



**MEMORANDUM TO INTERESTED PARTIES**

**RE: Mitt Romney – Believe in China?**

**TO: Interested Parties**

**From: Ben LaBolt, Obama for America National Press Secretary**

**Date: September 24, 2012**

In another widely forecasted campaign reboot, Mitt Romney will roll out another new message this week in Ohio. Taking a break from ripping the President's words out of context, he'll instead claim that the President has not held China accountable— ignoring the fact that the President has taken unprecedented actions against China's unfair trade practices. The unfortunate thing for Romney is that while he accuses the President of not stopping China from "cheating," we now know that Romney has continued to invest in China. As he rolls his bus through the many Ohio towns that are benefiting from the President's actions to save the auto industry and protect American workers from unfair Chinese trade practices, Mitt Romney will, as they say, have some explaining to do.

Let's take a look at the facts:

I. Romney invested in Cnooc, the Chinese state-owned oil company

One of the many shocking revelations in Mitt Romney's 2011 tax return was that he invested more than \$75,000 in shares of Cnooc Limited, the Chinese state-owned oil company. It wasn't until Romney decided that he was going to start talking tough on China in the context of his presidential campaign that he dumped the shares.

- **New York Times: "In 2009 And 2010, The W. Mitt Romney Blind Trust Invested \$77,262 In Shares Of Cnooc Limited, The State-Owned Chinese Oil Company, And Industrial And Commercial Bank Of China."** "In 2009 and 2010, the W. Mitt Romney blind trust invested \$77,262 in shares of Cnooc Limited, the state-owned Chinese oil company, and Industrial and Commercial Bank of China. On Aug. 10, 2011, as Mr. Romney was emerging as a harsh critic of China, the shares were sold, producing a profit of \$8,138, as the trust made money on the oil company but lost money on the bank." [New York Times, [9/21/12](#)]

## II. Romney invested in the Chinese online-video company Youku, a known perpetrator of intellectual property theft and piracy

Romney harshly criticizes the Chinese for intellectual property theft. But his 2011 tax return revealed that he invested in a Chinese version of YouTube, which “quickly became a haven for downloading illegal American content.” Like his interest in Cnooc, Romney didn’t dump the shares until he escalated his rhetoric on China.

- **BuzzFeed: Mitt Romney “Recently Sold Off Investments In The Chinese Online-Video Company Youku, A Chinese Version Of YouTube. The Site Was Launched In 2006 And Quickly Became A Haven For Downloading Illegal American Content.”** Mitt Romney's recently released tax returns show the governor recently sold off investments in the Chinese online-video company Youku, a Chinese version of YouTube. The site was launched in 2006 and quickly became a haven for downloading illegal American content. The site has been trying to repair its image as a piracy portal since lawsuits have caused them to remove unauthorized content. [BuzzFeed, [9/21/12](#)]

## III. Romney still holds substantial investments in China through Bain Capital

Romney holds a partnership interest in Bain Capital funds that are invested in GOME, a Chinese electronics company that is being sued by Microsoft for piracy, as well as in Uniview Technologies, which supplies the Chinese government with video surveillance systems. Romney is still invested in these funds, despite his insistence that he will crack down on Chinese intellectual property theft and his criticism of China’s human rights practices.

- **Romney Holds A Partnership Interest In A Bain Capital Fund Which Purchased Uniview Technologies, Which Supplies The Chinese Government With Video Surveillance Systems.** “In December, a Bain-run fund in which a Romney family blind trust has holdings purchased the video surveillance division of a Chinese company that claims to be the largest supplier to the government’s Safe Cities program, a highly advanced monitoring system that allows the authorities to watch over university campuses, hospitals, mosques and movie theaters from centralized command posts. The Bain-owned company, Uniview Technologies, produces what it calls “infrared antiriot” cameras and software that enable police officials in different jurisdictions to share images in real time through the Internet.” [New York Times, [3/15/12](#)]
- **Romney Holds A Partnership Interest In A Bain Capital Fund That Invested In GOME, A Chinese Electronics Company That Is Being Sued By Microsoft For Piracy.** “Romney also has between \$500,000 and \$1 million invested in a Bain Capital fund that has been used to purchase shares of GOME, a Chinese electronics company, according to the financial disclosure form Romney filed in June. That company — in which Bain has been one of the largest outside shareholders — is being sued by

Microsoft Corp. for selling computers with pirated versions of its Windows and Office software. Romney frequently criticizes China for intellectual property theft, the type of practices that GOME is alleged to have benefited from. Romney's campaign said that his investments are held in a blind trust, and are controlled by a trustee, R. Bradford Malt." [Boston Globe, [9/14/12](#)]

#### IV. As a corporate buyout specialist, Romney invested in firms that outsourced jobs to low-wage countries like China, and his policies would do the same if he's elected President

As CEO of Bain Capital, Mitt Romney invested in companies that were "pioneers" in outsourcing, specifically to low-wage countries like China. And now, Romney is proposing to eliminate taxes entirely on profits U.S. corporations earn overseas, which one economist said could create as many as 800,000 jobs overseas, including jobs in China.

- **Washington Post: "Mitt Romney's Financial Company, Bain Capital, Invested In A Series Of Firms That Specialized In Relocating Jobs Done By American Workers To New Facilities In Low-Wage Countries Like China And India."** [Washington Post, [6/21/12](#)]
- **Romney Would Allow Multinationals Investing Overseas To Not Pay U.S. Taxes On That Income, By Creating A "Territorial" System.** "The United States currently operates under what is known as a 'worldwide' tax system, meaning that business income is taxed at the U.S. rate regardless of whether the income is earned within American borders or overseas... It needs to be changed. Other nations have noted the competitive disadvantage inherent in a worldwide tax system, resulting in a gradual movement of countries converting from a worldwide to a 'territorial' system, in which income is taxed only in the country where it is earned... Romney supports the recommendation of the Bowles-Simpson Commission to make the switch to a territorial system." [Romney's Plan For Jobs And Economic Growth, p. 45-46, [9/6/11](#)]
- **Economist Kim Clausing: Under A Territorial Tax System "The Tax Incentive To Locate Jobs In Low-Tax Countries Would Increase Significantly" Which "Would Increase Employment In Low-Tax Countries By About 800,000 Jobs."** "What would the effects be if the United States shifted to a pure territorial system? ... it would encourage job creation abroad instead of at home. Based on my research and that of other experts in international taxation, it is possible to estimate how many jobs are at stake in this debate. In 2008 U.S. multinational firms employed 10 million workers in affiliated firms abroad. Under a pure territorial tax system, the tax incentive to locate jobs in low-tax countries would increase significantly, which I calculate would increase employment in low-tax countries by about 800,000 jobs." [Kimberly A. Clausing, A Challenging Time for International Tax Policy, Tax Notes, [7/16/12](#)]

V. Romney criticized President Obama for taking aggressive action against China on behalf of American tire workers, who will be welcoming Romney to Toledo

In contrast to his election-year conversion, Romney has criticized President Obama for taking aggressive action against China on behalf of American tire workers when they were flooding the market with Chinese tires, writing in his book that it was “decidedly bad for the nation and our workers.” When he visits Toledo this week, those tire workers will welcome Romney to remind him that when it mattered most, President Obama stood up for them and he turned his back on them.

- **Romney Attacked Obama’s Chinese Tire Tariffs As “Bad For The Nation And Our Workers” And Called It “Protectionism.”** “President Obama’s action to defend American tire companies from foreign competition may make good politics by repaying unions for their support of his campaign, but it is decidedly bad for the nation and our workers. Protectionism stifles productivity.” [Romney, No Apology: Believe In America, Page 133]
- **Romney’s Campaign Attacked President Obama For Taking “Protectionist Action Against China” Through Chinese Tire Tariffs.** Romney For President memo by policy director Lanhee Chen: “What message does it send the Chinese when President Obama takes protectionist action against China on behalf of Big Labor, undermining free trade principles for political gain? The Obama campaign has repeatedly held out its Section 421 action against Chinese tires as an example of President Obama’s supposedly tough China policy.” [Lanhee Chen Memo On China & Trade, Romney For President, [7/10/12](#)]

VI. President Obama has refused to stand by when China doesn’t play by the rules at the expense of American products and workers, filing more trade cases against China in one term than his predecessor did in two

Just this month, President Obama launched a trade case at the World Trade Organization to challenge illegal Chinese subsidies of its automobile and auto parts industries. In fact, since President Obama took office, his administration has filed more trade cases against China in one term than his predecessor did in two. He created a new trade enforcement unit that will continue to fight unfair trade practices by China into the future. And the President continues to put pressure on the Chinese to allow their currency to trade more freely – which has resulted in currency appreciating over the past two years.

- **President Obama Has Brought More WTO Trade Cases Against China In One Term Than His Predecessor Did In Two.** The Obama Administration has filed 8 complaints against China with the World Trade Organization. Under the eight years of the Bush Administration, the U.S. filed 7 complaints against China with the WTO. [WTO List Of Disputes Cases, Accessed [9/15/12](#); Cleveland Plain Dealer, [9/16/12](#)]

- **The Obama Administration Has Brought A Total Of Nine Trade Cases Against China.** The Obama Administration has filed 9 complaints against China with the World Trade Organization, including action to combat a surge of imported Chinese tires. [WTO List Of Disputes Cases, Accessed [9/15/12](#); Cleveland Plain Dealer, [9/16/12](#); MarketWatch, [9/11/09](#)]
- **President Obama Created The Interagency Trade Enforcement Center To Bring Experts Together To Fight Unfair Trade Practices By Nations Including China.** “President Barack Obama signed an executive order creating a U.S. panel to investigate unfair trade practices by nations including China. The Interagency Trade Enforcement Center will bring together lawyers, researchers, analysts and government agents to monitor and enforce trade agreements and laws.” [Bloomberg, [2/28/12](#)]

While Romney reboots yet again, voters across Ohio and America will be asking how he can hold cheaters accountable when he’s invested in their success. Can Romney possibly still consider this is a winning argument? The clock is ticking for him to settle on a message that can convince middle class families that he not only understands what they’re going through but is offering them something more than a return to the same failed policies of the past. Tick tock.