

COMMITTEE ON WAYS AND MEANS

U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515

March 25, 2010

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

The "National Trade Estimate" report (NTE) is scheduled to be released next week, in accordance with section 181 of the Trade Act of 1974, as amended. As you know, the NTE catalogues many of the barriers to U.S. exports of goods and services, investment and intellectual property rights. Congress mandated this report to call attention to these barriers and to help eliminate them.

Many of the barriers described in this year's NTE will no doubt be barriers that have been persistent and long-standing problems for U.S. exporters, investors, and service providers. These barriers often reflect previous failures to take vigorous action to enforce U.S. trade rights. No longer can our country afford to operate under this "hands-off" approach to trade.

Over the past decade, the U.S. trade deficit reached unprecedented and unsustainable levels – more than twice as high as the deficits we faced in the 1980s. Foreign trade barriers have only exacerbated these imbalances. While the overall U.S. trade deficit narrowed from \$840.2 billion to \$516.9 billion over the past year, the reduction is attributed to shrinking U.S. demand for imports rather than a surge in exports. From a historical perspective, the numbers are discouraging. For the last five years, the trade deficit averaged five percent – or more – of GDP and the U.S. continues to run high deficits with key trading partners, including China (\$226.8 billion), the EU (\$60.5 billion), and Japan (\$44.7 billion) in 2009. Advanced technology products (ATP) trade – an area where U.S. companies have traditionally been competitive and key for economic growth – is particularly troubling. The U.S. went from a modest surplus in ATP trade of \$4.5 billion in 2001, to a deficit of \$55.9 billion in 2009.

Immediate and effective action to address barriers contributing to these deficits has never been more important or urgent for the U.S. economy, especially for the promotion of jobs and growth. Key to addressing these barriers is the enforcement of existing agreements and laws to help open foreign markets to U.S. exports and to ensure that imports into the United States are fairly traded.

Your Administration has already taken some important steps to strengthen trade enforcement. Overall, we are encouraged by your recognition of the need to address global trade imbalances, your goal to double U.S. exports over the next five years, and your commitment to improve the enforcement of U.S. trade agreements and laws. Particularly, last year, many of us called on you: to develop an annual report of countries that maintain unfair technical barriers to trade; to enhance enforcement funding and interagency and international coordination on trade enforcement matters; and to enforce the mechanism Congress put in place to address surges in imports from China. We have seen progress on all of these issues. Moreover, your Administration has taken action on some of the specific enforcement issues we raised in our letter last March, such as designating Canada a "priority watch list" country in USTR's report on countries that deny adequate and effective protection of intellectual property rights, as well as reaching an agreement with Israel regarding outstanding issues concerning the protection of intellectual property rights. Finally, we welcome your recent pledge to redress labor and environmental practices that impinge upon obligations in our trade agreements.

These favorable actions notwithstanding, more work needs to be done to achieve reciprocal, "two-way street" trade. This can be done by implementing a strategy that systematically improves our overall ability to identify barriers. For example, while you have called for increased funding for the International Trade Administration, within the Department of Commerce, the Office of the U.S. Trade Representative also needs additional resources to better enforce trade agreements and open foreign markets. A reciprocal trade strategy must also include targeted action to eliminate the most persistent and egregious barriers. Specifically, it will be difficult to meet the goal of doubling exports in five years if China, poised to become the second largest economy in the world, continues with its current exchange rate policy. Moreover, other major barriers to U.S. exports remain, such as restrictions on U.S. pork, chicken and beef imports that are not based on science, unfair competition in Japan's insurance market, and a series of barriers facing the U.S. automobile industry in key foreign markets.

We urge you to use the NTE as an opportunity to address these barriers by instructing USTR to request immediate negotiations with our respective key trading partners. If these significant trade issues cannot be resolved on an expedited basis, we urge USTR to take appropriate action, whether under WTO rules, U.S. law, in bilateral negotiations, or a combination of these approaches.

We look forward to working with you and your Administration on these issues as you continue to strengthen the enforcement of U.S. trade agreements and laws and to expand and shape trade.

Sincerely,



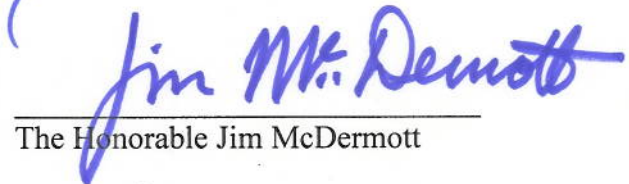
The Honorable Sander M. Levin



The Honorable Charles B. Rangel



The Honorable Fortney Pete Stark



The Honorable Jim McDermott



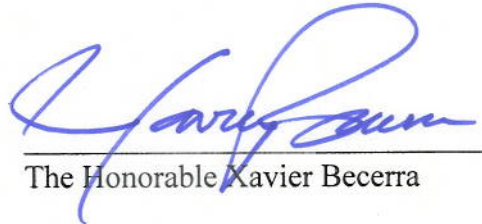
The Honorable John Lewis (GA.)



The Honorable Richard E. Neal



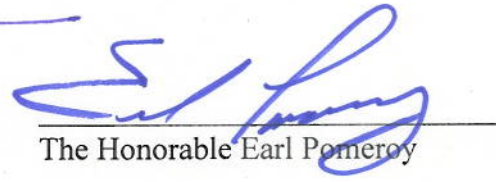
The Honorable John S. Tanner



The Honorable Xavier Becerra



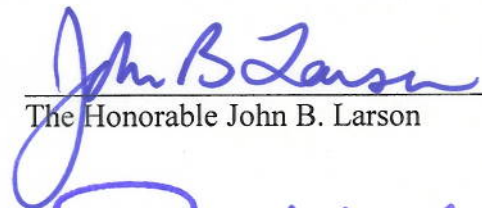
The Honorable Lloyd Doggett



The Honorable Earl Pomeroy



The Honorable Mike Thompson



The Honorable John B. Larson

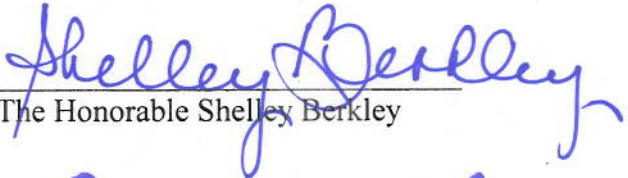


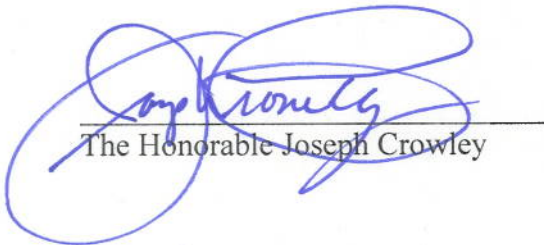
The Honorable Earl Blumenauer

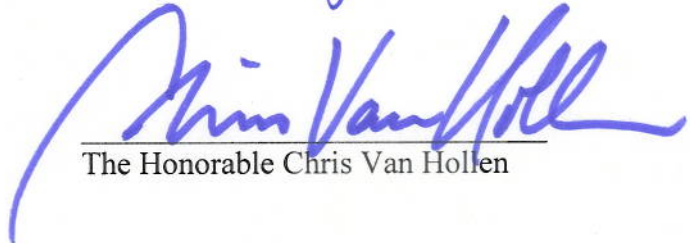


The Honorable Ron Kind

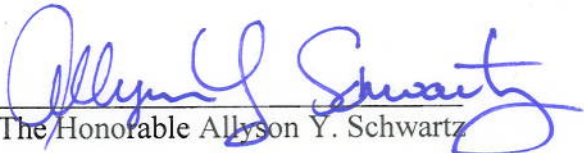

The Honorable Bill Pascrell, Jr.


The Honorable Shelley Berkley

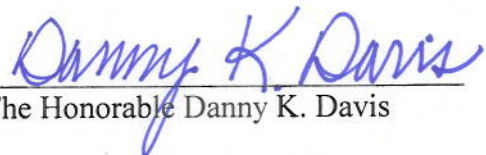

The Honorable Joseph Crowley



The Honorable Chris Van Hollen


The Honorable Kendrick Meek

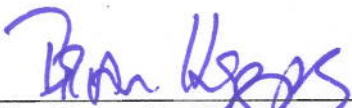

The Honorable Allyson Y. Schwartz

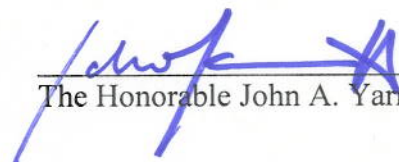

The Honorable Artur Davis


The Honorable Danny K. Davis


The Honorable Bob Etheridge


The Honorable Linda T. Sanchez


The Honorable Brian Higgins


The Honorable John A. Yarmuth