

COMMITTEE ON WAYS AND MEANS

U.S. HOUSE OF REPRESENTATIVES

WASHINGTON, DC 20515

April 2, 2011

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

Dear Mr. President:

We are writing in regards to the release today of the 27th annual "National Trade Estimate" (NTE) report which identifies many of the foreign barriers affecting U.S. exports of goods and services, U.S. investments abroad, and protection of U.S. intellectual property rights. As our economy turns the corner, including through significant growth in U.S. manufacturing and exports, this report serves as a reminder of the need to act aggressively to eliminate foreign barriers, which can stand in the way of further recovery.

Democratic Members of this Committee have pressed for an active and comprehensive approach to enforcement of trade rules. Your administration has made significant and commendable steps in this regard. Important among these was the executive order last month creating an Interagency Trade Enforcement Center (ITEC), aimed at pulling together government-wide resources to address unfair trade practices around the world. We stand ready to work with your Administration to ensure that Congress provides the necessary funds for this initiative. Since much depends on how the ITEC is set up and on how it operates in practice, we also look forward to close collaboration with your Administration to ensure that the ITEC lives up to its fullest potential.

A key test for the ITEC will be its effectiveness in addressing the trading barriers that American businesses and workers face vis-à-vis China. Your Administration has taken important strides with the recent victory in the World Trade Organization (WTO) case against China involving export restraints on raw materials, and the subsequent filing of a WTO case involving rare earths. Elimination of these WTO-inconsistent export restraints will help to continue growth in American manufacturing jobs, including in key sectors such as advanced technology and clean energy.

Unfortunately, many of China's predatory trade practices continue unabated and, last year, the U.S. trade deficit with China increased to a record high \$295 billion (up from \$83 billion only a decade ago). We appreciate the efforts your administration has made in this regard, bringing almost twice as many trade cases against China as the last Administration, but there are significant systemic problems that undercut the U.S. ability to challenge much of China's WTO-inconsistent behavior.

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One such problem is Chinese threats and acts of retaliation aimed at chilling efforts to ensure China's compliance with trade rules. Indeed, this is one of the most frequently-cited reasons that the U.S. faces difficulty building WTO cases against China -- U.S. stakeholders are simply too afraid of retaliation to come forward with necessary evidence. This is simply unacceptable and counter to the very principles of rule of law that underpin the WTO trading system.

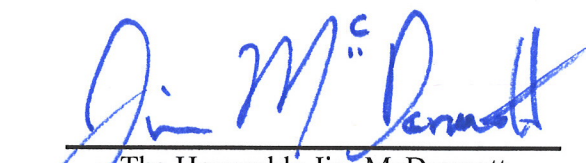
Another problem is the overwhelming opaqueness in Chinese laws and policies, particularly at the provincial and municipal levels, notwithstanding the significant commitments to transparency made by China in the WTO accession process. This severely hampers U.S. ability to collect evidence of WTO-inconsistent behavior even as U.S. businesses and workers suffer its consequences. Moreover, the impunity with which China is acting, is inspiring countries such as Argentina and others to employ similarly opaque and discriminatory policies.

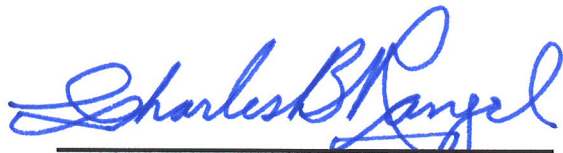
We are looking to your administration to marshal all its resources, including through the ITEC, to identify ways to address these kinds of systemic problems which are preventing more effective enforcement of China's trade commitments. And we look forward to working with you to meet this challenge.


The NTE report highlights other challenges too. With respect to Japan, with which we have our third largest trade deficit (\$63 billion), the NTE details barriers to U.S. auto sector exports, agriculture products, insurance, drugs and medical devices. The endemic barriers in that market not only present a significant trade enforcement challenge, but there also must be full knowledge of their nature in each of these areas, and whether and how they can be successfully addressed under the framework of potential entry by Japan in the Trans-Pacific Partnership.

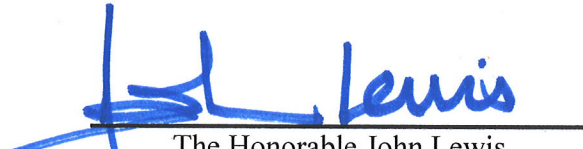
Sincerely,

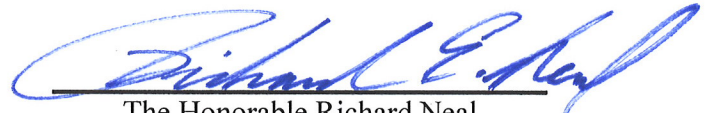

The Honorable Sander Levin

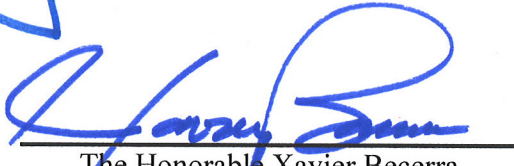

The Honorable Jim McDermott

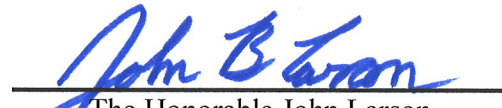

The Honorable Charles Rangel



The Honorable Fortney Pete Stark


The Honorable John Lewis


The Honorable Richard Neal


The Honorable Xavier Becerra


The Honorable John Larson


The Honorable Shelley Berkley