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China's Entry Into WTO Is Questioned By Former Chief Trade Negotiator

The chief U.S. trade negotiator who paved the way for China's entry into the World Trade Organization says the deal has not worked to the benefit of the United States.

Now that he is retired, Robert Cassidy, former assistant United States Trade Representative for China, says he is compelled to speak his mind in expressing misgivings over how the federal government failed to stop China from gaming the global trading system. In voicing his disapproval "essentially what I felt I was doing was going against conventional wisdom," he says. "And conventional wisdom says that free trade is good, and my argument is that, well, if that's the case, why hasn't it been good?"

Cassidy originally expressed his concerns in an article published by *Foreign Policy in Focus*. An editorial under his byline entitled "Failed Expectations in U.S. Trade Policy" was later published in *Asia Times*. In it he said: "The benefits of the agreement with China fell into two groups: multinational companies that moved to China and the financial institutions that financed those investments, trade flows and deficits...Conversely it is doubtful that the U.S. economy or its workers are better off....Is there any wonder that the people on Main Street think that trade agreements do not work?"

When he was the lead negotiator for the U.S.- China 1999 Market Access Agreement, Cassidy assumed that China's entry into the WTO would subject it to international laws governing trade. There were predictions that trade with China would increase U.S. exports and American jobs; that the trade deficit with China would improve; and that the industry-specific "421" safeguard mechanism would be administered by the next president. Those safeguards were intended to hold China's government accountable for unfair advantages and subsidies it provided Chinese producers.

But Cassidy never imagined that China would manipulate its currency in a manner that has radically distorted trade between the two nations; nor did he

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Justice Dept. Is Serious About Enforcing Export Controls

Prosecuting individuals and companies that export sensitive military technology to China and other enemies is becoming a big business within the U.S. federal government. The Justice Department is aggressively ramping up programs, training and coordination among agencies to pursue American exporters selling military and dual-use products to enemies of the state.

The Justice Department brought criminal charges against more than 145 defendants during its 2008 fiscal year involving restricted military and dual-use technology that was bound for China or Iran. That number is up from 110 cases in 2007, an increase of 43 percent.

But the Justice Department is just getting going. The one-year-old "National Export Enforcement Initiative" has resulted in the creation of more than 15 new "Counter-Proliferation Task Forces" in judicial districts across the country. The initiative has provided training to 500

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Democrats' Defense Budget Plan Raises Republican Ire

Comments by two key Democratic members of the House of Representatives about cutting the defense budget have thrown Republicans on the Armed Services Committee into a tizzy.

Rep. Barney Frank (D-Mass.) told the *South Coast Standard-Times* in Massachusetts on Oct. 24 that the Department of Defense's budget should be cut by 25 percent, which would be a reduction of $150 billion from its 2008 appropriation of $607 billion. Frank, chairman of the House Financial Services Committee, said he told fellow Democrat Rep. Jack Murtha (D-Penn.), chairman of the House Appropriations Defense Subcommittee, that "we don't need all of these fancy new weapons. I think there needs to be additional review."

Meanwhile, Murtha is quoted in an Oct. 2, 2008, article in *Congressional Quarterly* as saying that DOD "is going to have to cut personnel in order to pay for procurement. I don't know that they are going to be able to keep growing the Army."

Such statements are "staggering" and "reckless," said Rep. John McHugh (R. N.Y.), ranking Republican on the House Armed Services military personnel subcommittee. "It would be unconscionable to repeat the mistakes of the past on the back of nearly a decade of direct combat operations. The current economic conditions will likely demand tough choices, but these choices should not be at the expense of our men and women in uniform."

Rep. Terry Everett (R-Ala.), ranking Republican on the strategic forces subcommittee called Frank's comment "foolish" and an indication of where the country is headed under a government run by the "radical left" that will put the "country's defense in jeopardy." For Frank to even ponder such "draconian cuts when the country is at war with global terrorism and rogue nations and increasingly embolden to challenge our status in the world is reckless and irresponsible." Frank wants to use money that is in the defense enterprise "as a cash cow for their dreams of government spending that rivals European socialism."

Other phrases used by Republicans to describe the Democrats' comments were: "Very disappointing [and] grossly irresponsible" — Rep. Roscoe Bartlett (Mo.); "Dangerous [and] horrific" — Rep. Howard McKeon (Calif.); "One of the most irresponsible proposals I have heard" — Rep. Jeff Miller (Fla.); "Willful disregard for the needs of our troops" — Rep. Joe Wilson (S.C.); "The height of recklessness" — Rep. John Kline (Minn.); "It shows a blatant disregard for the defense of the United States I would propose that defense spending should be increased to meet all the unfunded needs of each branch of the military" — Rep Doug Lamborn (R-Colo.)

Trucking Fleets Are Driving Less And Will Be Buying Less

U.S. trucking fleets are entering tough times, and companies making trucks are not going to be happy. Fifty-four percent of North American truck fleet managers told Longbow Research that they are experiencing a reduction in demand, an increase from 24 percent in September. "Companies are struggling as freight volumes decline and base rates appear to be falling," according to the survey results.

As a result, carriers that do not plan to add to their fleets rose to 63 percent, up from 50 percent. "Over capacity and pessimism about the economy were common reasons among those with no intentions to buy" new trucks, says the Independence, Ohio-based firm. "October saw a near reversal in optimistic and pessimistic outlook. The percentage expecting a worse year rose from 8 percent to 41 percent, and those expecting a positive change decreased from 53 percent to 13 percent."

Most fleet operators expect to skip buying new rigs in 2009. "With the rising probability of no pre-buy in 2009, heavy truck production in 2009 may be about 195,000 units (range 185,000 to 205,000), making it the third year of sub-normal sales compared to the robust 377,000 units sold during 2006," says Longbow Research analyst Eli Lustgarten.

There were 51,000 heavy trucks produced in the third quarter of this year, but production is dropping. Total 2008 production is projected to be 205,000. That number would be about 10,000 units below the 212,000 trucks produced in 2007.

Improved engine efficiency won't soon be driving sales, either. In 2006, heavy truck engines averaged 6.5 miles per gallon, but that dropped to 6.0 miles per gallon in 2007. Projected fuel efficiency is expected to increase by one-half mile per gallon by 2010. "The bottom line is that the ability to skip buying trucks in 2009 is rising," says Longbow Research. The downturn will impact truck and engine manufacturers: Cummings, Caterpillar, Donaldson Co., Navistar, Paccar, Volvo and Hawk.

AMERICA'S 'ECONOMIC EGOTISM'

The World Tires Of Rule By Dollar

BY PAUL CRAIG ROBERTS

What explains the paradox of the dollar's sharp rise in value against other currencies (except the Japanese yen) despite disproportionate U.S. exposure to the worst financial crisis since the Great Depression?

The answer does not lie in improved fundamentals for the U.S economy or better prospects for the dollar to retain its reserve currency role. The rise in the dollar's exchange value is due to two factors.

One is the traditional flight to the reserve currency that results from panic. People are simply doing what they have always done. Pam Martens predicted correctly that panic demand for U.S. Treasury bills would boost the U.S. dollar.

The other factor is the unwinding of the carry trade. The carry trade originated in extremely low Japanese interest rates. Investors and speculators borrowed Japanese yen at an interest rate of one-half of one percent, converted the yen to other currencies, and purchased debt instruments from other countries that pay much higher interest rates. In effect, they were getting practically free funds from Japan to lend to others paying higher interest.

The financial crisis has reversed this process. The toxic American derivatives were marketed worldwide by Wall Street. They have endangered the balance sheets and solvency of financial institutions throughout the world, including national governments such as Iceland and Hungary. Banks and governments that invested in the troubled American financial instruments found their own debt instruments in jeopardy.

Those who used yen loans to purchase, for example, debt instruments from European banks or Icelandic bonds, faced potentially catastrophic losses. Investors and speculators sold their higher-yielding financial instruments in a scramble for dollars and yen in order to pay off their Japanese loans. This drove up the values of the yen and the U.S. dollar, the reserve currency that can be used to repay debts, and drove down the values of other currencies.

The dollar's rise is temporary, and its prospects are bleak. The U.S. trade deficit will lessen due to less consumer spending during recession, but it will remain the largest in the world and one that the United States cannot close by exporting more. The way the U.S. trade deficit is financed is by foreigners acquiring more dollar assets, with which their portfolios are already heavily weighted.

The U.S. government's budget deficit is large and growing, adding hundreds of billions of dollars more to an already large national debt. As investors flee equities into U.S. government bills, the market for Treasuries will temporarily depend less on foreign governments. Nevertheless, the burden on foreigners and on world savings of having to finance American consumption, the U.S. government's wars and military budget, and the U.S. financial bailout is increasingly resented.

This resentment, combined with the harm done to America's reputation by the financial crisis, has led to numerous calls for a new financial order in which the United States plays a substantially lesser role. "Overcoming the financial crisis" are code words for the rest of the world's intent to overthrow U.S. financial hegemony.

Brazil, Russia, India and China have formed a new group (BRIC) to coordinate their interests at the November financial summit in Washington, D.C.

On October 28, RIA Novosti reported that Russian prime minister Vladimir Putin suggested to China that the two countries use their own currencies in their bilateral trade, thus avoiding the use of the dollar. China's prime Minister Wen Jiabao replied that strengthening bilateral relations is strategic.

Europe has also served notice that it intends to exert a new leadership role. Four members of the Group of Seven industrial nations, France, Britain, Germany and Italy, used the financial crisis to call for sweeping reforms of the world financial system. Jose Manual Barroso, president of the European Commission, said that a new world financial system is possible only "if Europe has a leadership role."

Russian president Dmitry Medvedev said that the "economic egoism" of America's "unipolar vision of the world" is a "dead-end policy."

China's massive foreign exchange reserves and its strong position in manufacturing have given China the leadership role in Asia. The deputy prime minister of Thailand recently designated the Chinese

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Global Manufacturing Takes A Hit

Manufacturing purchasing managers' indexes from around the world sank as quickly as financial markets during October. The manufacturing index in Europe fell to 41.1 in October, down from 45 in September. It is the worst reading in the index's 11-year history. Any reading under 50 means the manufacturing sector is contracting.

The situation was bad in Ireland, where the PMI dropped from 43.7 in September to 39.7 in October, deteriorating "at a record pace," according to the report from the NCB Purchasing Managers Index. Manufacturing output, new orders and employment are declining faster in Ireland than at any time since the survey started in May, 1998.

The PMI in Spain dropped to 34.6 in October a "nightmare for Spanish manufacturers," said Andrew Harker, an economist with Markit Economics, which compiles the survey. The Spanish government expects unemployment to reach 12.5 percent in 2009, but other economists say it could reach 19 percent.

(Continued on next page)

China Negotiator...

(Fom page one)

predict that the Bush administration would never enforce the "421" safeguard. In the meantime, China's unfair trade practices and U.S. multinational corporations' support of them have inflicted heavy damage on the U.S. economy. The trade deficit with China has doubled every five years. "I have looked at the statistics and I just question: What is happening and why did this occur?" Cassidy asks. "This is a huge problem. I don't think anybody expected what happened to happen."

The deal with China is a reflection of a much deeper problem with U.S. trade policy which boils down to the fact that the United States government does not have a coherent economic strategy. As such, the United States Trade Representative "has become more like an adjunct to the State Department, negotiating trade agreements with countries for political reasons," says Cassidy. Moreover, U.S. policy regarding currency exchange resides solely in the hands of the Treasury Department — no other federal agency can touch it — even though exchange rates have a direct bearing on the health of the U.S. economy.

"You really can't have a pro-trade agenda without having a very strong monetary policy and an internationally balanced exchange rate," says Cassidy. "There has to be a much more rational economic policy because there are too many imbalances" caused by a trading regime that has discredited U.S economic interests. "The next administration needs to get back to the basic principle of a national economic council that is not led by Treasury but is an integration of the economic agencies, and keep the State Department out of it."

A new trade agenda has to be adopted that is based on market principles that extend beyond tariffs to include currency, rebated value added taxes and non-tariff barriers that affect international trade and distribution. It would also accommodate differences in environmental and labor standards.

Cassidy would stop the implementation of all free trade agreements until the International Monetary Fund or the WTO creates a mechanism to deal with countries that manipulate their exchange rates. Cassidy would also renegotiate the trade pact with Korea to include concrete steps to remove Korean government industry technical standards in areas such as telecommunications that are being used as barriers to effectively impede U.S. imports. If no agreement is reached on standards, then the trade agreement for specific industrial sectors would be terminated, "so that there's a provision that will drop you back to MFN rules as opposed to the FTA rules," Cassidy explains.

Even Canada is exploiting the system against U.S. companies by placing restrictive technical standards on U.S. imports, and it has to stop, says Cassidy. An example is the requirement that all automobiles sold in Canada have their headlights on at all times. "The problem is that each one of these standards represents a cost to U.S. producers for what are relatively small markets compared to the U.S. market," Cassidy explains. "The U.S. has been eliminating regulations and restrictions since the Reagan era started while other countries have been maintaining theirs as a barrier against the United States. Well, now they've won," says Cassidy.

Americans know that there is something fundamentally wrong with the current trade regime. "Have you read the book 'Blink'?" Cassidy asks. One of the arguments made in the book by author Malcolm Gladwell is that the subconscious mind is more efficient than the conscious mind at making decisions. When faced with an important decision, it is good to sleep on it, take a run or a shower, in order to allow the subconscious mind to work, Cassidy explains. "This is the psychology involved in the general public's perception of trade."

Cassidy has heard corporate CEOs and government defenders of the current free trade policy arguing that the problem is the public is misinformed; that it doesn't understand the benefits of trade; and that the corporate world along with government officials need to do a better job of educating the public on the benefits of free trade.

None of that will work, says Cassidy, because the public in its subconscious mind knows exactly what it is seeing: boarded up cities and devastated communities, declining wages, a lower quality of life, and a global economic and financial system that favors only those with a lot of money and is now in need a massive taxpayer funded bailouts.

The book — 'Blink, The Power of Thinking Without Thinking' — "says forget about trying to educate Americans. It doesn't make any difference what the economists say or the corporate officials say, or what [USTR] Susan Schwab says," says Cassidy. "Nobody believes their numbers. Americans know in their subconscious what the impact of free trade is on them. They know trade agreements fundamentally do not work. I hope I can help cause a reexamination of the whole trade agenda to challenge the idea that free trade is good."

Global Manufacturing...

(From page three)

Japan's PMI dropped to 42.2, its lowest level since December 2001. The Japanese manufacturing sector is "going down the road to protracted recession," said Alex Hamilton of Markit.

China's PMI dipped to 45.2, down from 47.7 in September, a new record low. It is the third month the Chinese index has dropped. "Chinese manufacturers are seeing their order books cut, both at home and abroad," says Erick Fishwick, head of economic research at CLSA, which conducts the China index survey. "The coming 12 months will be difficult ones for manufacturers, China included."

The South African PMI dropped to 46.2 in October, down from 47.7 in September. Automobile sales in South Africa fell by 18 percent in September, following a 30 percent drop in August.

The Chicago PMI also took a nosedive, dropping from 48 in September to 37.8 in October, the biggest decline in the index's 40-year history. The drop was "horrific" said Ian Shepherdson, an economist with High Frequency Economics in Chicago.

Foreign Economic Policies Are No Longer The Purview Of The Department of State

The Department of State seems to have lost track of what it takes for the United States to be a superpower. Up until 2001, the State Department was producing annual "Country Reports on Economic Policy and Trade Practices," assessing the competitive positions of America's economic adversaries. Here's what the State Department's Bureau of Economic and Business Affairs has posted on its Web site about those reports: "Through 2001, the Country Reports on Economic Policy and Trade Practices were prepared by the Department of State in accordance with section 2202 of the Omnibus Trade and Competitiveness Act of 1988 (P.L. 100-418). They provided a single, comparative analysis of the economic policies and trade practices of countries with which the United States has significant economic and trade relationships. In fall 2002, Congress abolished the reports."

The attacks of 9/11 redirected the agency's economic focus to "countries that are marginalized from the global economy," according to a mission statement from the agency's Bureau of Economic and Business Affairs. The State Department's economic focus has shifted to provide "billions of dollars in foreign assistance...to stabilize...these failing states. They are states that have yet to integrate into the global economy and realize its promise."

Instead of worrying about the financial stability of the United States, the State Department was busy shoring up the financial stability of other countries. It developed an assessment called "Total Economic Engagement" that graded every country's economic relationship with the United States based on their willingness to "promote market-expanding trade, aviation, telecommunication and investment agreements" and assessing how countries were "ensuring sound, stable financial systems to reduce debt and encourage pro-growth economic policies." The State Department's economic bureau's mission "is to further economic security and prosperity both at home and abroad."

It might have been a good idea for the State Department to apply its own "matrix of indicators" to the United States financial position and its massive levels of excessive debt. It would have found that the United States was the country most susceptible to financial collapse.

The Bureau of Economic and Business Affairs web site is located at http://www.state.gov/e/eeb/.

Small Companies Are Fearful About Their Future

Small businesses aren't feeling very optimistic about their economic prospects. An eye-opening 53 percent of 850 small business owners surveyed by the management consulting firm George S. May International said they believed that their business "is in jeopardy" due to the current economic crisis. Another 56 percent said that the credit crunch is adversely impacting their business. Twenty-three percent of the small business owners said that they are experiencing late payments by customers and vendors; 14 percent said their lines of credit have been pulled; 9 percent said they are having a hard time making payroll; and 23 percent said all of the above.

"Fifty-nine percent of small business owners surveyed feel the federal bailout of $700 billion will not help their business while 41 percent said they feel it would," according to George S. May. "Of those respondents that said they were being impacted by the credit crunch, 13 percent said they have had to dip into their retirement savings, 11 percent said they have had to use personal savings, 11 percent said they have had to use credit cards to help keep their business going, and 38 percent said they are waiting this economic turmoil out and, in the meantime, going into debt."

Rule By Dollar... (From page four)

yuan as "the rightful and anointed convertible currency of the world."

Normally, the Chinese are very circumspect in what they say, but on October 24 Reuters reported that the *People's Daily*, the official government newspaper, in a front-page commentary accused the United States of plundering "global wealth by exploiting the dollar's dominance." To correct this unacceptable situation, the commentary called for Asian and European countries to "banish the U.S. dollar from their direct trade relations, relying only on their own currencies." And this step, said the commentary, is merely a start in overthrowing dollar dominance.

The Chinese are expressing other thoughts that would get the attention of a less deluded and arrogant American government. Zhou Jiangong, editor of the online publication, Chinastates.com, recently asked: "Why should China help the U.S. to issue debt without end in the belief that the national credit of the U.S. can expand without limit?" Zhou Jiangong's solution to American excesses is for China to take over Wall Street.

China has the money to do it, and the prudent Chinese would do a better job than the crowd of thieves who have destroyed America's financial reputation while exploiting the world in pursuit of multi-million dollar bonuses.

— Paul Craig Roberts was Assistant Secretary of the Treasury in the Reagan administration. He was Associate Editor of the Wall Street Journal editorial page and Contributing Editor of National Review. He is co-author of "The Tyranny of Good Intentions." He can be reached at PaulCraigRoberts@yahoo.com.

BROAD NATIONAL COALITION TO WORK AT CHANGING U.S. TRADE LAWS

A large number of trade associations, manufacturing companies, labor groups, farmers, banks, academics and former government officials have coalesced around a new "Coalition to Fix America's Economy." At least 35 organizations, 75 companies and numerous individuals who have been on the losing end of the free trade debate over the past 30 years have signed a one-page declaration asking the newly elected president and members of Congress to focus on generating wealth and jobs in the United States, instead of shipping them offshore. The U.S. government can do this by adopting policies that favor investment in American manufacturing and agriculture, and by reducing the U.S. trade deficit through trade policies that require "full reciprocity, fairness and transparency," says the coalition. The current trade policy amounts to a "tragic mistake."

The group is "unprecedentedly broad and deep, cutting across economic sectors and geographic regions," says organizer Charles Blum, president of the Coalition for a Prosperous America (CPA) and a former assistant U.S. Trade Representative.

The new coalition argues that the trade deficit "is a major cause of today's financial crisis," and that it is undermining American jobs and wages. "Because U.S. policies have betrayed too many American workers and families by offshoring their jobs and destroying their communities, we are also endangering the retirement security and health care of this generation of workers and squandering our children's future," says the coalition in its declaration. "Without immediate fundamental change, America's standard of living is at risk."

The coalition unveiled itself to the nation at a Capitol Hill press conference televised by C-Span. Members of the group told the U.S. government to combat mercantilist practices such as currency manipulation. They called for the "aggressive enforcement" of U.S. trade laws to stop dumping, subsidization and intellectual property theft. They said it is long past time to eliminate tax advantages that "undermine the competitiveness of U.S. producers at home and abroad and discourage investment in America."

The current financial meltdown might "prove a dangerous distraction from far more important long-term problems," said George Shuster, CEO of Cranston Print Works, the oldest textile company in the America, at the press event. The federal government "has decided" to kill U.S. manufacturing by pursuing a "ruinous" trade policy, said Shuster. U.S. tariffs average 1.3 percent "our exports face an average at least 20 times higher," he said. "Also, 149 foreign countries use border tax schemes to subsidize their exports and punish ours, and we do not, for a total disadvantage of some $428 billion a year, nearly three times the annual cost of the Iraq war."

The Coalition for a Prosperous America and the American Manufacturing Trade Action Coalition were instrumental in creating the new group. Here are its 46 founding national, state and local organizations. The full list that also includes 100 additional companies and 30 individuals, is located at www.fixingamericaseconomy.org.

- AFL-CIO Industrial Union Council
- American Corn Growers Association
- American Foundry Society
- American Iron and Steel Institute
- American Manufacturing Trade Action Coalition
- American Mold Builders Association
- Coalition for a Prosperous America
- Coalition for a Prosperous America, Colo. Chapter
- Cold Finishing Steel Bar Institute
- Colorado Springs Manufacturing Task Force
- Committee on Pipe and Tube Imports
- Congregational Action to Lift Lives, Erie, Penn.
- Copper and Brass Fabricators Council
- Hand Tools Institute
- JobsFirst.org, Bluefields, W.V.
- Kansas Farmers Union
- Manufacturers Association of South Central Penn.
- Mesa County Cattlemen's Association
- Metals Service Center Institute
- Mississippi Livestock Markets Assn.
- National Association of Surface Finishing
- National Council of Textile Organizations
- National Farmers Union
- National Textile Association
- National Tooling and Machining Association
- Nebraska Farmers Union
- North American Die Casting Association
- Northwest Penn. Coop. Council (Mercer County)
- Ohio Farmers Union
- Oklahomans for Sovereignty and Free Enterprise
- Oregon Livestock Producers Assn.
- Organization for Competitive Markets
- Penn Action, Philadelphia, Penn.
- Pennsylvania Coalition to End Homelessness
- Pennsylvania Farmers Union
- Prospective Homeowners Assn., Pasadena, Calif.
- Ranchers and Cattlemen Action Legal Fund
- Rocky Mountain Farmers Union
- South Dakota Stockgrowers Assn.
- Specialty Steel Industry of North America
- Steel Manufacturers Association
- Tooling & Manufacturing Association, Ill.
- Tooling, Manufacturing and Technologies Assn.
- United States Industrial Fabrics Institute
- U.S. Business and Industry Council
- Women Involved in Farm Economics

New Plants Opening, And Old Plants Closing

PLANTS CLOSING IN NORTH AMERICA

General Motors Corp. announced plans in October to close its Grand Rapids, Wyo., metal stamping factory, and speed up closure of its Janesville, Wisc., sport utility vehicle plant by December 23. "I am devastated," said Greg Golembiewski, president of the United Auto Workers local at the Wyoming factory. "I'd like not to believe what I heard today. It's like a bad dream." The Grand Rapids Metal Center will lay off 1,340 hourly workers and another 180 salaried workers. Most of its output goes into trucks and SUVs. The Janesville plant in Wisconsin, which makes the Yukon and Tahoe SUVs and is GM's oldest factory having opened in 1919, has 1,200 workers.

Citation Corp., a privately-held company based in Novi, Mich., has announced plans to close its Lufkin, Texas, foundry due to slow demand in the automotive industry. "The company will also lay off 18 percent of its corporate salaried workforce. The Lufkin foundry will be closed or sold by March 2009 and 340 hourly workers and 35 salaried workers at the site will be laid off. "The closing ensures Citation remains a viable and competitive player in the castings industry," says Citation COO Cary Wood.

SKF, a maker of automotive seals, has announced plans to close its factory in Elgin, Ill., and move its operations to Mexico and elsewhere in the United States. The Elgin plant will lay off 160 of its 430 workers, and will cost the company $60 million. SKF is a global supplier of bearings, seals and lubrication systems.

Greenport Kaz Inc. has announced plans to close its 200,000- square- foot vaporizer and humidifier manufacturing plant in Greenport, N.Y., and lay off up to 350 employees. The company will outsource production to a plant in Juarez, Mexico. Closing the plant represents "the end of Hudson as a manufacturing center," said city mayor Rick Scalera. "We can't hang our hat on that any more." The company itself "is healthy," said Greenport Kaz president Richard Katzman. "We're growing. We're doing a lot of good things." But that can only continue if it outsources its manufacturing to "free up a lot of resources" for sales, marketing and research and development, said Katzman.

The company has been operating in Greenport for 50 years. "We have a great workforce, a lot of people who have been here a long while," said Katzman. "That's the hardest thing about it. When we built this place, I never would have imagined we'd ever go to outsourcing."

Tenneco has announced plans to close four automotive parts manufacturing plants in North America, and lay off 1,100 workers worldwide. The company expects to close its elastometer facility in Milan, Ohio, and an original equipment emission control factory in Evansville, Ind. The locations of the two other plants to be closed have not been disclosed, but they will be a ride control plant and another emission control just-in-time factory. "We sincerely regret the impact of these restructuring actions on our employees, but we must act quickly by better aligning our operations with the new realities of the market," said the company in a statement.

Superior Industries International has announced plans to close its automotive aluminum wheel manufacturing plant in Pittsburg, Kan., and lay off 600 workers, or 29 percent of its workforce, due to reduced demand for SUVs and light trucks. The Van Nuys, Calif.-based company said it was forced to shut the facility because of a "permanent shift" away from SUVs and light trucks to more fuel-efficient vehicles.

Chrysler will is laying off 825 workers at its Toledo Jeep plant and is accelerating the closure of its factory in Newark, Del., that makes the Durango and Aspen sports utility vehicles, laying off an additional 1,000 workers by December 31."These tough, but necessary steps are vital to our long-term viability," said Frank Ewasyshyn, Chrysler's executive vice president of manufacturing.

Brunswick Corp., the Chicago-based manufacturer of boats, has announced plans to close four plants and lay off 1,400 workers. The announcement in October, followed an announcement in June of a layoff of 1,000 workers due to the faltering economy. "We are living and working in the most turbulent economic times in recent history," said Brunswick chairman and chief executive officer Dustan E. McCoy. "The poor economy and the accompanying weak consumer sentiment have pressured marine markets, eroding the demand for boats and engines these past few months at a swifter pace than originally anticipated." The company is permanently closing plants in Pipestone, Minn., Roseburg, Ore., and Arlington, Wash. It is monthballing a plant in Navassa, N.C. When all the plants are closed, the company will have reduced its manufacturing plant capacity by 40 percent over the past three years. The company has also put on furlough employees at three other facilities near Knoxville, Tenn., from Oct. 27 through the end of the year.

Doosan Infracore International, a company that makes attachments for construction equipment made by Bobcat, has announced plans to close its plant in Carrollton, Ga., and lay off 147 workers.

Norwalk Furniture has announced plans to close its Norwalk, Ohio, factory and lay off 500 workers.

Ball Corp. has announced plans to close two factories, one in Kansas City, Mo., the other in Guayama, Puerto Rico. The Kansas City plant, which produces 1.1 billion, 12-ounce cans per year, will lay off 180 workers. The Puerto Rico plant, which produces 700 million, 12-ounce cans, will lay off 70 workers. Ball says it will save $30 million in 2009 from closing the facilities.

American Axle & Manufacturing Inc. is closing its Detroit axle plant and forging plants in Detroit and New York. "We need to resize the company and our cost structure and that's exactly what we're going to do, with due care and great urgency," said American Axle chief financial officer Michael Simonte. The company will eliminate 2,500 hourly and salary jobs, including more than 2,000 union workers. The company plans to eliminate 70 percent of its U.S. capacity.

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Plants...

(Continued from page seven

NuAir Manufacturing of Tampa, Fla., is closing its manufacturing plant that makes windows and doors and is laying off 126 workers, according to the *Tampa Bay Business Journal*.

Lear Corp., based in Southfield, Mich., will lay off the remaining 236 employees at its Tampa, Fla., automotive parts manufacturing plant, according to a report in the *Tampa Bay Business Journal*. Lear is also closing a similar plant in Zanesville, Ohio.

Thiele Mfg., a maker of dump-truck beds, has closed its plant in Winber, Penn., and laid off 60 workers.

Eli Lilly has announced that is considering closing its 54-year-old manufacturing plant in Shadeland, Ind., and lay off 780 workers. The plant does bulk manufacturing for active pharmaceutical ingredients for the cancer medicine Gemzar and livestock medicine Tylan. Employment at the plant has already dropped from 1,200 in 2004. "No decision has been made yet, but this is the right time to take a deep look at that facility's future," said company spokeswoman Angela Sekston. A decision is expected sometime early next year.

Acusphere Inc., a pharmaceutical company based in Watertown, Mass., has reduced its manufacturing workforce by 24 people, or about 24 percent. The company also required that all of its senior managers take a salary cut of 10 percent.

Whirlpool is shutting down plants in Oxford, Miss., and in Puebla, Mexico. Production from the 400,000-square-foot Oxford, Miss., plant, which makes built-in ovens and cooktops, will be shifted to Cleveland, Tenn., and create 500 jobs for a total of 1,650 workers. The Oxford plant has operated since 1956 and will eliminate 750 jobs. The Puebla production of semi-automatic washers will move to Celaya, Mexico. "These kinds of decisions are never easy, and we make them only after comprehensive evaluation of alternatives," said Al Holaday, vice president of the company's manufacturing operations for the North American region.

Furniture Brands International has closed its High Point, N.C., manufacturing plant and laid off 300 workers. "The closing of this manufacturing operation is directly related to the competitive pressures we face today in the furniture industry," said company CEO Ralph Scozzafava. The workers will be able to apply for benefits under the Trade Adjustment Assistance Act. The company has also announced plans to close all five of its "Broyhill" upholstery manufacturing facilities in North Carolina and merge them into a single facility in Lenoir, N.C.

Nautilus Inc., the fitness equipment manufacturing company, has announced plans to close its Tulsa, Okla., manufacturing plant and transfer the work to Independence, Va., and Portland, Ore.

Simmons Bedding has announced plans to close its Atlanta manufacturing operations and move them to Dallas, Texas, Waycross, Ga., and Charlotte, N.C. "The decision to close our Atlanta manufacturing facility is a very difficult one for us because of its impact on loyal Simmons associates," said Simmons Chairman and CEO Charlie Eitel. "Due to weaker than expected business conditions, we simply could not justify maintaining two manufacturing plants in the state of Georgia."

Deluxe Corp. has announced plans to close its Greensboro, N.C. manufacturing facility in 2009 and lay off 117 people. Deluxe also plans to close a manufacturing facility in North Wales, Pa., and a manufacturing facility and call center in Thorofare, N.J. The company is also trimming another 570 people from its workforce. The company makes custom printed checks, forms, business cards, stationery, greeting cards, labels and retail packaging supplies. "These were difficult decisions to make because of the impact on both our employees and three communities," said Delux CEO Lee Schram.

PLANTS OPENING IN NORTH AMERICA

Areva, the French nuclear vendor, and Northrop Grumman have teamed up to build a new $360-million joint venture manufacturing plant in Newport News, Va. The facility will produce equipment and pressure vessels for the nuclear power industry. The companies expect to create 540 new jobs.

SolarWorld, based in Bonn, Germany, has opened a new factory in Hillboro, Ore., that is projected to produce 500 megawatts of solar cells by 2011. The plant is expected to be the largest photovoltaics production facility in the United States and will employ 1,000 people. The company is in the process of increasing its number of dealers in the United States from 25 to up to 200. The global PV industry is projected to grow from $20 billion in 2007 to $74 billion in 2017, according to the Solar Energy Industry Association.

Alliant Techsystems has announced plans to open two new composite manufacturing plants at its Allegheny Ballistics Laboratory in Rocket Center, W.V. One plant will produce composite aircraft parts for the F-35 Joint Strike Fighter, and another will produce composite rotor tubes for the United States Enrichment Corp.

Neurotech Pharmaceuticals has opened a 27,000-square-foot biotech manufacturing plant in Cumberland, R.I. The facility, which will make therapeutics for chronic retinal diseases, received a $4 million grant from the Rhode Island Economic Development Corp.

Precision Aerospace Corp. has received a tax credit from the Michigan Economic Development Corp. to support the company's $10-million expansion of its Grand Rapids manufacturing plant. The company expects to add 190 new jobs to its existing workforce of 100 workers. The Right Place Inc., helped put the deal together. The company performs machining, stamping, welding, assembly, testing and layout and inspection of complex mechanical aircraft components and assemblies.

Atlas Copco, the Stockholm, Sweden-based maker of industrial equipment, has opened a new manufacturing plant in North Bay, Canada. The facility will produce mining equipment and is part of the company's Geotechnical Drilling and Exploration Division. The facility will employ 130 people.

(Continued on page nine)

Plants... (Continued from page eight)

Smurfit-Stone Container Corp. has invested $42-million in its plant in Cerritos, Calif., to produce corrugated cardboard for the Southern California market. The facility employs 123 people and can produce as much as 2.3 billion square feet of corrugated board per year — an average of 350 boxes a minute.

Mitsubishi Power Systems Americas has opened a new $64.5 million blade and vane manufacturing facility in Orlando, Fla. The 111,500-square-foot plant will employ 225 new workers for the manufacture of commercial and industrial power systems.

First Solar Inc., based in Tempe, Ariz., has announced plans to expand its manufacturing plant in Perrysburg, Ohio, thanks to help from local economic development officials. The company expects to add 500,000 square feet of manufacturing space "contingent on securing an incentive package from local and state leaders in Ohio," says the company. If it receives the incentives, it will add a fourth production line and hire 134 workers in addition to the 700 already employed at the plant.

Toyota has announced plans to start producing its Prius hybrid automobile at its Blue Springs, Miss., by the start of 2010. It is the first time the popular vehicle will be made outside of Japan. Toyota has also opened a new $187-million technical center on 700 acres in York Township, Mich., despite suffering a sales collapse of 32.3 percent in the U.S. market in September. The facility will employ 500 workers, and is the primary R&D center for the company in the United States.

Vuteq, a Japanese-owned company, has announced plans to expand its operations in Princeton, Ind., creating more than 50 new jobs over the next year to assemble interior parts for the nearby Toyota Motor Manufacturing plant in Indiana. The company will invest $24 million to build and equip a 130,000-square-foot interior parts manufacturing facility adjacent to its current assembly operation. The facility currently employs 300 workers and will soon be hiring production associates, quality control technicians, maintenance staff and team leaders before the end of the year. The Indiana Economic Development Corporation offered Vuteq up to $650,000 in tax credits and up to $35,000 in training grants. Gibson County will provide the company with property tax abatement. Vuteq was created in 1965 to provide Toyota with logistics services and assembly of automotive window frames and glass.

Allegheny Technologies has announced plans to invest more than $1 billion in its specialty metals flat-rolled products division and has tentatively chosen Breckenridge, Penn., as the site of the new facility. ATI expects to spend up to $600 million on completing the project between 2009 and 2012.

RainDance Technologies has opened a new manufacturing facility in Lexington, Mass., to make "microfluidic" products aimed at human health and disease research applications. The facility will employ about 100 workers including biologists, chemists, mechanical engineers and software programmers.

Integrity Manufacturing LLC is negotiating with the Kentucky Economic Development agency to build a one-million square-foot plant that would produce the ZAP electric car in its state. Currently ZAP vehicles are being made in China in a joint venture with Youngman Automotive Group, but the Santa Rosa, Calif.-based company is looking at setting up production in the United States. Both Kentucky and Indiana state economic development officers are developing incentive packages to attract the company. ZAP CEO Steve Schneider says the costs of logistics for ZAP have risen in recent years, particularly in shipping vehicles from California to the East Coast. A Kentucky manufacturing plant would help reduce that cost, he said.

Rogers Foam Corp., a Massachusetts-based company, announced plans to build a new 42,000-square-foot manufacturing plant in Flint, Mich. But the deal is contingent upon receiving "renaissance zone" tax breaks until 2023, according to the Flint Journal.

Sealed Air Corp., a maker of packaging materials such as "Bubble Wrap," will open a 100-employee manufacturing facility in Louisville, Ky. The Elmwood, N.J.-based company will lease 415,000 square feet of space and invest more than $11 million in equipment to make polyetheylene foam and other packaging materials. The company received $1.5 million in state tax incentives for 10 years from the Kentucky Economic Development Finance Authority.

Johnson Controls has announced plans to open a new automotive seating and interior products plant in West Point, Ga., to supply Kia's new assembly plant there. The 130,000-square-foot plant is expected to employ 310 people. Kia started construction of its $1.2-billion Georgia plant in October 2006. The facility has the capacity to produce 300,000 vehicles annually at full production.

Alcon, Inc., has announced plans to expand its medical device manufacturing plant in Cabell County, W.V. The company will add a new 74,000-square-foot plant and increase employment by 350. The company will be making small artificial lenses used to replace natural lenses after cataract surgery. It will also make "delivery systems" used during surgical procedures. "We will be able to meet the growing global demand for advanced cataract surgical products," said Alcon CEO Cary Rayment.

MAN Ferrostaal Inc. has announced plans to open a new U.S. headquarters office in Cleveland from which to start planning construction of new solar thermal power plants in the United States that cost more than $1 billion each. The Essen, Germany-based company has operated for decades as a steel trading company but is pursuing new market opportunities in the solar industry. The projects would be built in the American Southwest. "You have surplus manufacturing capacity [in Cleveland]. It's a question of parts, fasteners, boilers," said company chief executive officer Uwe T. Schmidt. "All of that involves steel and metal working. In one solar plant, the steel component is huge. It may be about 30 percent in steel and related parts, steel framing, fasteners, all types of screws." Schmidt believes it will build at least 30, 200-megawatt solar power plants in the United States over the next five years, each at a cost of $1.2 billion to $1.5 billion.

Justice Department's Export Initiative...

(Fom page one)

U.S. government agents and prosecutors involved in export controls. It has also led to the creation of "new mechanisms to enhance counter-proliferation coordination among law enforcement agencies, export licensing agencies and the intelligence community," said the Justice Department on Oct. 28.

Other federal offices providing agents to support the Export Enforcement Initiative include U.S. Immigration and Customs Enforcement, the FBI, the Department of Commerce's Bureau of Industry and Security, the Pentagon's Defense Criminal Investigative Service, the State Department's Directorate of Defense Trade Controls, the Treasury Department's Office of Foreign Assets Controls "and other agencies," says the Justice Department. A high-level "Technology Protection Enforcement Group" has been created as an "inter-agency headquarters-level working group to enhance export control coordination among law enforcement agencies with a fundamental focus for our special agents."

Last year, the Justice Department says that it "decided to institutionalize the expansion of its export control efforts through the launch of the National Export Enforcement Initiative, which is designed to increase training and coordination among agencies involved in export controls, enhance prosecution of these crimes and deter illicit activity," according to the agency. Since it was created last year, the number of prosecutions "has continued to grow, as investigative agencies have increased the tempo of their operations and prosecutors have become more familiar with this area of law."

The Justice Department says that "on a daily basis" foreign nations and terrorist groups are "targeting the U.S. government, defense sector, private companies and research institutions" for banned technologies and weapons systems.

One recent case involved an indictment in the District of Minnesota against three individuals for "conspiring to illegally export to the People's Republic of China controlled carbon-fiber material with applications in rockets, satellites, spacecraft and uranium enrichment process," says the Justice Department. The material was headed to the China Academy of Space technology "which oversees research institutes working on spacecraft systems for the PRC."

How could China be considered an enemy if it is supplying the United States with so many high-tech products, has put a man in space and is buying so much of the U.S. federal government's debt?

"I don't think we say that China is an enemy," replies Dean Boyd, spokesman for the Justice Department's National Security Division. "There are laws on the books that prohibit exports of controlled technology including weapons technology to China and other countries. If somebody is knowingly exporting this technology and they know it's illegal to do so, our job is to investigate and prosecute."

Why is the United States government working so actively against the interests of American high-tech exporters? "You're free to espouse whatever views you like to, but the Justice Department doesn't make policies on these issues," replies Boyd in response to questions from *Manufacturing & Technology News*. "This is not designed to discourage trade with China. This is designed to ensure that those who trade with China do so in compliance with the laws passed by Congress and signed by the President. We're not talking about blankets here. We're talking about sensitive national security technology."

If a technology is on the U.S. munitions or export control list and it is made in China, can it be exported to the United States? "I don't know what the export control regime is in China," Boyd responds.

What if an item that is not allowed to be exported to China from the United States is made in China by an American company that sells it to their Chinese customers? That company better be careful, Boyd replies. Last year, Justice was involved in a "major prosecution" of a U.S. company that outsourced part of its production of night vision technology to companies in Singapore and China. "They did not receive permission to do so and knowingly violated the law by essentially exporting that technology," says Boyd. "These are criminal prosecutions so we have to prove that they knew the law and willfully intended to violate it."

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