he be honored, in this, the permanent record of the greatest freely elect-

ed body on earth, for his lifelong dedication to the labor movement.

Sol was born in Poland on April 2, 1910 to Hymen and Fanny Stetin. Shortly after his birth, the Stetin family decided to migrate to America and subsequently settled in Paterson, NJ. The Stetin family had to work hard during the turbulent years of the Great Depression which led Sol to take a job with a local dye shop in the "Silk City." It was not long after Sol began working, that he became witness to the atrocities being committed by warehouse managers and business owners. Appalled by inhumane working conditions and lack of worker rights, Sol decided to lead strikes and arrange union campaigns.

The Federation of Dyers, Finishers, Printers, and Bleachers of America was the first organization Sol helped form and the first forum for him to express his concerns for the American laborer. Later, he went on to work with the CIO's Textile Workers Organizing Committee (TWOC), he worked to build the TWOC into a permanent union under CIO standard. His work-ethic was unparalleled and his stellar reputation earned him the office of secretary-treasurer of the Textile Workers Union of America. In just 4 years, Sol climbed to the rank of President and immediately began managing the workers' rights campaign in the South.

Sol Stetin then decided to lead a merger with the Amalgamated Clothing Workers and Textile Workers Union, now known as UNITE/HERE. He served on the Executive Council of the AFL/CIO and as Executive Vice-President of the Amalgamated, until his retirement. True to Sol's nature, retirement could not slow him down. Instead of relaxing, Sol used his free time to found the American Labor Museum/Botto House National Landmark in Haledon, NJ. For Sol, the museum was the ultimate tribute he could offer to union members and it solidified his personal dedication to labor education.

In addition to Sol's many professional achievements, his personal accomplishments should not and cannot be overlooked. He was the devoted husband of Frieda and the proud father of two daughters, Sondra and Myra. He leaves behind five exquisite grandchildren and five beautiful great-grandchildren.

I have had the privilege to know and work alongside Sol Stetin. We shared many of the same concerns and opinions on workers rights, not to mention the same passion for our hometown, Paterson, NJ. I can say without reservation that the work of individuals like Sol will live on in the hearts of those whose lives were enriched by his work.

Mr. Speaker, the job of a United States Congressman involves so much that is rewarding, yet nothing compares to recognizing the efforts of devoted activists like Sol Stetin. I ask that you join our colleagues, Sol's family and friends, and most importantly, the countless American workers Sol has touched throughout his years of work within the labor community in recognizing the outstanding service of Sol Stetin.

THE MORTGAGE INSURANCE FAIRNESS ACT OF 2005

HON. PAUL RYAN

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 28, 2005

Mr. RYAN of Wisconsin. Mr. Speaker, I along with my colleague Congressman WILLIAM JEFFERSON, have introduced the Mortgage Insurance Fairness Act. Our bill would allow residential mortgage borrowers to deduct as an itemized deduction for mortgage insurance premiums for private mortgage insurance, FHA insured mortgages, VA insured mortgages and GRH insured mortgages. Residential mortgage borrowers with annual incomes of \$100,000 or less would be eligible for this tax deduction.

Nationwide, mortgage insurance is a critical factor in allowing minorities and middle income families to become homeowners. Mortgage insurances covers 57 percent of mortgage purchase loans made to African American and Hispanic borrowers and 54 percent of the loans to borrowers with income below the median income. This legislation will benefit the 12 million American families who presently use mortgage insurance.

In Wisconsin alone, this legislation would benefit 124,000 families. Insured mortgages made up 35 percent of home purchase loans in Wisconsin and cover 49 percent of home purchase loans by minorities and low income home buyers.

Mr. Speaker, homeownership is a vital part of creating safe communities and a vital part of our Nation's economy. I urge my colleagues to join us in promoting homeownership and support this important bill.

LEGISLATION COMPELLING VOTES OF THE EX-IM BOARD OF DIRECTORS IS BAD POLICY

HON. MICHAEL K. SIMPSON

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 28, 2005

Mr. SIMPSON. Mr. Speaker, I rise today to raise my concerns about a proposal being floated that would compel the Ex-Im Board of Directors to bring up and vote on every proposal for Ex-Im Financing, whether or not the proposal met the basic—congressionally mandated—conditions for approval.

This would be a bad policy in general, and particularly with respect to industries which affect our national security, such as, the semiconductor industry.

Legislation compelling the Board of Directors to vote on a particular application for Ex-Im financing—and one that the Chairman has carefully considered and rejected—is bad policy and threatens to subvert the structure, policies, and procedures of the Export-Import Bank. The Chairman is responsible for bringing financing proposals before the full Board of Directors and ensuring that only those financing proposals which meet the statutory criteria are presented for a vote. If a deal fails to meet the basic criteria for financing, then it should not be brought up for a vote. To do otherwise would ignore Export-Import Bank legal requirements and procedures, and completely and inappropriately politicize Ex-Im financing.

Earlier this year, Ex-Im Chairman, Phillip Merrill carefully considered a proposed \$770 million financing package for a Chinese semiconductor manufacturer, SMIC, and ultimately determined not to bring the proposal before the Board of Directors. Because the proposal clearly failed the statutory requirements, the Chairman was completely justified in that decision. As Mr. Merrill noted at a hearing before the House Small Business Committee on April 6, 2005, "It is my job to take the case to the board if we believe the case does not violate the mandate of Congress."

In this case, the proposed SMIC financing failed two separate and independent statutory requirements for Ex-Im approval: namely, the "economic impact" requirement, and the "additionality" requirement. First, in evaluating the "economic impact" requirement, Ex-Im is required by statute to consider any serious adverse effect financing might have on the competitive position of U.S. manufacturers. Ex-Im is expressly prohibited from making a loan or guarantee if its analysis concludes that the competing domestic industry would be adversely affected because either (i) the product supported by the financing will compete with a U.S. producer, or (ii) the commodity is in oversupply. In reviewing this case, the Ex-Im Chairman evaluated a study that demonstrated that the products made in SMIC's Chinese fabrication facilities—DRAM and other types of semiconductors—would compete with U.S. producers and were in serious oversupply, and that if the deal went through it would result in the loss of thousands of high-paying technology jobs in the U.S. semiconductor sector. The study also pointed out the economic and political folly of having U.S. taxpayers finance the export of high-tech jobs and technology to China, particularly given the current exodus of U.S. manufacturing jobs to that country and the massive trade deficit the U.S. has with China. Based on this un rebutted evidence, the Chairman correctly concluded that the SMIC financing proposal failed the "economic impact" requirement.

The SMIC financing proposal also failed the separate "additionality" test. The Chairman is required to ensure that no proposal is submitted for vote when the proposal merely duplicates available private sector financing. The "additionality" test can be met if there is a confirmed competing loan guarantee on the table from a foreign export credit agency or if there is some sort of market failure and the transaction would otherwise not go forward without the Bank's involvement. Neither of those circumstances is present in the SMIC financing proposal. Indeed, recent developments confirm beyond any doubt that SMIC has no need for a guarantee funded by the United States taxpayers. Only two weeks ago, SMIC announced that it obtained a \$600 million loan from Chinese banks—all without an Ex-Im guarantee. The Chairman correctly concluded that the SMIC financing proposal failed the "additionality" requirement.

CHINA DOES NOT NEED U.S. GOVERNMENT ASSISTANCE TO DEVELOP ITS SEMICONDUCTOR INDUSTRY

There is a significant danger in sending advanced semiconductor manufacturing equipment to China, especially if those exports are taking place as a result of subsidized support from the U.S. Export-Import Bank.

The economic costs of providing advanced manufacturing equipment to China are high. A recently-released report quantifies job dis-

placement in the United States as a result of the United States' rising trade deficit with China since 1989: 20,000 lost jobs associated with the production of communications equipment; 64,400 lost jobs associated with the production of home audio and video equipment; and 53,300 lost jobs associated with the production of computers and office equipment. In addition, more than 46,200 jobs were estimated to have been lost in the semiconductor industry since 1997. Job losses in these electronics industries accounted for more than one-quarter of total job displacement documented in this report.

Another significant concern relates to the migration of high-tech production to China because of the strategic importance of this technology, and the ability of the Department of Defense to maintain an edge in the development and deployment of advanced communications, command and control and weaponry. According to a recent report by the Defense Science Board, the area of greatest concern is in the U.S. microelectronics sector which supplies defense, national infrastructure and intelligence applications.

Dependence on China for supplies of semiconductors and other microelectronics would leave the United States very vulnerable. Significant risks of supply interruptions exist and include natural disasters like earthquakes but also heightened tension between China and Taiwan could lead to significant disruptions of critical parts and supplies.

China also has taken steps to provide WTO-inconsistent subsidies to unfairly promote their semiconductor industry. China has adopted aggressive policies to promote domestic manufacture of semiconductors. Income tax incentives include a 5 year tax holiday plus 5 years at half-tax for reinvested capital with the clock starting when profits start. It is providing free land for industrial parks. Until recently, China applied a 17 percent value added tax (VAT) to imported chips, but not to those made in China. Agreements with the World Trade Organization on VAT may have negated the impact of the full 17 percent on imported chips however while amounts over 3–6 percent are still rebated for Chinese-made chips.

The number of engineering graduates in China is far outpacing U.S. totals so that students no longer have to come to the U.S. to attend school.

U.S. TAXPAYER SUPPORT FOR THE CHINESE SEMICONDUCTOR INDUSTRY: UNJUSTIFIED ON ANY GROUNDS

There is no economic justification for the United States government to be underwriting investments in the Chinese electronics industry. China has an extremely competitive and rapidly expanding electronics sector. Moreover, the Chinese government already offers a host of incentives for investing in integrated circuit ("IC") production facilities. The U.S. Semiconductor Industry Association ("SIA") has in fact raised repeated concerns regarding the level of government assistance to China's IC firms.

History has shown that the movement of electronics manufacturing to lower-wage countries has had deleterious effects on U.S. employment. Recently, it is higher-valued manufacturing activity that has exited the United States for China and other low-wage production sites. Electronics industry sources highlight that the exodus of advanced manufacturing has negative implications for engineering and R&D activity in the United States.

A just-released report quantifies job displacement in the United States as a result of the United States' rising trade deficit with China since 1989: 20,000 jobs lost associated with the production of communications equipment; 64,400 jobs associated with the production of home audio and video equipment; and 53,300 jobs associated with the production of computers and office equipment. In addition, more than 46,200 jobs were estimated to have been lost in the semiconductor industry since 1997. Job losses in these electronics industries accounted for more than one-quarter of total job displacement documented in this report.

The financing incentives contemplated by the Export-Import Bank are neither necessary nor appropriate. The Chinese IC industry has already been extremely successful in attracting investments through commercial channels, and the Chinese government already provides a wide range of incentives. In addition, assistance to the Chinese semiconductor industry will disadvantage a U.S. industry that provides high-value jobs and other economic benefits in the United States.

CHINA IS HIGHLY COMPETITIVE IN THE GLOBAL ELECTRONICS SECTOR

China has major advantages in electronics manufacturing. For one, China's labor pool is inexpensive, skilled, and highly motivated. Production worker wages are as low as \$120 a month, and skilled IC designers make on average \$2,000 a month. In sophisticated electronics, direct labor in China costs less than 10 percent of total costs of production. The number of trained engineers increases by 350,000 individuals annually. Young workers and managers willingly put in 12-hour days and work weekends. As for inflationary pressure on wages, the chief Asia-Pacific economist at Morgan Stanley notes that China's "vast pool of surplus labor . . . keep down labor's pricing power."

China also provides a huge and booming internal market that will further spur domestic production efficiencies. China's gross domestic product increased 9.1 percent in 2003, and the country emerged as the world's largest and most rapidly growing market for semiconductors. The existence of multiple suppliers creates intense domestic competition, further contributing to low wages and prices.

Electronics manufacturing in China began with finished consumer appliances, and now their component parts are also increasingly manufactured in China. The IC industry is one of the newer boom industries in China. A Chinese industry sources note that more than 10 fabs started operations in China in 2002.

Most of the early Chinese IC operations used the smaller 6-inch wafers, lagging the 8-inch and larger wafer technology common in the United States, Europe, and Korea. That is changing. SMIC is now at the forefront of global production technology for semiconductors by bringing a 12-inch wafer fab on line in 2004. SMIC plans four more 12-inch fabs to come on line by 2006.

The proposed equipment financing is substantial not only for SMIC but for the Chinese IC industry as well. China's 10th Five-Year Plan, which is in effect for the period 2001–2005, anticipates investments totaling \$10.3 billion in new IC production lines. SMIC's new equipment purchases represent more than 10 percent of the entire amount anticipated to be invested in China over the course of 5 years.

Moreover, China's revenue from fab operations was approximately \$400 million in 2002. The proposed financing is thus three times the value of fab revenues in a recent year.

In 2003, China is estimated to have spent three times the amount on new fab construction as all of North America. China accounted for about 5 percent of existing fab capacity in 2003, ranking seventh in the world; however, China accounted for fully 33 percent of fab capacity under construction in 2003, ranking first in the world. Taiwan and Korea followed somewhat distantly, accounting for 14 percent and 13 percent, respectively of fab capacity under construction the same year. In other words, China is rapidly emerging as a major semiconductor producer with some of the most modern and advanced facilities in the world. As Harvard University economist Richard B. Freeman has observed, "China . . . can compete both with very low wages and in high tech. . . . Combine the two, and America has a problem."

There is simply no economic need for U.S. taxpayers to be underwriting investments in the Chinese electronics industry. Every indication is that industry is booming, with investment flowing from a variety of sources. One industry source estimates that China already produces one-third of the world's electronics, and that will rise to one-half by 2010 or 2012. CHINA OFFERS A HOST OF INCENTIVES FOR INVESTING IN THE IC INDUSTRY.

China emerged as a contender in the global electronics industry as recently as the late 1990s. One product launched during China's Ninth Five-Year Plan (1996–2000) was the 909 Project, administered by China's Ministry of Science and Technology. Investments under the 909 Project totaled over \$1.2 billion. The primary beneficiary was the Shanghai Hauhong NEC Electronics Co., which was formed to design and produce both memory and logic ICs.

In advance of China's joining the World Trade Organization (which occurred in 2001), a number of investment incentives were introduced in 2000. For example, in June 2000, State Council Document 18, entitled "Policies to Encourage the Development of the Software and IC Industries," established a framework to attract investment to the Chinese IC industry. These incentive applied primarily to fab operations, and were effected through the reduction of effective value-added tax ("VAT") rates.

In December 2000, Shanghai's Document 54, entitled "Policies and Regulations Related to the Development of the Software and IC Industries," expanded the Document 18 incentives to design, packaging, and test facilities. As noted further below, the U.S. Semiconductor Industry Association subsequently raised concerns that China's VAT incentives provided discriminatory treatment.

Also in 2000, the Chinese central government updated its list of industries for which foreign investment is encouraged, including more advanced IC production operations. China's Ministry of Science and Technology also designated the IC industry as a high priority in its 863 Program, which supports key technologies through research and development. Within a few years, the 863 Program had provided grants to more than 100 IC design centers, which had more than 1 billion RMB in annual sales.

China ratified its Tenth Five-Year Plan in March 2001, and the government stated at

that time that its goal was to invest \$120 billion in the IC industry by the end of 2005. Also in 2002, State Administration of Taxation Document 70 authorized VAT reductions for the IC industry, and State Council Document 51 added incentives for venture capital investments in the same industry.

In addition to incentives from the central government, regional authorities compete to attract investment in IC facilities. The Shanghai region is a leading area for semiconductor activity. Even within this region, however, localities offer competing incentives. SMIC is located in the Zhangjiang High-Technology Park in the Pudong District. Incentives available to enterprises in Pudong include the following:

- Subsidies for interest rate payments;
- Investment tax credits for infrastructure expenses;
- A variety of rebates of VAT taxes;
- Allowance for deduction of salaries and training costs for corporate income tax purposes;
- Additional subsidies allowed for new post-graduate positions created; and
- Special tax incentives for fabs producing below the .25 micron level, including exemptions on any production and testing equipment.

THE U.S. SEMICONDUCTOR INDUSTRY ASSOCIATION HAS REPEATEDLY RAISED CONCERNS ABOUT CHINESE SEMICONDUCTOR INDUSTRY INCENTIVES

SIA has voiced numerous concerns about Chinese practices that discriminate against U.S. suppliers. As recently as December 21, 2004, SIA summarized its most pressing concerns in comments to the U.S. Trade Representative on foreign trade barriers. These comments highlighted the following:

China's VAT rebate scheme imposes a cost penalty on imported semiconductors. Such a scheme strongly suggests that China is not honoring the national treatment commitments required under Article III of the GATT, to which China is bound as a member of the World Trade Organization.

China had planned to implement a proprietary wireless encryption standard. According to SIA, "It was planned for implementation even though the technical details of the Chinese requirements were not readily available to international firms. Later reports indicated that Chinese authorities would require foreign firms to engage in value-added production with a select list of local firms to obtain import permits in order to sell wireless LAN equipment in China. Products already in-country would have also required permits. If enacted, such requirements would have set a dangerous precedent by imposing technology transfer and local content requirements that China committed to eliminate with WTO accession." China has delayed implementation but there is still significant pressure for a unique Chinese standard.

There have been other attempts to create unique Chinese standards, including for DVDs, HDTV, RFID, digital cameras, and electronic imaging for cellular phones. According to SIA, "Standards in China are often developed by government authorities through a nontransparent process, and without input of key stakeholders, in particular neglecting international ones. Unique Chinese requirements in many cases would require product redesign, creating additional costs to U.S. firms in development expenses and lost revenue."

China's intellectual property laws have serious deficiencies—to the point that China's

compliance with the WTO TRIPs Agreement is in question. China's legal system hampers IP enforcement by making it more difficult both to bring, and to succeed in, cases against IP violators. SIA calls on China to enact legislative reforms in this area.

SIA also notes concerns as regards transparency in China's rule-making procedures. SIA questions, for example, whether environmental regulations are not in fact more trade barriers.

In October 2003, SIA also released a comprehensive review of Chinese incentive programs benefiting semiconductor producers. SIA concluded as follows:

Maintaining U.S. leadership in microelectronics is critically important to the economy and national security of the United States. Government policy measures in any country or region which induce significant migration of the U.S. microelectronics infrastructure—capital, enterprises, individuals—warrant careful scrutiny by U.S. policymakers. Several aspects of China's current developmental effort in microelectronics are problematic because they could erode the U.S. microelectronics infrastructure and contribute to an eventual loss of U.S. leadership in this field.

HISTORICAL IMPACT OF THE LOSS OF ELECTRONICS MANUFACTURING IN THE UNITED STATES

The U.S. electronics industry has been migrating slowly to off-shore manufacture for many years. According to a study by the Bureau of Labor Statistics, U.S. competitiveness in consumer electronics began to slip in the 1960s. Television production was one of the first industry to migrate off-shore. Jobs in the U.S. television industry dropped by half from 1971 to 1981. Innovations were increasingly introduced by foreign television makers, and this is evident in the leading position of non-U.S. brand name domination of high-definition and digital television at the present time.

According to the National Advisory Committee on Semiconductors, U.S. electronics manufacturers lost nearly 15 percent of the global market in the second half of the 1980s. This translated into more than \$100 million in lost revenues for U. S. companies during that period—a loss has since grown considerably given enormous expansion in global electronics markets.

A 1997 survey of electronics manufacturing in the Pacific Rim observed that "the rapid development of electronics manufacturing in East Asia poses a challenge to overall U.S. manufacturing competitiveness as the United States becomes increasingly dependent on Asian suppliers. . . . In this survey, China was already observed to attracting a great deal of component manufacture. Initially, China drew manufacturing from neighboring Asian countries, that could no longer compete on labor costs. U.S. electronics manufacturing has also been affected. The U.S. printed circuit board industry is losing jobs to China as U.S. producers have seen sales slump from \$11 billion to less than \$5 billion since 2001. Meanwhile, printed circuit board exports from China have doubled.

Semiconductor device production remained a leading U.S. electronics industry even as more labor-intensive assembly operations relocated to low-wage countries. One key has been the retention of high-value-added activities in the United States. But numerous voices are now concerned about the attraction of China for advanced electronics manufacturing.

The President's Council of Advisors on Science and Technology supports policies that encourage R&D and advanced manufacturing in the United States. A January 2004 report notes that the computer and electronics sector is a leading employer in the United States, and ranks very high in terms of value-added. The report notes as well the rise of China as an electronics producer:

... China's rise as a high tech manufacturer has caused increasing concerns. China is a large emerging market and its industrial and economic policies associated with expanding this sector are likely to continue indefinitely.

This report also notes the variety of Chinese programs aimed at expanding the electronics sector, including numerous tax incentives, currency valuation policies, industrial parks, and employment incentives.

The U.S. Semiconductor Industry Association shares this concern. SIA recently urged U.S. policy makers to keep chip fabrication in the United States by "insuring that the U.S. remains an attractive locations for chip manufacturing. . . . If leading edge moves offshore because foreign governments have created more attractive investment environments, over time R&D facilities for manufacturing processes are likely to follow."

SIA has documented the substantial contributions of U.S. semiconductor manufacture to the U.S. economy, in a number of reports, including as in the following illustration:

The semiconductor industry, which is the largest value-added sector in the U.S. economy, provides high quality employment to hundreds of thousands of U.S. citizens and is projected to grow at a compound annual rate of fifteen percent for the next several years. The growth will create opportunities for new applications that will spawn new industries and it will ensure the continued vitality of many of the information technology industries.

SIA officials emphasized the potential of China in particular to attract leading edge semiconductor manufacturing in recent testimony before the U.S.-China Economic and Security Review Commission:

Semiconductors are the building blocks for American competitiveness in a broad range of high technology goods—from computers to medical technology. A strong and vibrant semiconductor manufacturing industry is a key part of a healthy information technology ecosystem—it supports everything from research and development to a robust university capability in microelectronics. . . . the members of SIA also believe it is vital to retain leading edge manufacturing capability here in the United States. . . .

China is growing into a major force in the information technology arena both as a customer and as a competitor. Given the size, growth, and potential of the Chinese market, it is essential that U.S. semiconductor firms have the chance to compete fairly.

A new report prepared for the U.S.-China Economic and Security Review Commission finds that 1.5 million U.S. job opportunities have been lost as a result of the ballooning U.S. trade deficit with China. As noted at the outset in this paper, more than one-quarter of job losses during 2001–2003 were in electronics. China's higher-value electronics exports, along with other products that require more skilled labor and advanced technologies, are growing much more rapidly than are China's lower-value, labor-intensive exports. The report notes that China's exports to the United

States reached \$32 billion, a figure that corresponds to the entire U.S. trade deficit in advanced technology products. Indeed, the U.S. exports and imports of advanced technology products as a whole are in balance; however, the U.S. has a significant and rising trade deficit in such products with China.

U.S. TAXPAYER SUBSIDIES TO THE CHINESE SEMICONDUCTOR PRODUCERS ARE UNJUSTIFIED ON ANY GROUNDS

As discussed above, the Chinese semiconductor industry does not need U.S.-taxpayer-supported financing. The Chinese industry benefits from advantageous labor costs, a dynamic internal market, a critical mass of component and finished goods production, and a multiplicity of Chinese government supports. The industry is literally booming, with investment flowing from a multitude of sources. SMIC in particular is a formidable competitor on a global scale.

In addition, from a policy perspective, what is the U.S. interest in hastening the pace of expansion within the Chinese electronics sector? This expansion comes at considerable costs to U.S. industries. U.S. policy makers have in fact long recognized the value to the broader economy of maintaining high-value manufacturing and their associated R&D activities in the United States. This Administration has consistently been given this advice by its senior science and technology specialists.

The economic reality may be that China's electronics industry will continue to strengthen, but that outcome should be market-driven. U.S. taxpayer subsidies to enhance advanced Chinese semiconductor manufacturing capabilities are unjustified on any grounds.

PERSONAL EXPLANATION

HON. MARK GREEN

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 28, 2005

Mr. GREEN of Wisconsin. Mr. Speaker, on rollcall No. 322 I was detained due to an aircraft malfunction.

Had I been present, I would have voted "yes."

CONGRATULATING CHRISTI LEHMAN ON HER PROMOTION TO VICE PRESIDENT AT CONNOLLY & COMPANY

HON. HENRY CUELLAR

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 28, 2005

Mr. CUELLAR. Mr. Speaker, I rise to recognize Christi Lehman in gratitude for her service, respect for her work, and congratulations on her promotion to Vice President at Connolly & Company.

I am also personally indebted to Christi for her help in 2004. Christi handled media relations for me with an adept hand and a cool maturity. Her ability to generate new ideas and pitch them to the appropriate media is consistently rewarded with tremendous results.

Brought on board as a media expert for Connolly & Company in 2002, Lehman excels in public relations through her creative ap-

proach and unique style. She has coordinated numerous media events and widely covered press conferences. Recently, she has focused on companies or individuals involved in litigation—ensuring their public image and message is protected and promoted.

I am honored to recognize Christi Lehman on her promotion to Vice President at Connolly & Company. She is a gifted writer who understands the media, but most importantly, knows how to produce real results. I continue to appreciate her support on both a personal and professional level, as I congratulate Christi on her outstanding work.

TRIBUTE TO CHRISTIAN AGUIRRE

HON. HENRY A. WAXMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 28, 2005

Mr. WAXMAN. Mr. Speaker, I rise today to pay tribute to a courageous young man, Christian Aguirre, whom I am proud to represent in Congress. Christian is 12 years old and attends Christopher Columbus Middle School in Canoga Park, California.

Christian was diagnosed with Hodgkin's disease 2 years ago and has bravely undergone a series of treatments, many of them painful, since that time. Through it all, Christian has maintained his sense of humor and has met his challenge with grace and a remarkable outlook.

I know that his family, friends, doctors, nurses and teachers are delighted that Christian is doing well and has been able to return to school. The American Cancer Fund for Children recently awarded Christian with the "Courageous Kid" award. I want to congratulate him on receiving this award and ask my colleagues to join me in applauding Christian for his optimism and courageous resolve during his battle with Hodgkin's disease.

IN RECOGNITION OF TOP STUDENT HISTORIANS

HON. DIANA DeGETTE

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 28, 2005

Ms. DeGETTE. Mr. Speaker, I rise to honor the top student historians in the State of Colorado. Colorado History Day, an affiliate of National History Day, is a year-long education program that engages students in grades 6–12 in the process of discovery and interpretation of historical topics. Students produce dramatic performances, museum-style exhibits, multimedia documentaries, and research papers based on their own research related to a broad annual theme. Their projects are then evaluated in a series of local and state competitions, culminating in an annual national competition. Nationwide, more than 800,000 students are involved in the National History Day program. More than 4,000 Colorado students participate in History Day activities at the local level each year, and they represent every type of Colorado community, from the cities and suburbs of the Front Range to rural plains towns and mountain communities. At the Colorado History Day State Competition