

## COMMITTEE ON WAYS AND MEANS

U.S. HOUSE OF REPRESENTATIVES  
WASHINGTON, DC 20515

March 30, 2011

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

Dear Mr. President:

We welcome the release today of the "National Trade Estimate" (NTE) report in accordance with section 181 of the Trade Act of 1974, as amended. The NTE report 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.

As in prior years' reports, many of the barriers described in this year's NTE report are ones that have been persistent and long-standing problems for U.S. exporters, investors, and service providers. The fact that these barriers remain reflects the ineffectiveness of the "hands-off" approach to trade that was in place for decades. It is now clear that trade barriers do not simply work themselves out over time, as proponents of that outdated approach have suggested. Rather, it is imperative that the U.S. government act vigorously and aggressively to address the trade barriers and defend U.S. trade rights and interests.

Your Administration has, we believe, made important strides in that regard. We note, for example, the four World Trade Organization (WTO) cases that your Administration has brought against China, challenging (1) illegal subsidies for Chinese wind turbine manufacturers that benefit Chinese green technology manufacturers to the detriment of their U.S. counterparts; (2) Chinese export restraints on raw materials that create unfair competitive benefits for downstream Chinese producers; (3) China's imposition of antidumping duties and countervailing duties on U.S. exports of grain-oriented flat-rolled electrical steel; and (4) China's discriminatory and restrictive treatment of U.S. suppliers of electronic payment services. These cases are an important step in addressing China's mercantilist policies, the most significant trade challenge facing the United States today.

Similarly, we commend your Administration for insisting that the U.S.-Korea Free Trade Agreement (FTA) be changed to address the pervasive and constantly shifting non-tariff barriers that Korea has had in place for years against U.S. auto imports. Those barriers created a fundamentally imbalanced situation where U.S. automakers exported less than 6,000 cars to

South Korea in 2009 while South Korea exported 476,000 cars to the United States. Indeed, automotive trade accounted for a full three-quarters of the \$10.6 billion U.S. trade deficit with South Korea in 2009. Correcting this imbalance will be critical for American manufacturing and American jobs. And the Korea FTA will bring down other trade barriers as well, for example removing obstacles to U.S. service suppliers in areas such as technology, telecommunications, insurance and financial services.

While these positive steps are important, much more remains to be done to ensure that trade is a "two-way street" for Americans and that the benefits of expanded trade are enjoyed broadly. China, for example, continues its policy of massive, sustained intervention in the currency markets to maintain a weak yuan, which artificially raises the prices of U.S. goods exported to China (and, at the same time, suppresses the price of Chinese exports to the United States). This fundamentally distorts trade and investment flows. Although the House of Representatives passed legislation to help address this situation (with an overwhelming bipartisan vote of 348-79), that legislation has stalled in the Senate. A need remains for strong, active engagement by your Administration to resolve this longstanding problem.

Currency manipulation is only one of a long list of predatory trade practices China employs to give its producers and exporters an unfair advantage, at the expense of U.S. production and jobs. There are also policies such as "indigenous innovation," which limit the access of U.S. products to the Chinese market. Further, a recent Section 301 petition outlined more than 80 Chinese laws, regulations and practices, covering a broad spectrum of green technologies, that seek to benefit Chinese manufacturers to the detriment of their American competitors. While we applaud the U.S. Trade Representative's initiation of the WTO case with respect to wind turbines, it is disappointing that many of the other allegations could not be fully investigated within the section 301 timeframe. Clearly, additional tools and resources are needed – on an urgent basis – to address the full range of trade-distorting practices in every sector in which they occur, both in China and in other countries. We look forward to working with your Administration to secure these badly needed tools and resources but encourage you to make addressing these issues a priority even while we do so.

We are also looking to your Administration for a continued commitment to aggressive enforcement of our trading pacts with other countries. Your Administration took a critical step, for example, with respect to enforcement of labor rights under our free trade agreements by initiating the first-ever labor consultations (pursuant to a petition under the U.S.-Central America free trade agreement). We urge you to prosecute that matter through to its full resolution quickly and aggressively, not only to ensure that our trading partners respect the commitments they made in that particular context but also to signal the new direction in U.S. trade policy.

We urge you to use the NTE as a springboard from which to tackle these and other similar issues. The need is immediate and urgent. In the past decade, the United States trade

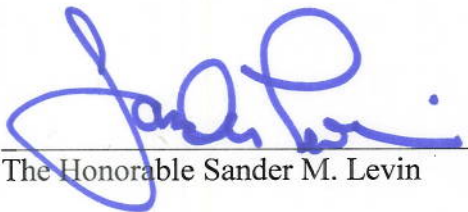


The President  
March 30, 2011  
Page 3

deficit has reached unprecedented and unsustainable levels, upwards of 5 percent of overall GDP in 2007 and 2008. Even as the U.S. and global economy rebounded in 2010, the U.S. deficit in goods and services grew to be a \$496 billion drag on U.S. growth. As in past years, the China was the single largest bilateral source of the U.S. trade deficit at \$273 billion. However, the United States also continued to run major goods and services deficits with the European Union at \$79.8 billion and with our NAFTA partners at \$94.6 billion.

In short, we are at a moment of significant need as well as opportunity in U.S. trade policy. We look forward to working with you to meet the challenges facing American working people and U.S. businesses and to expand trade for the broadest benefit.

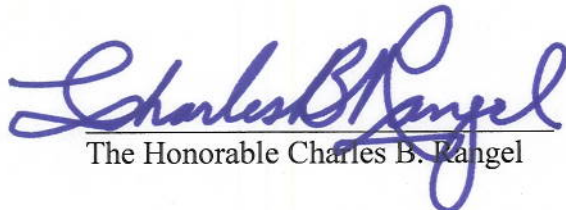
Sincerely,



The Honorable Sander M. Levin



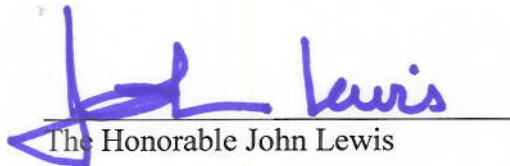
The Honorable Jim McDermott



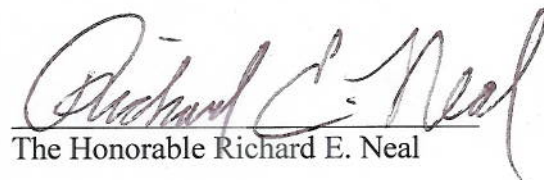
The Honorable Charles B. Rangel



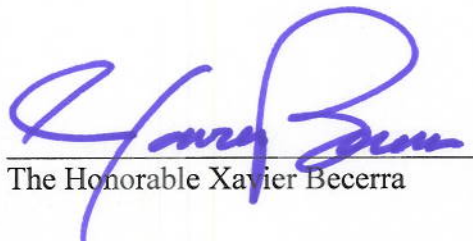
The Honorable Fortney Pete Stark



The Honorable John Lewis



The Honorable Richard E. Neal



The Honorable Xavier Becerra



The Honorable Mike Thompson



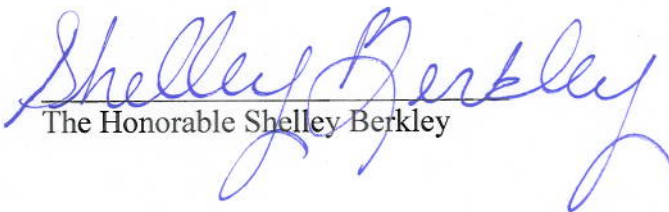
The Honorable John B. Larson



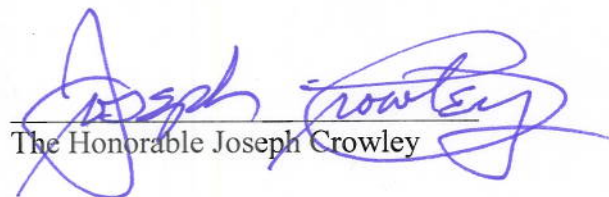
The Honorable Earl Blumenauer



The Honorable Bill Pascrell Jr.



The Honorable Shelley Berkley



The Honorable Joseph Crowley