

examine, and adopted its 2004 report by a unanimous vote.

Among the key findings of the report are that in 2003 the United States ran a global goods trade deficit of \$545.5 billion, of which \$124 billion was attributable to U.S. trade with China. The U.S. trade deficit with China constituted over 23 percent of the total U.S. goods deficit. Further, with U.S. exports to China of \$28 billion and imports from China of \$152 billion, U.S. trade with China constitutes our most lopsided trading relationship. The report notes that over the past 10 years, the U.S. trade deficit with China has grown at an average rate of 18.5 percent, and if it continues growing at this rate, it will double to \$248 billion within 5 years. The report further notes that since 1998, the United States has moved from a global trade surplus in advanced technology products, ATP, of \$29.9 billion to a deficit of \$27 billion in 2003, of which \$21 billion is attributed to our trade with China.

The Commission report unanimously finds that, "The magnitude of the goods trade deficit threatens the nation's manufacturing sector, a sector that is vital for our national and economic security." It further notes that China has a "coordinated sustainable vision for science and technology development" and urges our country to develop a "comprehensive national policy to meet China's challenge to our scientific and technological leadership."

The report finds that China is systematically intervening in the foreign exchange market to keep its currency undervalued, and that this has contributed to the size of the U.S. trade deficit with China and has hurt U.S. manufacturers. The report further notes that China has policies in place to attract foreign direct investment (\$57 billion in 2003) and to develop its national productive capacity in "pillar industries". These policies include tariffs, limitations on access to domestic marketing channels, requirements for technology transfer, government selection of partners for joint ventures, preferential loans from state banks, privileged access to land, and direct support for research and development.

In order to begin to help correct our trading relationship with China, the Commission urges that the U.S. immediately seek to have the yuan revalued substantially upward against the dollar and then to be pegged against a trade weighted basket of currencies. After such an immediate revaluation, the Commission recommends that China, as it addresses problems in its banking system, move to a market-based currency. It further recommends that Congress should charge USTR and the Commerce Department to undertake a comprehensive examination of China's industrial policies, described in the report, to determine which may be illegal under provisions of the WTO, and to lay out specific steps the U.S. can take to address these practices through the

WTO or other means. It urges the U.S. to make more active use of WTO dispute settlement if we cannot persuade China by negotiation to carry out its WTO commitments.

The report discusses a number of other aspects of United States-China trade and political relations. It makes a number of recommendations to help manage the relationship to minimize security risks and to enhance prospects of moving China toward a more open, democratic and law-based society to the benefit of both countries.

In my view, this 2004 report of the Commission makes a very valuable contribution to our policy deliberations on China. I salute Senator BYRD for his wisdom in calling for the creation of the Commission, and thank all the Commissioners for their contribution to our knowledge of the United States-China economic and political relationship. The Baltimore Sun ran an editorial which strongly praised the report and found that "the case for 'urgent attention and course corrections' to U.S. policies on China is well made." I ask that the Baltimore Sun editorial be inserted in the RECORD after my statement.

I strongly commend the 2004 report of the United States-China Economic and Security Review Commission to my colleagues.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Baltimore Sun, June 17, 2004]

#### THE CHINA TRADE-OFF

In the past year, some large foreign investors were for the first time allowed to enter China's domestic stock market to buy shares of Chinese firms. This includes shares of part of Norinco, China North Industries Group—a transnational conglomerate that was founded by the People's Liberation Army, that retains strong military ties, that makes everything from baby shoes to missiles, and that has drawn U.S. sanctions for arming Iran.

Given the lack of disclosure in China, foreign investors and technology traders with Norinco and other Chinese firms cannot know if their resources will end up serving China's long-term, well-coordinated strategic plan to compete with American economic, military and political power. That potential danger is the basis for the very strong alarms sounded this week by the U.S.-China Economic and Security Review Commission, a bipartisan congressional group monitoring U.S.-China relations.

In its wide-ranging annual report, the commission warns that rapidly increasing trade, investment and technology flows between the two nations are far too lopsided in China's favor—eroding U.S. economic strength, abetting China's military build-up and its development as a high-tech manufacturing platform, and potentially threatening U.S. security interests. Worse, the commission found that the U.S. government often is far too blind to these hazards in arguably its most important long-term relationship.

The report will be criticized by some for demonizing Beijing just as the West is penetrating Chinese markets and succeeding in dramatically drawing China into the community of nations. But in general, the case for "urgent attention and course corrections" to U.S. policies on China is well made.

For starters, the commission is urging the United States to use the World Trade Orga-

nization to more aggressively press China on its undervalued currency and on state subsidies for export manufacturers, both underlying factors in America's \$124 billion trade deficit with China last year. It also recommends comprehensive monitoring of: advanced technology transfers to China via U.S. investments, joint ventures and research and development projects; China's U.S. investments; and bilateral exchange and education programs.

The lengthy commission report paints a picture of China leveraging the short-term financial ambitions of diverse U.S. interests to capture money and technology vital to its highly focused, long-term goal of trumping the United States—and of the U.S. government at best adrift in monitoring and managing its side of this imbalanced and critically important relationship. It's a caution worth the highest attention.

#### CONTINUING FAILURE TO ADDRESS H-2B VISA CRISIS

Mr. LEAHY. Mr. President, I came to this floor more than 2 months ago to decry the Senate's failure to respond to a crisis, caused by Federal policy, that has disrupted the operations of small and large businesses throughout the United States. This crisis has continued unabated since then, but the requests for help from these businesses have continued to fall on deaf ears.

In March, the Department of Homeland Security announced that for the first time ever, the annual cap for H-2B visas had been met. These visas are used by a wide range of industries throughout the Nation to fill temporary labor needs. In my home State of Vermont, they are used primarily by the tourist industry.

The Department of Defense appropriations conference report, before us today, includes a very narrow solution to this problem, benefiting a single industry that uses H-2B visas. The conference report exempts aliens seeking jobs in the "fish roe" industry from counting against the H-2B cap. The provision does nothing to help the broad categories of employers who use H-2B visas.

Across the country, businesses in a wide range of industries have been scrambling this summer, having been forced to discard business plans that relied on the foreign employees who had always before been available to them. For years, these employers had applied in the spring for the employees they needed for the summer, filling positions for which they were unable to find American workers. The cap had never been reached, and they had no reason to believe this year would be different. I know that the March announcement came as a shock to many employers in my State, and dozens of them contacted my office to see what could be done. This setback fell equally hard on employers in other States.

In response to these requests, I joined with a substantial bipartisan coalition in introducing S. 2252, the Save Summer Act of 2004. Senator KENNEDY is the lead sponsor of the bill, which has 18 cosponsors, including 8 Republicans.

Our bill would add 40,000 visas for the current fiscal year, providing relief to those summer-oriented businesses that had never even had the opportunity to apply for visas. Unfortunately, the Republican leadership has refused to move this bipartisan bill. The leadership has refused even to move a bill that Senator HATCH introduced, and which was supported only by Republicans. Instead, a tiny minority of Senators has been given a veto over doing anything to address this problem for the current fiscal year or years to come.

The Senate must act in a comprehensive way to solve this problem. I urge the majority leader to bring H-2B legislation to the floor as soon as possible, so we can assure that the summer of 2005 will not be a replay of the summer of 2004.

#### WASTEWATER TREATMENT WORKS SECURITY ACT OF 2003

Mr. JEFFORDS. Mr. President, I rise today in opposition to the Wastewater Treatment Works Security Act of 2003.

In the wake of September 11, 2001, I believe that it is imperative that the Nation takes every reasonable action we can to prevent terrorism, create effective response and recovery mechanisms, and find ways to minimize any impacts should an event occur.

The Congress has a key role in facilitating these actions by establishing authorities for Government agencies, establishing the legal framework in which homeland security improvements will occur, and appropriating adequate funding for the homeland security mission. Protecting our Nation's critical infrastructure is a major piece of our homeland security strategy.

The water sector has been identified as an element in our Nation's critical infrastructure since the issuance of Presidential Decision Directive 63 (PDD-63), issued in by President Clinton in May 1998, which was the first major governmental action focused on reducing the vulnerability of our Nation's critical infrastructure.

At that time, and in each document outlining homeland security responsibilities since that time, the Environmental Protection Agency, EPA, was designated as the lead for water infrastructure protection.

The security needs are significant in the water and wastewater sectors. There are over 16,000 publicly owned treatment works in the United States, serving almost 190 million people. These industrial facilities use large quantities of toxic chemicals in their treatment and disinfection processes. They are located near population centers and other critical infrastructure. A chemical accident would pose a serious threat. In addition, collection systems run beneath every city and town in America, creating potential corridors for travel or opportunities for access.

There are also serious public health risks associated with a disruption or

service failure at a wastewater treatment plant. Treatment works clean wastewater that comes from our toilets, showers, and sewers and send it back into our rivers, streams, lakes, and oceans. Those same bodies of water are our drinking water sources. Without proper treatment, we would see the public health effects of the same type of water-borne disease outbreaks such as cholera that we saw in Iraq earlier this year due to the failure of wastewater treatment plants.

I believe that the Congress should take the risk to wastewater treatment plants seriously. Unfortunately, S. 1039, the Wastewater Treatment Works Security and Safety Act, provides security for our Nation's wastewater infrastructure in name, only.

First, this bill is a rollback of current law requiring vulnerability assessments and emergency response plans at drinking water utilities. In 2002, the Congress passed H.R. 3448, the Public Health and Bioterrorism Preparedness Response Act of 2002, P.L. 107-188. This act requires community water systems to conduct vulnerability assessments and develop an emergency response plan that incorporates the results of the vulnerability assessment. Vulnerability assessments are to be submitted to EPA. The threats posed by drinking water and wastewater facilities are similar. These plants are often collocated. It makes no sense to adopt weaker standards for one sector of the industry than the other. The Bioterrorism Act ensures that water systems take basic action to first identify and then address security needs.

Second, S. 1039 increases wastewater security in name only. It does not require the most basic security precautions—completion of a vulnerability assessment and the incorporation of the results into a treatment works' emergency response plan. Under the provisions of S. 1039, we do not know if individual publicly owned treatment works will choose to complete a vulnerability assessment because there is no requirement to do so. We do not know if they will incorporate their findings into emergency response plans that are designed to protect communities surrounding those plants because there is no requirement to do so. These most basic actions are not too heavy a burden for the wastewater treatment industry to bear.

S. 1039 also does not require, and may actually preclude, the submission of vulnerability assessments that are completed to the Federal Government—a serious obstacle in the Department of Homeland Security's ability to perform its mission. Providing the results of a facility's vulnerability assessment and its emergency response plan to the Federal Government is a vital step both to ensure that vulnerability assessments are completed in critical infrastructure sectors and to ensure that the Federal Government has all of the information it requires to secure the Nation against a potential terrorist attack.

The President's National Strategy for Homeland Security, issued in 2002, states, "A complete and thorough assessment of America's vulnerabilities will not only enable decisive near-term action, but guide the rational long-term investment of effort and resources." Not only does DHS plan to use vulnerability assessments to evaluate threat information and provide warnings, but also to allocate resources. I agree that one of the most efficient ways to spend limited resources is to identify where we are vulnerable and where we are threatened, then target resources to the cross-section of those two areas.

Under S. 1039 as reported, it is unclear where DHS will get the information they require to complete a national vulnerability assessment and make resource allocation decisions that will increase the level of security in our Nation. What is clear is that DHS is likely to receive only partial information, if any, from a subset of wastewater plants that voluntarily choose to complete a vulnerability assessment and that voluntarily choose to share the information they collect. Without the best, most up to date, accurate information available, DHS will be unable to fully perform its mission.

In addition, elected officials in Congress have a constitutional oversight role over Federal agencies and the laws they implement. Under S. 1039, Congress will not be accountable to the public for the purpose or implementation of this law—Congress will not be able to request or access information from the Federal agencies because the agencies will not have such information.

At the beginning of this Congress, I introduced the Wastewater Treatment Works Security and Safety Act, S. 779. This legislation mirrors existing law for drinking water systems. It requires all wastewater utilities to conduct vulnerability assessments and to develop or modify emergency response plans to incorporate the results of the vulnerability assessments. It requires that these documents be presented to the EPA for review, and it includes significant security measures designed to protect this information from unauthorized disclosure. It authorizes \$185 million for assistance in completing vulnerability assessments, for immediate security improvements, and for assistance to small treatment works. It authorizes \$15 million for research to identify threats, detection methods, and response actions. This bill will clearly enhance the security of our Nation by taking real actions to improve the security of wastewater treatment works.

The Federal Government has a responsibility to protect the American people. If S. 1039 becomes law, the Federal Government will not know if publicly owned treatment works will voluntarily conduct a vulnerability assessment, if they will voluntarily implement the security needs identified,