

Michelle Jeung  
1250 I (Eye) Street NW  
Suite 200  
Washington, DC 20005  
(202) 384-7314  
mlj2326@gmail.com

September 8, 2011

Jacqueline B. Caldwell  
United States Trade Representative  
1724 F Street, NW  
Washington, DC 20508

## FOIA REQUEST

Dear FOIA Officer:

Pursuant to the federal Freedom of Information Act, 5 U.S.C. § 552, I request access to and copies of correspondence from Congresswoman Shelley Berkley and/or her office from January 1, 1999 to the present.

I agree to pay reasonable duplication fees for the processing of this request in an amount not to exceed \$100. However, please notify me prior to your incurring any expenses in excess of that amount.

If my request is denied in whole or part, I ask that you justify all deletions by reference to specific exemptions of the act. I will also expect you to release all segregable portions of otherwise exempt material. I, of course, reserve the right to appeal your decision to withhold any information or to deny a waiver of fees.

I look forward to your reply within 20 business days, as the statute requires.

Thank you for your assistance.

Sincerely,



Michelle Jeung

EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE  
WASHINGTON, D.C. 20508

September 28, 2011

Ms. Michelle Jeung  
1250 I Street, N.W.  
Suite 200  
Washington, DC 20005

Dear Ms. Jeung:

This letter is USTR's response to your Freedom of Information request for **"copies of correspondence from Congresswoman Shelley Berkley and/or her office from January 1, 1999 to the present."**

Please be advised that we have located thirty (30) documents within the scope of your request. Inasmuch as this constitutes a complete response to your request, I am closing your file in this office.

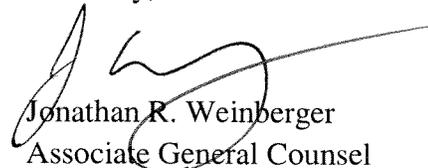
In the event that you are dissatisfied with USTR's determination, you may appeal such a denial, within thirty (30) days, in writing to:

FOIA Appeals Committee  
Office of the United States Trade Representative  
1724 F Street, N.W.  
Washington, D.C. 20508

Both the letter and the envelope should be clearly marked: "Freedom of Information Act Appeal". In the event you are dissatisfied with the results of any such appeal, judicial review will thereafter be available to you in the United States District Court for the judicial district in which you reside or have your principal place of business, or in the District of Columbia, where we searched for the records you seek.

Should you have any questions, please feel free to contact the FOIA office at (202) 395-3419.

Sincerely,

  
Jonathan R. Weinberger  
Associate General Counsel

Case File# 11092350

**Congress of the United States**  
**Washington, DC 20515**

June 1, 2004

The Honorable Robert B. Zoellick  
United States Trade Representative  
600 17<sup>th</sup> Street, N.W.  
Washington, D.C., 20508

Dear Ambassador Zoellick:

I am writing to urge you to give favorable consideration to a petition filed by United States titanium producers asking that titanium wrought products be removed from the list of products eligible for duty-free entry into the United States under the Generalized System of Preferences (GSP) program.

A specialty metal critical to our nation's security, titanium's principal applications include military and commercial aerospace parts, armor for military vehicles, mechanical equipment for corrosive environments, and consumer and medical goods. Indeed, titanium is a crucial part of the U.S. defense industrial base.

Despite titanium's clear domestic benefits and importance, titanium production in the United States is currently threatened by the duty-free importation of titanium products from the Russia-based Verkhnyaya Salda Metallurgical Production Association ("VSMPO") under the GSP. As the world's largest producer of wrought titanium, VSMPO has three times the ability to produce this metal than the three largest U.S. producers. Moreover, the company currently controls more than 30 percent of the world's titanium market and over 20 percent of the U.S. market for titanium wrought products. According to a recent report by *Metals Week*, VSMPO's revenues under the current system will jump from \$393 million in 2003 to \$521 million in 2004, an increase of \$129 million in revenues in a single year.

Congress created the GSP with the intent of aiding noncompetitive industries in developing countries, not to give a giant foreign producer like VSMPO a unilateral advantage over American producers or other foreign producers exporting into the United States. Congress also established a "competitive needs limits" test in order to clarify when a firm or foreign industry had become "competitive" and no longer eligible for the GSP privilege. Unfortunately, Russian titanium continues to have this cap waived.

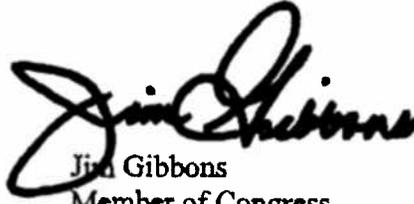
U.S. titanium producers currently employ more than 3,000 skilled workers, primarily in the states of Pennsylvania, Ohio, North Carolina, and Nevada. At a time when we are struggling to maintain skilled manufacturing jobs at home keep our defense industrial base as strong as possible, it makes little sense to suspend our normal trade laws and once again grant GSP privileges.

In closing, I urge that duty-free treatment for titanium products be withdrawn. This action would benefit the U.S. defense industrial base and preserve employment in the United States. I thank you for your attention to this important matter.

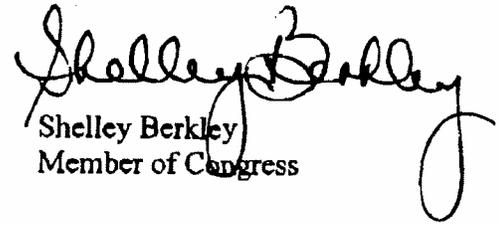
Sincerely,



Jon Porter  
Member of Congress



Jim Gibbons  
Member of Congress



Shelley Berkley  
Member of Congress

cc: The Honorable Robert Zoellick, United States Trade Representative

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**Congress of the United States**  
**Washington, DC 20515**

July 20, 2004

Robert B. Zoellick, Ambassador  
United States Trade Representative  
600 17th Street, NW  
Washington, DC 20508

Dear Ambassador Zoellick:

As members of Congress who supported the Australia Free Trade Agreement (FTA), we are writing to emphasize that our vote for the overall agreement is in no way an endorsement of the provisions relating to prescription drug re-importation. We strongly urge the Administration not to use the prescription drug language of the U.S.-Australia agreement as a precedent for future free trade agreements.

Few could oppose the principle of free trade with Australia, historically one of our closest allies. In recent years, Australia has provided invaluable support in the war on terror. We enjoy a healthy trade surplus with Australia, one of our largest export markets. Australia has strong labor and environmental standards.

However, while we support developing economic relations with Australia, we do not support the specific provisions relating to prescription drug re-importation. Article 17.9.4 essentially codifies existing U.S. law allowing U.S. patent holders to bar the import of their patented products, including prescription drugs, into this new trade agreement. As a result, if legislation allowing the re-importation of prescription drugs were to become law, it could put the United States in technical violation of the Australia FTA.

We believe that prescription drug re-importation has wide bipartisan support, as evidenced by last year's 243-186 vote in support of the Pharmaceutical Market Access Act (HR 2427). Although the provisions in the Australia FTA may have no practical effect (Australian law already prohibits the export of drugs purchased through its government-negotiated program) we are highly concerned that this provision could set a precedent for future agreements. We would strongly oppose the creation of an extensive prohibition on prescription re-importation through a patchwork of provisions in future trade agreements. We are also concerned that negotiating future trade agreements with prescription drug provisions like those in the Australian FTA could undermine efforts to secure legislation that expands Americans' access to affordable prescription drugs through re-importation--legislation that an overwhelming majority of Americans would likely support.

The growing support for prescription drug re-importation is an outgrowth of the ever expanding international trade system. In response to price imbalances, American seniors

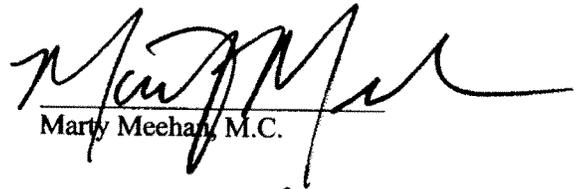
and savvy consumers have sought much-needed price relief by using international commerce to their advantage—securing fairer prices from foreign markets. This is how free trade should work.

As the United States pursues future trade deals, we strongly urge the Administration to negotiate language that would not add prohibitions on the re-importation of prescription drugs or codify restrictions in U.S. law into global, regional, or bilateral trade agreements. Including such language could jeopardize the bipartisan support enjoyed by past trade agreements including the Australia FTA.

Sincerely,



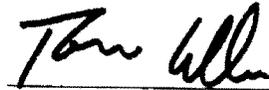
Dana Rohrabacher, M.C.



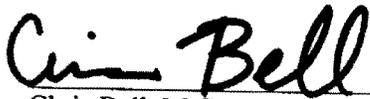
Marty Meehan, M.C.



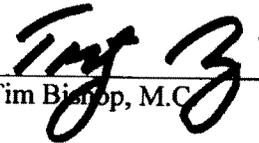
Gary Ackerman, M.C.



Thomas H. Allen, M.C.



Chris Bell, M.C.



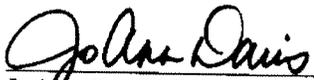
Tim Bishop, M.C.



Earl Blumenauer, M.C.



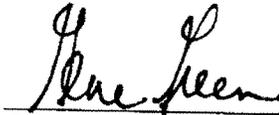
Ben Chandler, M.C.



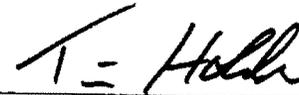
JoAnn Davis, M.C.



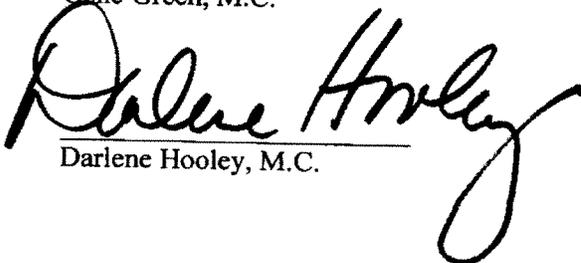
Martin Frost, M.C.



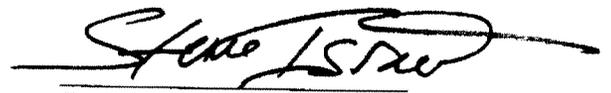
Gene Green, M.C.



Tim Holden, M.C.

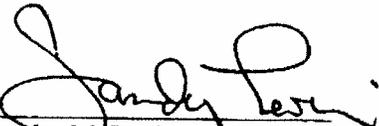


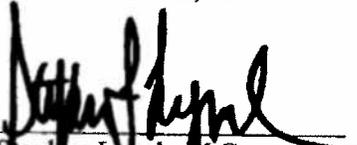
Darlene Hooley, M.C.



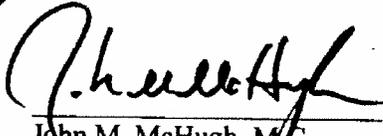
Steve Israel, M.C.

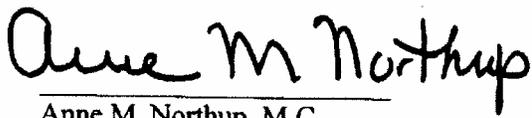
  
Nick Lampson, M.C.

  
Sander M. Levin, M.C.

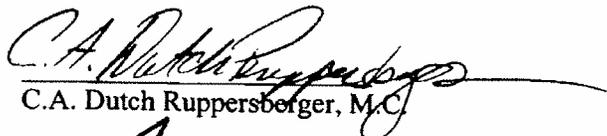
  
Stephen Lynch, M.C.

  
Jim McDermott, M.C.

  
John M. McHugh, M.C.

  
Anne M. Northup, M.C.

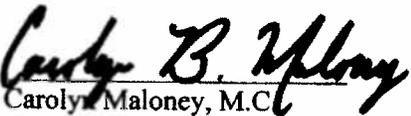
  
Ciro D. Rodriguez, M.C.

  
C.A. Dutch Ruppersberger, M.C.

  
Adam B. Schiff, M.C.

  
James R. Langevin, M.C.

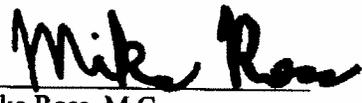
  
Ken Lucas, M.C.

  
Carolyn Maloney, M.C.

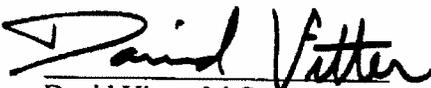
  
James McGovern, M.C.

  
Brad Miller, M.C.

  
John W. Olver, M.C.

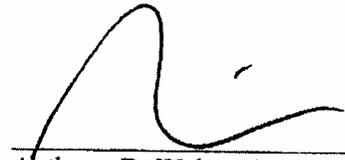
  
Mike Ross, M.C.

  
Max Sandlin, M.C.

  
David Vitter, M.C.

*Diane E. Watson*

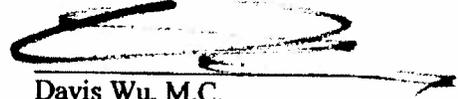
Diane E. Watson, M.C.



Anthony D. Weiner, M.C.

*Robert Wexler*

Robert Wexler, M.C.



Davis Wu, M.C.

*Shelley Berkley*

Shelley Berkley, M.C.

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**Congress of the United States**  
**Washington, DC 20515**

November 18, 2004

The Honorable Robert B. Zoellick  
United States Trade Representative  
600 17th Street, N.W.  
Washington, DC 20508



Dear Ambassador Zoellick,

We write to commend you for your dedication to ensuring that U.S. companies can compete on a level playing field. We strongly support your decision to withdraw from the outdated 1992 United States-European Union Agreement on Trade in Large Civil Aircraft and your decision to file a trade case at the World Trade Organization over continued European government subsidization of its commercial aircraft manufacturer, Airbus.

There is broad, bipartisan support in Congress for your efforts to challenge the massive subsidies that European governments have been giving to Airbus for decades.

As you are well aware, Airbus has received about \$15 billion in launch aid, which, if borrowed commercially, would have added \$35 billion in additional debt to its books. This subsidy offers a significant advantage for Airbus over its sole competitor, U.S. aerospace company Boeing.

Because launch aid and other subsidies shield Airbus from the full assumption of commercial risk, it can pursue more aggressive pricing and financing practices than a non-subsidized competitor such as Boeing.

It is time to put a stop to this anti-competitive behavior. Boeing, the nation's largest exporter of manufactured goods, has paid a heavy price: a loss of 20 percentage points of market share in just the last five years; significant sales losses due to Airbus' ability to use its subsidized advantage to dramatically undercut pricing on airplanes; and the loss of tens of thousands of high-paying American manufacturing jobs.

America's aerospace workers deserve a level playing field. Your decision to pursue this course of action is based on clear evidence that Airbus has received an unfair advantage, not any outside motives, as suggested by your counterparts in Europe.

The future of a critical American industry hangs in the balance, and we are solidly behind your efforts to stop Europe's unfair subsidies. We are determined to see this case through to the end, and we look forward to giving you any assistance necessary.

Very truly yours,  
*JN Steele*  
EN Steele

✓ Bill Paswell Jr.

Stanwood Allen

✓ Ted Strickland

John E. ...

Ronald W. ...

Robert ...

✓ Howard L. Brown James E. Watson

Michael E. ...

James ...

Maureen ...

Ral ...

...

John Sullivan

...

W. Todd ...

~~Jim V. [unclear]~~

~~Cliff [unclear]~~

✓ [unclear]

[unclear]

[unclear]

~~[unclear]~~

Richard [unclear]

Paul [unclear]

✓ Jim M. [unclear]

[unclear]

Shelley [unclear]

[unclear]

✓ John Lewis

Jim Moran

[unclear]

[unclear]

✓ James B. Clyburn

T. Holden ✓

✓ Ben Chandler

Wm. Stacy Clay ✓

✓ Sam Lane

Jeff Rankin

✓ James Camp

Zoe Loper ✓

✓ Tom Jefferson

Ed B. Shiff ✓

✓ Charles H. Stenholm

John Edrington

Bral Garner

Sam Star

✓ Bob Filner

Mike Fair

✓ Eddie Bernice Johnson

Quintin Rodriguez ✓

✓ Jerry Moran

Alan Colton

Ann Durn

Quayle K. Dawkins

✓ Judy Biggert

R.

✓ Brad Sherman

Ellen Coussick

✓ John B. Rosten

John Edmundo

✓ Ron Kind

Robert Stankovic

✓ Bobby L. West

Randy Blake Cunningham ✓

Maureen O'Sullivan

Ruth Hanover ✓

✓ Dennis Reilly

Mike Doyle ✓

John Deery

Jo Bonner ✓

Alan Kim

Kenneth B. Udel ✓

[Signature]

Linda J. Somers

✓ Ann Houghton

Cal Deery ✓

✓ Loretta Sanchez

John E. Peterson ✓

✓ Cindy Brown-White

Michael M. [Signature]

✓ John Booyman

✓ Peter Ditzin

✓ Wally Henger

✓ Ken Calvert

✓ Ken Cardin

✓ Andy B. Malony

✓ Bart Gordon

✓ Ed Pastor

Vernon Ehlers ✓

Fred Upton ✓

Concepcion ✓

Joe Pitt

Donald A. Manzullo ✓

Jerrold Nadler ✓

Ben Rayburn ✓

Curt Weldon ✓

✓ Norm Richards

Earl Blumenauer ✓

~~[Signature]~~

Corine Brown ✓

Carl Albert

James Greenwood ✓

✓ Harold Rogers

Tom Lantos ✓

✓ Mary Jo

Allen Boyd ✓

✓ Philip M. Crane

Hilda L. Solis ✓

✓ Lamar Smith

Chah Fakh ✓

✓ Jane Harman

Bob Ney ✓

Rich Lips John [unclear]

✓ Ray Blunt

John Emerson ✓

✓ Pete Sessions

Neil Abernethy ✓

Scott [unclear]

1997 Patrick ✓

✓ Robert Adair

Jim [unclear] ✓

Scott [unclear]

John [unclear]

✓ Mike Ryan (CA)

Ray Walden ✓

✓ Greg [unclear]

John Davis ✓

✓ Bire Shunda

J. McCreary ✓

✓ Don Young

Pete Hoekstra ✓

✓ Gene Taylor

Terry Everts ✓

✓ Dave Hobson

Howard P. Bal ✓

✓ Solomon P. Ortiz

Greg V. Costello ✓

Pratt

John Layman ✓

Alan B. Bly

Katherine Harris ✓

✓ Joe Wilson

J. Saxton ✓

✓ Jim Gibbons

Ralph M. Hall ✓

✓ Richard Tombo

Biefy

✓ Ralph M. Hall

Ellor Gally ✓

✓ Dalme Hovley

Zach Wang ✓

Jim Semant

Honore Coble ✓

✓ Joe Krolke

John Anderson

✓ George Miller

Erin L. Engel ✓

Steve Beyer

Mary Plummer ✓

✓ <u>Cass Ballenger</u>	<u>C.A. Pritchard</u>
✓ <u>Bob Eckhardt</u>	<u>Sam D.</u>
<u>Vigil Bruce</u>	<u>Mark Kennedy</u> ✓
✓ <u>Sam Johnson</u>	<u>Bill Johnson</u> ✓
✓ <u>Susan A. Davis</u>	<u>Mark Anderson</u> ✓
<u>T.J.</u>	<u>Ta. T.</u>
✓ <u>Tony Baldoni</u>	<u>Rubin Henriquez</u> ✓
<u>Mike Bilirakis</u>	<u>Alan B. Mulletha</u> ✓

✓ Martha Blackburn

Bob Bunting ✓

✓ Frank A. Miller

Pat R. H.

Mike Thompson

John F. Tenny ✓

✓ John Culberson

Shelley Moore Capito ✓

Wayne

Bobby McClell ✓

✓ Jack Kingston

Richard Durbin

✓ Ed Royce

William R. Linnick ✓

✓ Jeff Lewis

Rodney Alexander ✓

✓ Carolyn McCarthy

Jim Gibbons ✓

✓ Mark Foley

Bob A. Brady ✓

✓ Chris Bell

Frank A. LoBiondo ✓

✓ Mike McIntyre

Jim Saxton ✓

✓ Ed Whitfield

Mike Ron ✓

Nick Rahall

E.K. Butterfield ✓

✓ Spencer Bachus

Jim Marshall ✓

✓ Gene Dani

John T. Doolittle ✓

✓ Aue Mezick

✓ Jon Schak

✓ Caroline S. Hill

✓ Max Bunn

✓ Albert R. Gynn

✓ Greg Parvick

✓ Walter B. Gyn

✓ Jill Gurnea

✓ Th. G. Gyn

✓ Stephen F. Lynch

✓ David Scott

✓ Charles H. Taylor

✓ Phil Singery

✓ Mark Bunn

✓ Henry S. Brown

✓ Charles S. Sings

✓ Ken Sun

Vito Ferro ✓

✓ Karen M. West

Raul M. Hijarwa ✓

✓ Leonard L. Bowell

Tom Udace ✓

✓ Lois Capron

Arlene Hunt

✓ Arlo Ekelsse

Jane Green ✓

Tom

Paul Burgess

✓ Mary Kaptur

Cliff Jones ✓

✓ Michael A. Sun

Betsy Scott



**U.S. Trade Representative Robert Zoellick**  
**WTO - Airbus Subsidies**  
**Congressional Letter of Support; Nov. 18, 2004**  
**242 Co-signers (124 Dems, 118 GOP)**

Abercrombie, Neil  
Ackerman, Gary L.  
Aderholt, Robert B.  
Akin, W. Todd  
Alexander, Rodney  
Baca, Joe  
Bachus, Spencer  
Baird, Brian  
Baldwin, Tammy  
Ballenger, Cass  
Bartlett, Roscoe G.  
Beauprez, Bob  
Becerra, Xavier  
Bell, Chris  
Berkley, Shelley  
Berman, Howard L.  
Berry, Marion  
Biggert, Judy  
Bilirakis, Michael  
Bishop, Rob  
Blackburn, Marsha  
Blumenauer, Earl  
Blunt, Roy  
Bonner, Jo  
Bono, Mary  
Boozman, John  
Boswell, Leonard L.  
Boyd, Allen  
Brady, Robert A.  
Brown, Corrine  
Brown, Henry E. Jr.  
Brown, Sherrod  
Brown-Waite, Ginny  
Burns, Max  
Butterfield, G. K.  
Buyer, Steve  
Caivert, Ken  
Camp, Dave  
Capito, Shelley Moore  
Capps, Lois  
Capuano, Michael E.  
Cardin, Benjamin L.  
Carson, Brad  
Chandler, Ben  
Clay, Wm. Lacy  
Clyburn, James E.  
Coble, Howard  
Costello, Jerry F.  
Cramer, Robert E. (Bud) Jr.  
Crane, Philip M.

Crowley, Joseph  
Culberson, John Abney  
Cunningham, Randy "Duke"  
Davis, Danny K.  
Davis, Jo Ann  
Davis, Lincoln  
Davis, Susan A.  
DeFazio, Peter A.  
Diaz-Balart, Lincoln  
Diaz-Balart, Mario  
Dicks, Norman D.  
Dingell, John D.  
Dooley, Calvin M.  
Doolittle, John T.  
Doyle, Michael F.  
Duncan, John J. Jr.  
Dunn, Jennifer  
Ehlers, Vernon J.  
Emanuel, Rahm  
Emerson, Jo Ann  
Engel, Eliot L.  
Eshoo, Anna G.  
Etheridge, Bob  
Evans, Lane  
Everett, Terry  
Farr, Sam  
Fattah, Chaka  
Filner, Bob  
Foley, Mark  
Fossella, Vito  
Franks, Trent  
Frost, Martin  
Gallegly, Elton  
Gibbons, Jim  
Gingrey, Phil  
Gonzalez, Charles A.  
Goode, Virgil H. Jr.  
Gordon, Bart  
Graves, Sam  
Green, Gene  
Greenwood, James C.  
Grijalva, Raúl M.  
Gutierrez, Luis V.  
Gutknecht, Gil  
Hall, Ralph M.  
Harman, Jane  
Harris, Katherine  
Hart, Melissa A.  
Hastings, Doc  
Hayes, Robin

Hayworth, J. D.  
Herger, Wally  
Hinchey, Maurice D.  
Hinojosa, Rubén  
Hobson, David L.  
Hoekstra, Peter  
Holden, Tim  
Honda, Michael M.  
Hooley, Darlene  
Houghton, Amo  
Hoyer, Steny H.  
Hulshof, Kenny C.  
Hunter, Duncan  
Hyde, Henry J.  
Inslee, Jay  
Isakson, Johnny  
Israel, Steve  
Issa, Darrell E.  
Jefferson, William J.  
Jenkins, William L.  
Johnson, Eddie Bernice  
Johnson, Nancy L.  
Johnson, Sam  
Johnson, Timothy V.  
Jones, Walter B.  
Kaptur, Marcy  
Kennedy, Mark R.  
Kildee, Dale E.  
Kind, Ron  
Kingston, Jack  
Kirk, Mark Steven  
Knollenberg, Joe  
LaHood, Ray  
Lampson, Nick  
Lantos, Tom  
Larsen, Rick  
Larson, John B.  
Lewis, Jerry  
Lewis, John  
Lipinski, William O.  
LoBiondo, Frank A.  
Lofgren, Zoe  
Lucas, Ken  
Lynch, Stephen F.  
Maione, Carolyn B.  
Manzullo, Donald A.  
Marshall, Jim  
Matsui, Robert T.  
McCarthy, Carolyn  
McCarthy, Karen

McCollum, Betty  
McCotter, Thaddeus G.  
McCrary, Jim  
McDermott, Jim  
McGovern, James P.  
McIntyre, Mike  
McKeon, Howard P. "Buck"  
Meek, Kendrick B.  
Meeks, Gregory W.  
Menendez, Robert  
Mica, John L.  
Millender-McDonald, Juanita  
Miller, Candice S.  
Miller, George  
Miller, Jeff  
Molohan, Alan B.  
Moore, Dennis  
Moran, James P.  
Moran, Jerry  
Myrick, Sue Wilkins  
Nadler, Jerrold  
Nethercutt, George R. Jr.  
Ney, Robert W.  
Ortiz, Solomon P.  
Pascrell, Bill Jr.  
Pastor, Ed  
Peterson, John E.  
Pombo, Richard W.  
Radanovich, George  
Rangel, Charles B.  
Rehberg, Dennis R.  
Renzi, Rick

Reyes, Silvestre  
Rodriguez, Ciro D.  
Rogers, Harold  
Rogers, Mike  
Ross, Mike  
Royce, Edward R.  
Ruppersberger, C. A. Dutch  
Rush, Bobby L.  
Ryun, Jim  
Sánchez, Linda T.  
Sanchez, Loretta  
Saxton, Jim  
Schakowsky, Janice D.  
Schiff, Adam B.  
Scott, David  
Scott, Robert C.  
Sensenbrenner, F. James Jr.  
Serrano, José E.  
Sessions, Pete  
Shays, Christopher  
Sherman, Brad  
Shimkus, John  
Shuster, Bill  
Simmons, Rob  
Simpson, Michael K.  
Skelton, Ike  
Smith, Adam  
Smith, Lamar S.  
Solis, Hilda L.  
Souder, Mark E.  
Stearns, Cliff  
Strickland, Ted

Sullivan, John  
Sweeney, John E.  
Tancredo, Thomas G.  
Tanner, John S.  
Tauscher, Ellen O.  
Taylor, Charles H.  
Taylor, Gene  
Thompson, Mike  
Tiahrt, Todd  
Tierney, John F.  
Townsend, Edolphus  
Turner, Michael R.  
Udall, Mark  
Udall, Tom  
Upton, Fred  
Walden, Greg  
Wamp, Zach  
Watson, Diane E.  
Weiner, Anthony D.  
Weldon, Curt  
Weller, Jerry  
Wexler, Robert  
Whitfield, Ed  
Wilson, Joe  
Wu, David  
Wynn, Albert Russell  
Young, C. W. Bill  
Young, Don

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CHIEF COUNSEL AND STAFF DIRECTOR

# Congress of the United States

## U.S. House of Representatives

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March 29, 2007

4  
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BRETT LOPER,  
MINORITY STAFF DIRECTOR

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

Dear Mr. President:

Tomorrow, as required by law, your Administration will release the "National Trade Estimate" report (NTE). The NTE contains an inventory of barriers to U.S. exports of goods and services, investment, and intellectual property rights. As in previous years, this year's NTE report will identify numerous barriers that have blocked or obstructed American exports for years, have facilitated or allowed theft to American intellectual property rights, and have yet to be effectively addressed.

We hope this year that the Administration will use the opportunity of the issuance of the NTE report to move beyond cataloguing these barriers and to begin enforcing U.S. rights. Too often in the past, this Administration has devoted its resources to negotiating new rules – at the expense of ensuring that our trading partners play by the rules already in place. Failure to enforce vigorously existing agreements undercuts the value of those agreements. In the six years that this Administration has been in office, USTR has brought an average of less than three WTO cases per year. By contrast, the Clinton Administration brought an average of 11 WTO cases per year.

The United States cannot afford to continue down this path. Last year, the U.S. trade deficit continued to grow at a record-breaking pace, setting another record for the fifth straight year. In 2006, the U.S. trade deficit reached \$765 billion – the highest ever in history and almost six percent of the U.S. economy. Manufacturing has borne the highest cost, with the manufacturing

The President  
March 29, 2007  
Page 2

deficit increasing by 70 percent between 2001 and 2006, and the loss of almost three million jobs during that period. But manufacturing is not alone. Over the same period, the U.S. services surplus has dropped 10 percent, and the U.S. agricultural surplus has fallen by 61 percent in the last five years.

These massive trade deficits come at another steep price; over the past five years alone, foreign-owned debt has more than doubled. It currently stands at \$2.2 trillion, or 17 percent of U.S. GDP. This Administration has accumulated more debt to foreigners than all previous Administrations combined.

These deficit and debt levels are unsustainable. The right trade policies and priorities can help fix the problem. We urge you to take two concrete steps.

First, we urge you to direct the USTR to request immediate consultations with eight key U.S. trading partners – Canada, China, the European Union, Japan, Korea, Mexico, Russia, and the United Kingdom – and to take action (whether under WTO rules, under U.S. law, or in bilateral negotiations), unless during a “consultation” period the problem in each case is successfully resolved. The matters raised are ones that involve critical U.S. manufacturing sectors (including steel, steel pipe, commercial aircraft engines, and automotive products), key services sectors (including electronic payments), and intellectual property rights. USTR has, in its NTE reports for the years 2001 through 2007, carefully documented many of these problems, but taken little or no effective action to redress or eliminate them.

In the past year, we were pleased to see the Administration initiate cases on spirits from India and on export subsidies in China. We believe these cases will succeed – China has already eliminated one export subsidy targeted by the Administration’s case – and urge the Administration to take similar action on the remaining issues we have identified. The details of these additional cases are set forth in an Appendix to this letter.

The President  
March 29, 2007  
Page 3

Second, we ask you to support legislation to be introduced next month that strengthens the enforcement of trade agreements and the preservation of U.S. rights under those agreements. The legislation will seek to pry open foreign markets to U.S. goods and services by ensuring that our trading partners play by the rules. It also will address a number of problems with the WTO dispute settlement system. A growing number of trade experts – including trade officials in your Administration – are expressing serious concerns that the WTO Appellate Body is imposing obligations on WTO Members, including the United States, that were not agreed to by those Members in the negotiations. According to a former Deputy USTR from the Reagan Administration, “the WTO dispute settlement system is veering off course and is increasingly a threat to the legitimacy of the entire body.” We would like to work with your Administration to re-establish the legitimacy and integrity of that system – a linchpin in the multilateral trading system.

Without vigorous and responsible enforcement, trade agreements will increasingly be seen as part of the problem. Americans deserve a trade policy that produces real results. The issuance of this year’s NTE report presents an important opportunity to announce a new, proactive approach to enforcing vigorously U.S. trade agreements. We hope that your Administration takes advantage of this opportunity and stand ready to work with you to restore credibility to American trade policy and the trading system.

Sincerely,



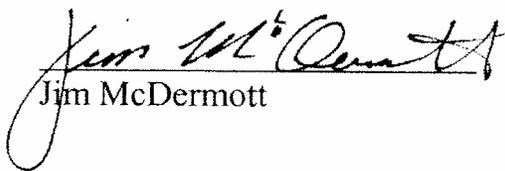
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Charles B. Rangel



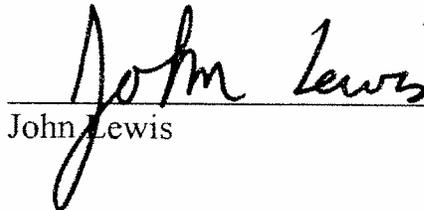
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Sander M. Levin



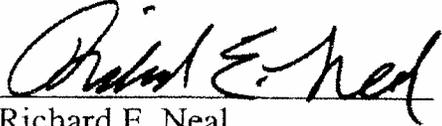
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Jim McDermott

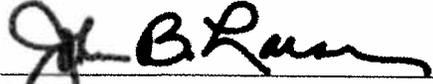


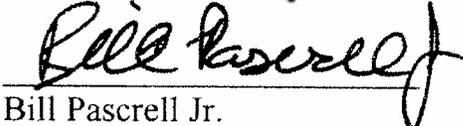
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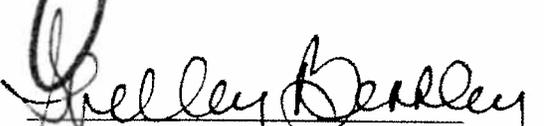
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Richard E. Neal

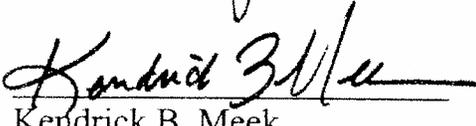
  
Stephanie Tubbs Jones

  
John B. Larson

  
Bill Pascrell Jr.

  
Shelley Berkley

  
Chris Van Hollen

  
Kendrick B. Meek

  
Lois Capps

5

**Congress of the United States**  
**Washington, DC 20515**

April 20, 2007

The Honorable Susan Schwab  
United States Trade Representative  
600 17th Street, NW  
Washington, DC 20508

Dear Ambassador Schwab:

We write with regard to Israel's status on the United States Trade Representative (USTR) Special 301 Report for 2007. It is our understanding that the USTR has been encouraged to designate Israel on the "Priority Watch List". While we recognize that concerns may exist with regards to Israel's Intellectual Property Rights (IPR) laws, we strongly feel that this recommendation is unwarranted and we urge you to remove Israel from the list.

First, in recent years, Israel has made great strides – working closely with the United States – to update and improve their intellectual property laws relating to data exclusivity and patent term restoration. Data exclusivity is allotted for 5 ½ years from the date an innovative drug is first approved for use in a recognized country<sup>1</sup>, or five years from the date of approval for use in Israel, whichever is earlier. This model is adapted from the North American Free Trade Agreement (NAFTA). Patent term restoration is allotted for up to five years beyond the twenty-year patent term required under the most comprehensive multilateral agreement on intellectual property, the World Trade Organization (WTO) TRIPS agreement.

Israel's protections far exceed the current level of protection with regard to both data exclusivity and patent term restoration provided by many other countries on the "Priority Watch List" or the "Watch List". In fact, at least eight countries on the 2006 Priority Watch List lacked data exclusivity protections. Furthermore, at least 26 of the countries on the 2006 Watch List and at least eight Priority Watch List countries provide no patent term restoration protections.

Second, as you are well aware, trade relations are an integral component of our strategic partnership with Israel. The United States entered into its first ever free trade agreement with Israel in 1985, and since then trade has been key to maintaining a mutually beneficial and strong U.S.-Israel relationship. We are concerned that Israel's designation on the Special 301 list impairs this trade relationship, and is ultimately detrimental to our relations with our most important ally in the Middle East.

Given the level of protections provided by Israel, and the importance of the U.S.-Israel relationship, it is extremely concerning that the USTR in 2005 elevated Israel from

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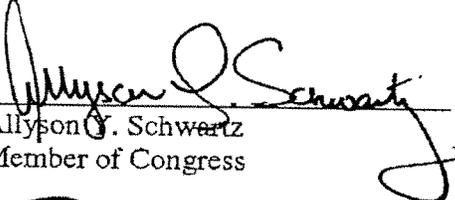
<sup>1</sup> A "recognized country", as defined in the Pharmacists Regulations (Pharmaceutical Products), 1986, includes any one of the following countries: United States, Canada, the EU member states, Norway, Switzerland, Iceland, Japan, Australia and New Zealand.

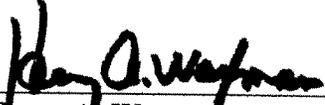
"Watch List" status to "Priority Watch List" status, and in 2006 maintained Israel on the "Priority Watch List". Israel has made substantial efforts to provide adequate intellectual property protection while ensuring access to medicines for its citizens. Therefore, we respectfully request that Israel be removed from the USTR Special 301 Report.

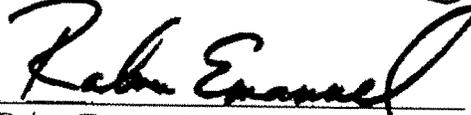
We would also like to take this opportunity to ask the USTR to provide Congress a rationale for its development of Special 301 standards and designations for determining the adequacy and effectiveness of the intellectual property protections enforced by U.S. trading partners. Given our concerns over Israel's placement on the list, we are interested in ensuring that the development of the Special 301 Report is more transparent and fair -- providing an understanding of how information is collected among various U.S. agencies and how submissions from private stakeholders are assessed in formulating each annual Special 301 Report.

We appreciate your consideration of our concerns and requests and look forward to working with you to ensure that the development of the Special 301 Report is a transparent and fair process and the report itself serves as a useful and balanced guide to intellectual property protections around the world.

Sincerely,

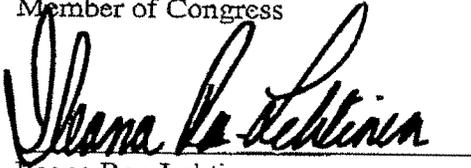
  
Allyson G. Schwartz  
Member of Congress

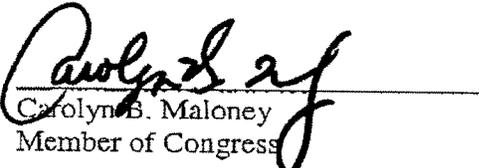
  
Henry A. Waxman  
Member of Congress

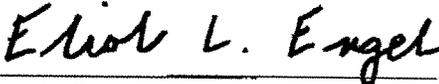
  
Rahm Emanuel  
Member of Congress

  
Eric Cantor  
Member of Congress

  
Tom Lantos  
Member of Congress

  
Illeana Ros-Lehtinen  
Member of Congress

  
Carolyn B. Maloney  
Member of Congress

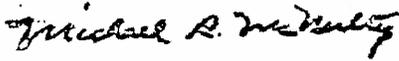
  
Eliot L. Engel  
Member of Congress



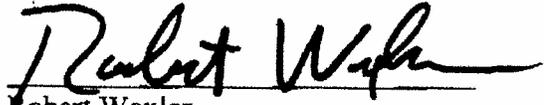
Steve Israel  
Member of Congress



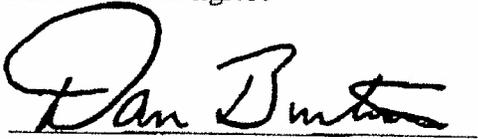
Ron Klein  
Member of Congress



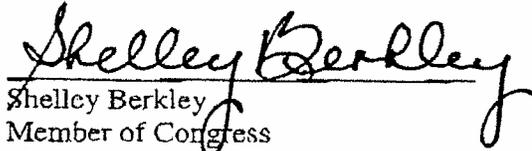
Michael R. McNulty  
Member of Congress



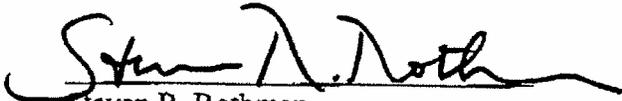
Robert Wexler  
Member of Congress



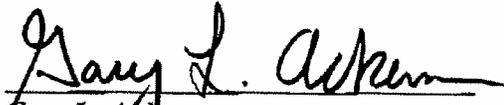
Dan Burton  
Member of Congress



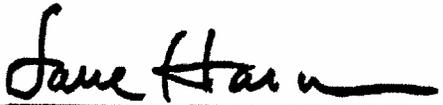
Shelley Berkley  
Member of Congress



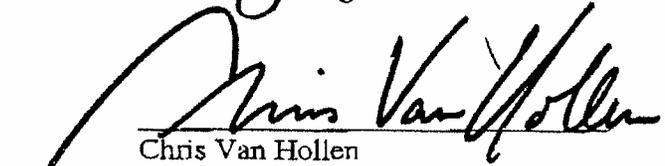
Steven R. Rothman  
Member of Congress



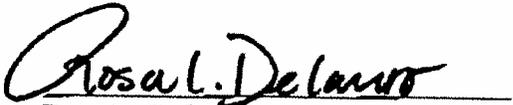
Gary L. Ackerman  
Member of Congress



Jane Harman  
Member of Congress



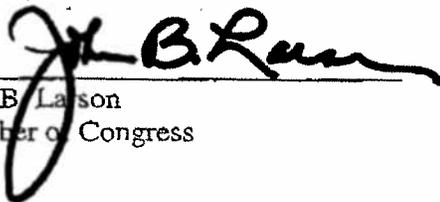
Chris Van Hollen  
Member of Congress



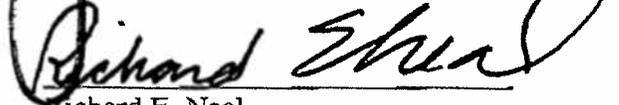
Rosa L. DeLauro  
Member of Congress



Janice D. Schakowsky  
Member of Congress



John B. Larson  
Member of Congress



Richard E. Neal  
Member of Congress

6

EXECUTIVE OFFICE OF THE PRESIDENT  
THE UNITED STATES TRADE REPRESENTATIVE  
WASHINGTON, D.C. 20508

June 12, 2007

The Honorable Shelley Berkley  
Committee on Ways and Means  
United States House of Representatives  
Washington, DC 20515

Dear Congresswoman Berkley:

I am pleased to provide you with a copy of *The 2007 Comprehensive Report on U.S. Trade and Investment Policy Toward Sub-Saharan Africa and Implementation of the African Growth and Opportunity Act (AGOA)*. This report is the seventh in a series of annual reports from the President to Congress required under Title I of the Trade and Development Act of 2000. USTR prepared the report with input from many U.S. Government agencies.

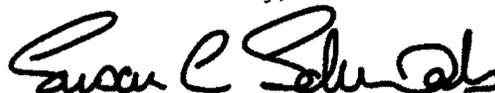
The 2007 report details the continued positive impact that AGOA is having on U.S. trade and investment relations with sub-Saharan Africa since its enactment in 2000. Many important milestones were achieved during the past year with the extension of AGOA and the strengthening of the U.S. trade and economic relationship with the countries of sub-Saharan Africa. The report is also available on the USTR web site ([www.ustr.gov](http://www.ustr.gov)).

I also wanted to bring to your attention that the sixth U.S.-Sub-Saharan Africa Trade and Economic Cooperation Forum (known informally as "the AGOA Forum") will be held in Accra, Ghana in July 2007. As in the past, this event will draw high-level participation from both the United States and the 38 AGOA-eligible countries and will include representatives from the private sector and civil society.

My staff would be pleased to brief you or your staff on the enclosed report or any other aspect of U.S.-Africa trade relations.

The Administration appreciates the Congressional support for its efforts to expand trade and investment ties with the countries of sub-Saharan Africa and will continue to work closely with Congress in strengthening our trade relations with the region.

Sincerely,



Susan C. Schwab

Enclosure

7

**Congress of the United States**  
**Washington, DC 20515**

November 19, 2007

The Honorable Susan Schwab  
United States Trade Representative  
Executive Office of the President  
600 17<sup>th</sup> St. NW  
Washington, D.C. 20508

Dear Ambassador Schwab:

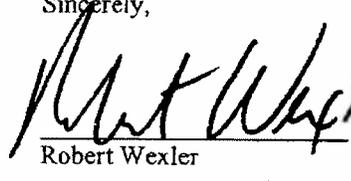
We have followed with some interest the trade dispute between Antigua and the United States on the question of Internet gambling, and are aware that the United States has been found by the World Trade Organization (WTO) to be out of compliance with respect to its obligations under the General Agreement on Trade in Services (GATS).

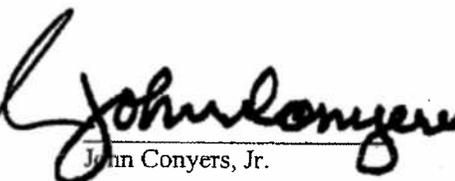
However, we were surprised to learn that your office has responded to this situation by taking the relatively unprecedented step of having the U.S. seek to withdraw its obligation under the GATS agreement. We are concerned about this because substantial trading partners, including the European Union, have pursued their right to meaningful compensation for the withdrawal of the obligation -- compensation which could prove expensive for the U.S. economy. However, we are perhaps more concerned about what this withdrawal says about U.S. credibility as a trading partner at a time when it is pursuing its own interests to market. In addition, we are very concerned about the precedent this sets for future situations in which parties to these agreements find a particular obligation inconvenient or politically difficult. Surely, they too might simply seek to follow the example set in this instance and withdraw the obligation. Inasmuch as the GATS agreement was negotiated largely at the urging of the U.S., this precedent is particularly worrisome.

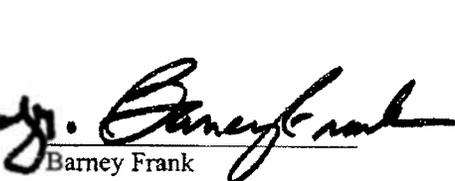
Traditionally, when a U.S. law has been found to be out of compliance, the Administration has consulted with Congress about possible legislative solutions that seek to bring the U.S. back into compliance. In this case, however, your agency has chosen not to consult with Congress, but to instead take what we view as a drastic step which could have significant consequences for the entire WTO system.

Accordingly, we are writing to express our interest in considering possible legislative solutions that might restore U.S. compliance with the GATS agreement without renouncing any of our commitments under that agreement. We would appreciate your assistance and advice as we explore such solutions.

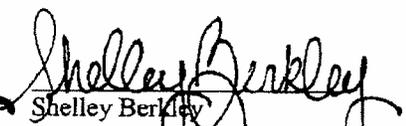
Sincerely,

  
Robert Wexler

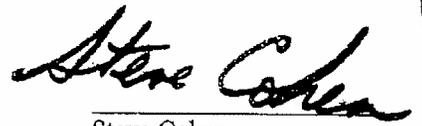
  
John Conyers, Jr.

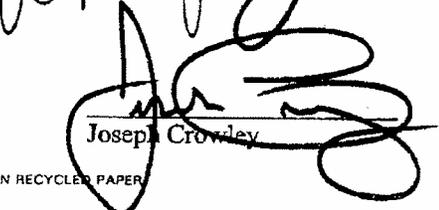
  
Barney Frank

  
John B. Larson

  
Shelley Berkley

  
Jim McDermott

  
Steve Cohen

  
Joseph Crowley

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# Congress of the United States

## U.S. House of Representatives

COMMITTEE ON WAYS AND MEANS

1102 LONGWORTH HOUSE OFFICE BUILDING  
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Washington, DC 20515-6348

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BRETT LOPER,  
MINORITY STAFF DIRECTOR

JANICE MAYS,  
CHIEF COUNSEL AND STAFF DIRECTOR

March 28, 2008

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. Contained in the NTE is a catalogue of barriers to U.S. exports of goods and services, investment and intellectual property rights. Many of the cases raised in this year's NTE will highlight barriers that have been persistent and long-standing problems for U.S. exporters, investors, and service providers for years. Yet these problems have not been effectively addressed.

We encourage the Administration to move past merely inventorying the systemic, recurring trade barriers that U.S. companies face, and to take a positive step forward and begin enforcing U.S. rights more vigorously. In a global economy, the negotiation of rules and agreements is important; however, without strong enforcement, the value of those agreements is significantly reduced. In the seven years that the Bush Administration has been in office, USTR has brought an average of less than three WTO cases per year. By contrast, the Clinton Administration brought an average of 11 WTO cases per year.

The United States cannot afford to continue down this path. The U.S. trade deficit last year remained at historically high and unsustainable levels. In 2007, the U.S. trade deficit was \$711.6 billion – the third highest in history and over five percent of the U.S. economy. Manufacturing has borne the highest cost, with the manufacturing trade deficit increasing by over 80 percent between 2001 and 2007, and the loss of over three million jobs during that period. Contrary to Administration claims, the trade deficit does not reflect strictly low-cost, low value-added imports. For example, during this time, the trade balance for advanced technology products shifted from a \$4.4 billion surplus in 2001, to a deficit of \$53.5 billion in 2007.

The President  
March 28, 2008  
Page 2

These massive trade deficits come at another steep price; over the past six years alone, foreign-owned debt has more than doubled. It currently stands at \$2.4 trillion, or 17 percent of U.S. GDP. This Administration has accumulated more debt to foreign governments and individuals than all previous Administrations combined.

These deficit levels are unsustainable – both for the United States and the global economy – and unacceptable. The right trade policies and priorities can help fix the problem. Unfortunately, during the last seven years, this Administration has mismanaged America's trade policy. We urge you to take important steps to remedy this situation.

The Appendix to this letter contains a compilation of a number of the most persistent barriers to trade, and proposed causes of action to address each. These matters are long overdue for effective action by the Administration. We strongly encourage you to instruct USTR to request immediate consultations with the following key trading partners: Canada, China, the European Union, Japan, Korea, Mexico, Russia, and the United Kingdom. If these significant trade issues cannot be resolved within the consultation period, we urge USTR to take appropriate action, whether under WTO rules, U.S. law, in bilateral negotiations, or a combination of these approaches. These trade barriers affect the manufacturing, services and agriculture sectors of our economy, and many involve the violation of intellectual property rights (IPR). USTR has recognized many of these barriers to trade in its NTE reports for the years 2001 - 2007. USTR, however, has failed to take effective action to redress these barriers.

Over the last 14 months, we have been pleased to see the Administration move forward to initiate important cases dealing with WTO violations by China. Notably, the Administration has filed cases on China's prohibited subsidies and IPR violations, issues that we have raised in previous letters to the Administration. We encourage USTR to take similar action on the remaining matters that we have highlighted.

The proliferation of Regional Trade Agreements (RTAs) also raises substantial concerns. In the last ten years, 140 RTAs were notified to the WTO as entering into force under Article XXIV of the GATT or the Enabling Clause. We are not convinced that the WTO is sufficiently monitoring these agreements or enforcing Article XXIV of the GATT. To compound this problem, in the last seven years, USTR has not challenged a single RTA at the WTO. Therefore, we now charge USTR with preparing a comprehensive assessment of significant RTAs to determine whether or not they are compliant with Article XXIV of the GATT and report to Congress its findings within six months. Additionally, USTR should provide conclusions regarding how it intends to address the trade barriers presented by RTAs that are not in compliance with Article XXIV and work with the WTO to fix the notification and review system to ensure strict enforcement of Article XXIV.

The President  
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Page 3

We additionally ask for your support of forthcoming legislation we will introduce to strengthen the enforcement of U.S. rights under our trade agreements. The legislation will include the creation of the office of a Congressional Trade Enforcer and renewal of "Super 301" authority.

Without vigorous enforcement, trade agreements do not benefit U.S. companies, workers, farmers or consumers. Americans deserve a trade policy that holds trading partners to the bargain negotiated and produces real results for the United States. The issuance of this year's NTE report presents an important opportunity to move in a positive and proactive way to ensure vigorous enforcement of U.S. trade agreements. We hope that your Administration takes advantage of this opportunity and we stand ready to work with you to improve the direction of American trade policy and restore the credibility of the global trading system.

Sincerely,

  
The Honorable Charles B. Rangel

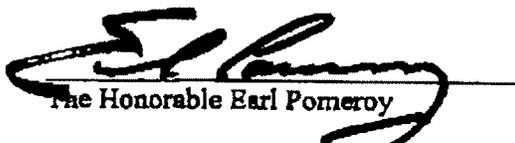
  
The Honorable Sander M. Levin

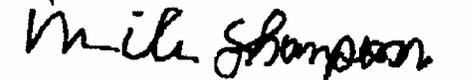
  
The Honorable Fortney Pete Stark

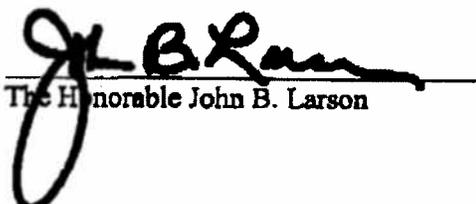
  
The Honorable John Lewis (GA)

  
The Honorable Richard E. Neal

  
The Honorable Xavier Becerra

  
The Honorable Earl Pomeroy

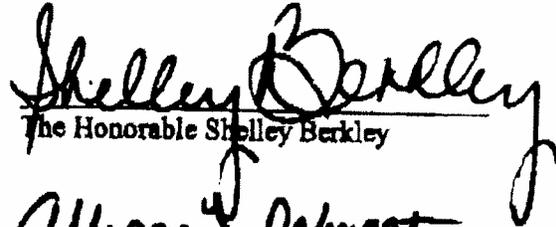
  
The Honorable Mike Thompson

  
The Honorable John B. Larson

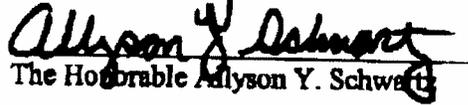
  
The Honorable Earl Blumenauer

The President  
March 28, 2008  
Page 4

  
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The Honorable Shelley Berkley

  
The Honorable Kendrick B. Meek

  
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# Congress of the United States

## U.S. House of Representatives

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MINORITY STAFF DIRECTOR

JANICE MAYE  
CHIEF COUNSEL AND STAFF DIRECTOR

March 26, 2008

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

Dear Mr. President:

We write to express our grave concerns about China's ongoing manipulation of its currency and the adverse impact that this is having on the U.S.-China trade relationship and the global economy. Now, more than ever, it is critical that the Administration use all available tools at its disposal to address China's protracted, large-scale intervention in the foreign exchange markets to maintain an undervalued currency.

The consequences of China's currency manipulation are manifest. China's undervaluation of the yuan makes U.S. exports to China more expensive and Chinese exports to the United States cheaper, contributing to massive U.S. trade deficits, lost jobs, and a suppression of U.S. economic growth. In 2007, the U.S. trade deficit with China surged past one-quarter of a trillion dollars. This figure represents an increase of almost 10 percent over the 2006 U.S.-China trade deficit, and amounts to 5 percent of the United States economy. At this time of economic insecurity, American workers, farmers and businesses can ill-afford to allow China to continue to undervalue its currency.

China's currency manipulation is an issue not only for the United States, but for the world economy. China's global trade surplus was a cause for serious concern in 2006 and before. That surplus grew 50 percent in 2007, to roughly 10.5 percent of China's gross domestic product, a level unprecedented for an economy of China's size. At the same time, China's foreign exchange reserves today exceed \$1.5 trillion, again, a level unprecedented in world history. Despite these serious imbalances in China, currencies of countries with much smaller trade surpluses have appreciated much more significantly in recent months than the Chinese yuan. This contrast provides clarity regarding China's currency manipulation and demonstrates the incongruity of the current relationship between China and the rest of the world.

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We recognize that the Administration has engaged in "quiet diplomacy" for the past four years in an attempt to address this problem. But we respectfully suggest that this approach has failed. As evidenced by the growing U.S. trade deficits with China and the minimally improved exchange rate, the problem persists.

We therefore call on the Administration to adopt and implement a new strategy relying upon all of the tools at its disposal, including those provided by the multilateral system. If vigorously implemented, the strategy outlined below can successfully check China's unfair currency manipulation, help reduce the global imbalances, and ensure that American workers, farmers and business can compete fairly in the global marketplace.

1. **Strengthen U.S. Leadership in the International Monetary Fund**

Article IV of the International Monetary Fund (IMF) Articles of Agreement states that the IMF shall exercise "firm surveillance" over its members to ensure that they "avoid manipulating exchange rates ... to gain an unfair competitive advantage over other members." To date, the IMF has failed to hold China accountable under this key provision. And, unfortunately, the United States has missed opportunities to ensure that China complies with IMF rules. For instance, in September 2006, the United States failed to hinge its support for an IMF resolution increasing China's voting shares in the IMF on China's commitment to halt its currency manipulation.

It is time that the United States began using opportunities like these in the IMF to pressure China to refrain from undervaluing the yuan. The Administration can begin to bring such pressure to bear by ensuring that the IMF holds China accountable in its upcoming staff report concerning China's compliance with Article IV. The Administration should also consider hinging its support for any future increases in China's IMF voting shares on a commitment from China to halt its currency manipulation.

2. **Take Action in the World Trade Organization**

China's currency manipulation needs to be addressed through the WTO, as well as the IMF. WTO rules are clear. A member country "shall not, by exchange action, frustrate the intent of the provisions of this Agreement[.]" China agreed to comply with this obligation when it joined the WTO in 2001. Unfortunately, China has failed to honor this fundamental commitment. This failure cannot continue to go unchecked.

Moreover, China's currency practices have impeded progress in the WTO Doha Round of trade negotiations. A number of countries have been reluctant to open their markets further to *fairly* traded imports, in part because they are struggling to fully absorb *unfairly* trade imports from China.

The President  
March 26, 2008  
Page 3

### 3. Initiate Special Negotiations with Key Countries

The adverse impact of China's actions is being felt in many countries around the world. This fact indicates that there is an opportunity to respond with action not just at the national level, but at a multilateral level as well. We urge you to work with other countries that have a strong interest in pressing China to end its currency manipulation practices.

China is not alone. Other countries, particularly in Asia, are also manipulating their currencies. The Administration should engage these countries in a process of eliminating to the maximum extent possible government-driven distortions in China and any other countries, and addressing the adverse consequences of currency manipulation in economies that are maintaining market-driven exchange rates.

There is important precedent for addressing the current currency-driven imbalances through an effective strategy of multilateral coordination. Early in 1985, senior members of Congress from both parties called on the Reagan Administration to address the issue of misaligned currencies and the large U.S. trade deficit. Later that year, a number of countries joined in an agreement to address the problem. No two circumstances are identical; yet, the substantial misalignment of currencies and the even-larger trade deficits of the current era may present some useful parallels with that earlier time. The Administration should invite other major industrial and emerging-market economies to a special meeting to address currency misalignment and global economic imbalances.

For our part, we intend to accelerate international efforts at the parliamentary level to describe and document the adverse effects of currency manipulation, and advance efforts to develop effective solutions. We hope that these efforts will accelerate changes to China's practices in ways that benefit American workers, farmers, and companies and buttress a more vigorous approach to these issues by your Administration.

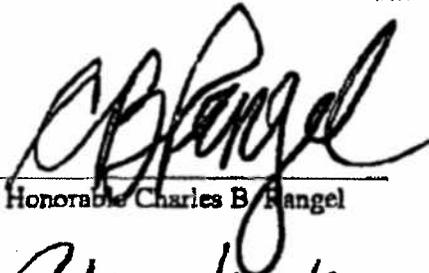
### 4. Enforce Existing U.S. Trade and Exchange Rate Laws

We also urge you to enforce existing U.S. laws that can address currency manipulation and its effects. For example, the Exchange Rates and International Economic Policy Coordination Act of 1988 ("1988 Act") requires the Treasury Secretary to identify foreign countries that are manipulating their currencies to gain an unfair competitive advantage. The Reagan Administration, the George H.W. Bush Administration, and the Clinton Administration all designated countries as manipulators under the 1988 Act. This Administration has failed to do so, despite even more compelling evidence of manipulation today.

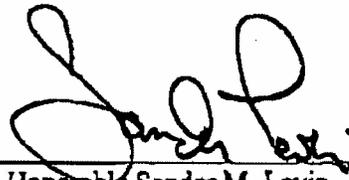
The President  
March 26, 2008  
Page 4

More than 60 years ago, the United States led the community of nations in the development of international economic rules that laid the foundation of international peace and prosperity. Today, the United States has the opportunity to lead the community of nations in ensuring compliance with those vital rules. The Executive Branch is in the best position to provide this leadership and has the tools it needs to do so. If the Administration is unable or unwilling to do so, Congress will take action, if necessary, to ensure the integrity of the international economic system and to guard against international economic instability.

Sincerely,



The Honorable Charles B. Rangel



The Honorable Sander M. Levin



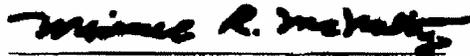
The Honorable Fortney Pate Stark



The Honorable John Lewis



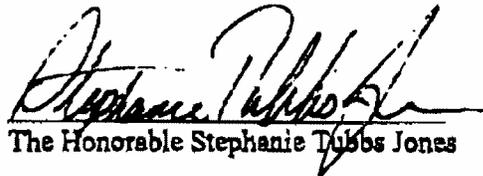
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The Honorable Michael R. McNulty



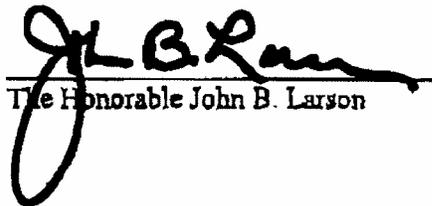
The Honorable Xavier Becerra



The Honorable Stephanie Tubbs Jones



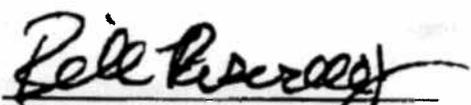
The Honorable Mike Thompson

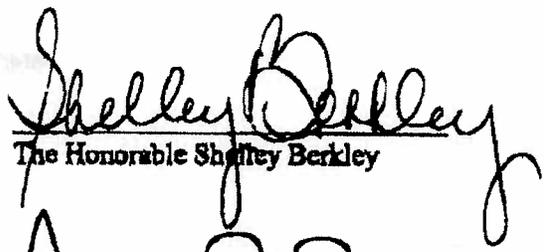


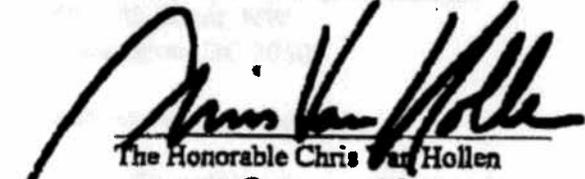
The Honorable John B. Larson

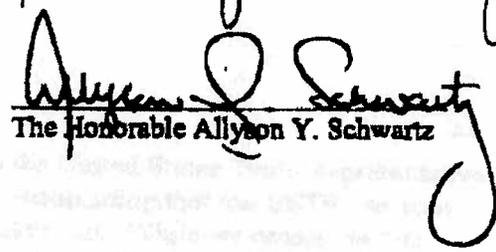
Department of the United States  
Washington, DC 20543

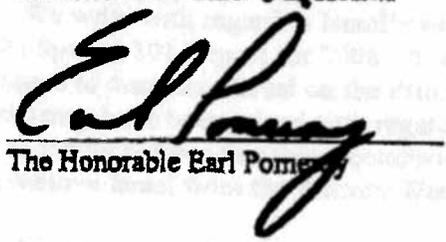
The President  
March 26, 2008  
Page 5

  
The Honorable Bill Pascrell, Jr.

  
The Honorable Shelley Berkley

  
The Honorable Chris Van Hollen

  
The Honorable Allyson Y. Schwartz

  
The Honorable Earl Pomeroy

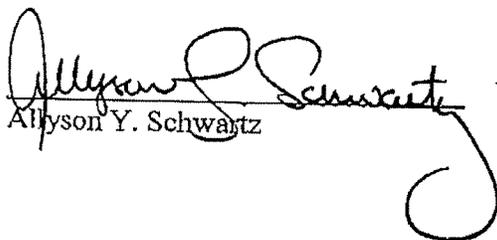
Israel made progress on copyright issues by enacting a new and modern copyright law in 2007. As a consequence, the International Intellectual Property Alliance recommended in its 2008 submission to the USTR to improve Israel's designation from the PWL to the WL.

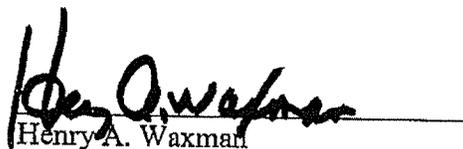
Additionally, as you know, trade relations are an integral component of our strategic partnership with Israel. The United States entered into its first ever free trade agreement with Israel in 1985, and since then trade has been key to maintaining a mutually beneficial and strong U.S.-Israel relationship. We are concerned that Israel's designation on the Special 301 list impairs this trade relationship, and is ultimately detrimental to our relations with our most important ally in the Middle East. We are also concerned that the USTR's approach may also be detrimental to Israel's accession to the Organisation of Economic Co-operation and Development, which would be contrary to the unanimous support of Congress for Israel's candidacy.

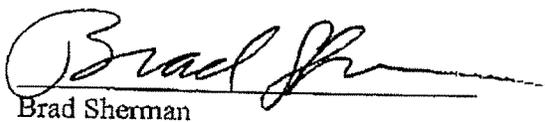
Therefore we respectfully request that Israel be removed from the USTR Special 301 Report. We would also like to take this opportunity to ask the USTR to provide Congress a rationale for its development of Special 301 standards for determining the adequacy and effectiveness of the intellectual property protections enforced by U.S. trading partners. Given our concerns over Israel's placement on the list, we are interested in ensuring that the development of the Special 301 Report is both transparent and fair.

Thank you for your consideration of our concerns and requests.

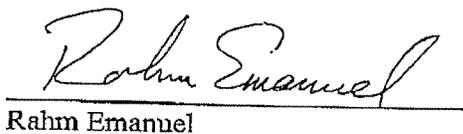
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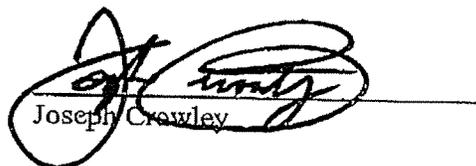
  
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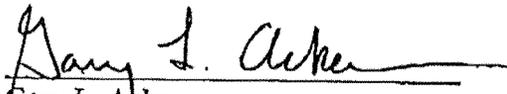
  
Henry A. Waxman

  
Brad Sherman

  
Ileana Ros-Lehtinen

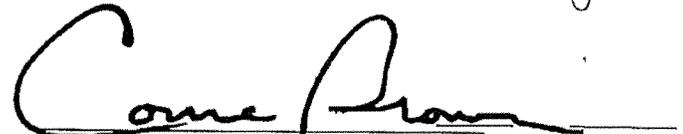
  
Rahm Emanuel

  
Joseph Crowley

  
Gary L. Ackerman

  
Shelley Berkley

  
Earl Blumenauer

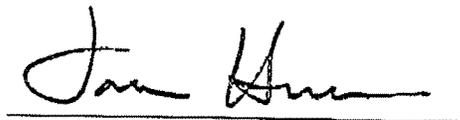
  
Corrine Brown

  
Dan Burton

  
Eric I. Cantor

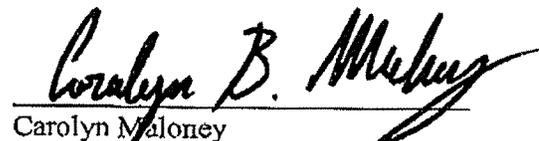
  
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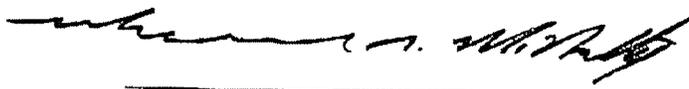
  
Susan A. Davis

  
Jane Harman

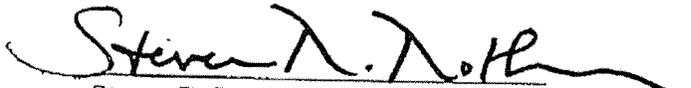
  
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Ron Klein

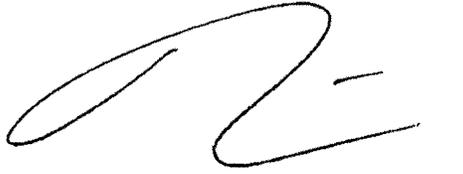
  
Carolyn Maloney

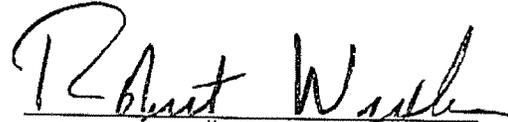
  
Michael R. McNulty

  
Richard E. Neal

  
Steven R. Rothman

  
Janice D. Schakowsky

  
Anthony D. Weiner

  
Robert I. Wexler

cc: The Honorable Condoleezza Rice, Secretary of State  
The Honorable Carlos Gutierrez, Secretary of Commerce

//

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JANICE MAYE,  
CHIEF COUNSEL AND STAFF DIRECTOR

# Congress of the United States

## U.S. House of Representatives

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JON TRAUER,  
MINORITY STAFF DIRECTOR

March 26, 2009

U.S. TRADE  
REPRESENTATIVE

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RECEIVED  
OFFICE OF  
GENERAL COUNSEL

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. The report catalogues 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 to eliminate them. Unfortunately, in years past, the report has grown in size and has simply demonstrated that all too many barriers remain in place year after year without resolution.

Too often in the past, we have negotiated rules and agreements, but then failed to hold our trading partners accountable. In the past eight years of the Bush Administration, the United States brought an average of less than three WTO cases per year. By contrast, the Clinton Administration brought an average of 11 WTO cases per year. This record of the Bush Administration is indicative of a "hands off" policy that contributed to our largest trade deficits in history. In a letter to President Bush at this time last year, many of us warned that these deficit levels were "unsustainable – both for the United States and the global economy." Unfortunately, many observers now believe that these deficits did indeed contribute to our current global economic crisis.

This is the beginning of a new Administration. We were encouraged that your Trade Policy Agenda recognized the need for a "rules-based trading system," and that U.S. Trade Representative Kirk testified in his confirmation hearing that the enforcement of our existing trade agreements will be a top priority in this new Administration.

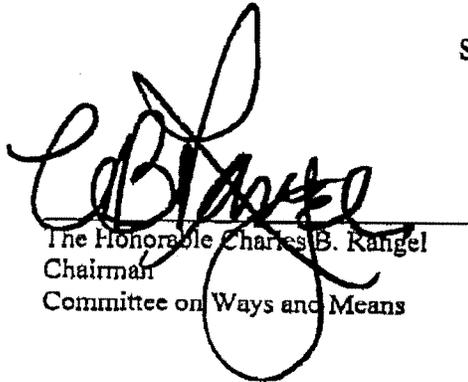
The President  
March 26, 2009  
Page 2

We ask you to examine not only the specific issues described in this letter, but to think about ways that the United States can *systematically* improve its ability to eliminate barriers and open foreign markets to U.S. exporters. We need a comprehensive strategy that, among other things: identifies priority foreign country practices the elimination of which is likely to have the most significant potential to increase U.S. exports; allocates additional resources to investigating and eliminating other countries' barriers; improves interagency and international coordination on enforcement initiatives; uses diplomacy more effectively to pry open foreign markets; and makes full use of our rights under our bilateral and multilateral trade agreements.

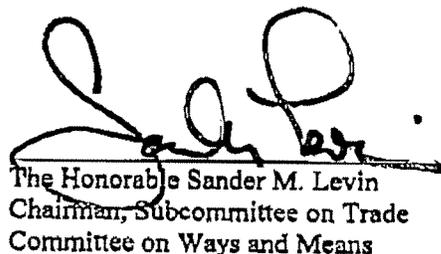
The Appendix to this letter contains a compilation of a number of the most persistent and significant barriers to trade, and proposed causes of action to address each. Many of these matters are long overdue for effective action. If these issues cannot be resolved within a reasonable consultation period, we urge USTR to take appropriate action, whether under WTO or other dispute resolution mechanisms, U.S. law, in bilateral negotiations, or a combination of these approaches.

We look forward to working with you and your Administration as the United States moves forward with a new trade policy, one that seeks to expand trade and to spread its many benefits while recognizing and mitigating its costs.

Sincerely,

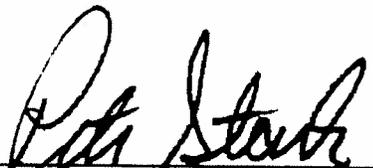


The Honorable Charles B. Rangel  
Chairman  
Committee on Ways and Means

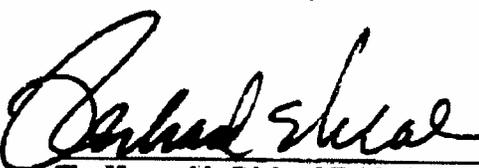


The Honorable Sander M. Levin  
Chairman, Subcommittee on Trade  
Committee on Ways and Means

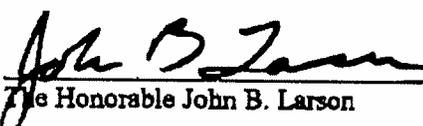
The President  
March 26, 2009  
Page 3

  
The Honorable Fortney Pets Stark

  
The Honorable John Lewis

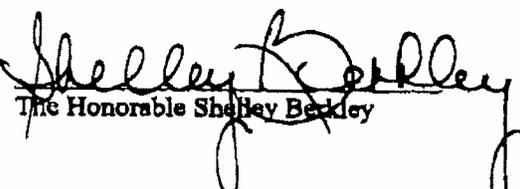
  
The Honorable Richard E. Neal

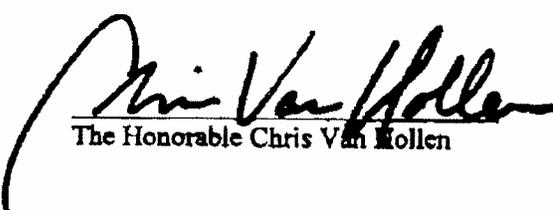
  
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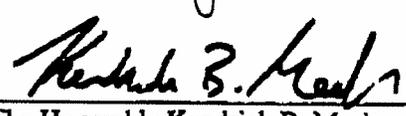
  
The Honorable John B. Larson

  
The Honorable Earl Blumenauer

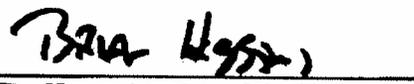
  
The Honorable Bill Pascrell, Jr.

  
The Honorable Shelley Berkley

  
The Honorable Chris Van Hollen

  
The Honorable Kendrick B. Meek

  
The Honorable Linda T. Sanchez

  
The Honorable Brian Higgins

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The Honorable Mike Thompson

  
The Honorable Danny K. Davis

Enclosure

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BRIAN HIGBINS, NEW YORK  
JOHN A. YARMUTH, KENTUCKY

JARCE MAYS,  
CHIEF COUNSEL AND STAFF DIRECTOR

# Congress of the United States

## U.S. House of Representatives

COMMITTEE ON WAYS AND MEANS

1102 LONGWORTH HOUSE OFFICE BUILDING  
(202) 226-3625

Washington, DC 20515-6548

<http://waysandmeans.house.gov>

September 10, 2009

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JON TRAUZ,  
MINORITY STAFF DIRECTOR

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

Dear Mr. President:

By September 17, you must decide whether to remedy the harm done to the U.S. tire industry and its workers by a tremendous surge in low-priced Chinese tire imports. Your decision is an important one. This industry has lost over 5,000 workers since the surge began, and stands to lose thousands more jobs if effective relief is not provided. This decision also will be important to restore the confidence of our workers, producers and farmers that their government will enforce U.S. rights, and to set in action a new affirmative trade policy that expands trade and shapes that expansion to widen its benefits and address distortions.

This case was brought under Section 421, a provision of law included in legislation granting China permanent normal trade relations (PNTR) status. Section 421, which was a critical component to Congress's decision to grant China PNTR, allows the United States to take action to limit Chinese imports when a surge of imports injures a U.S. industry. Importantly, action under Section 421 is specifically provided for under the rules governing China's membership in the World Trade Organization (WTO), and was agreed to by China. The Clinton Administration included the provision in China's WTO accession agreement at the urging of Congress, including many of us on the Committee on Ways and Means.

The facts of the tires case support meaningful relief. After conducting an extensive investigation, the independent International Trade Commission (ITC) concluded that a surge of low-priced Chinese tires had "materially injured" the U.S. tire industry and caused "market disruption" in the United States. The ITC found that imports from China more than tripled from 2004 through 2008 (from 14.6 million to 46 million units) and that Chinese imports were underselling U.S. tires by 23-25 percent during the highest points in the surge. At the same time, the U.S. tire industry's sales fell by 30 percent, and more than 5,000 U.S. workers lost their jobs.

It is crucial that you provide a remedy that addresses both the surge in Chinese imports, and price undercutting by Chinese producers. The ITC, in proposing additional tariffs in its recommendation, noted the importance of addressing both factors, in order to prevent additional job loss and potentially restore jobs.

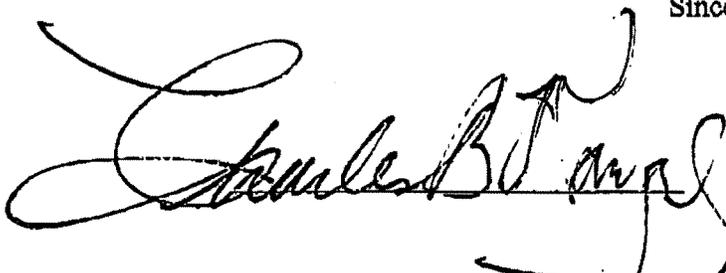
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GENERAL COUNSEL  
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REPRESENTATIVE

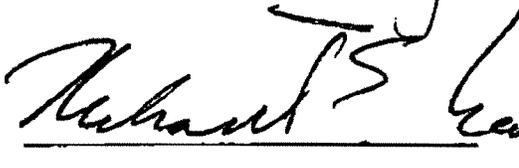
The President  
September 10, 2009  
Page 2

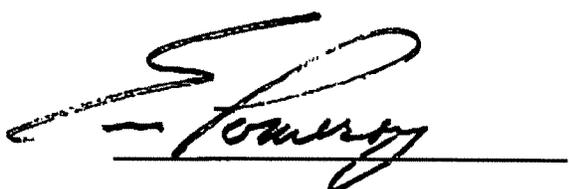
The previous Administration made Section 421 a dead letter by refusing to provide relief in all four cases in which the ITC recommended relief. That refusal was an important factor undermining confidence among the public and many in Congress in U.S. trade policy. To help move U.S. trade policy forward, we must restore the confidence of our workers, producers and farmers that we will stand up for U.S. rights and implement U.S. trade remedy laws.

We appreciate your consideration of this important matter.

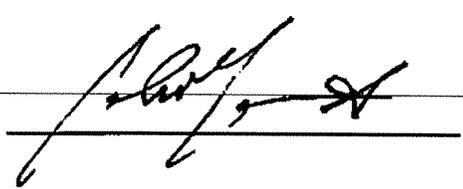
Sincerely,

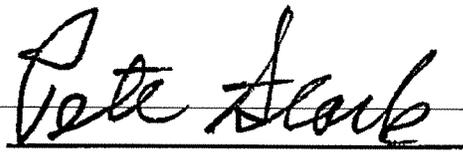
  
Charles Stenholm

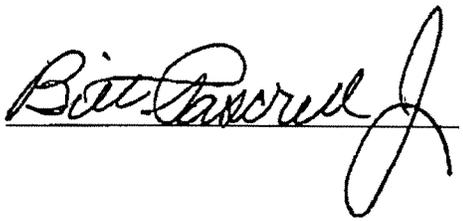
  
Robert E. Latta

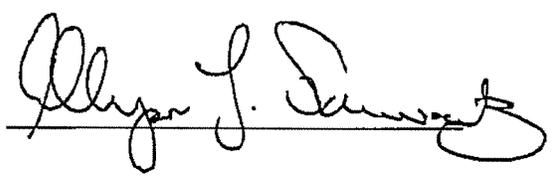
  
Tommy

  
Paul Blumenthal

  
Paul

  
Pete Stork

  
Bill Pascrell

  
Allyn J. Dunaway

The President  
September 10, 2009  
Page 3

Mike Simpson

Jim McDermott

John L. Lewis

Anna J. Eshoo

Ben Rayburn

Stacy Litzky

Walter Jones

Kendrick Brown

John B. Larson

Danny K. Davis

Chris Van Hollen

Bob Chertoff

The following Democratic Members of the Committee on Ways and Means signed this letter:

Charles B. Rangel (Chairman) (NY)  
Sander M. Levin (Trade Subcommittee Chairman) (MI)  
Fortney Pete Stark (CA)  
Jim McDermott (WA)  
John Lewis (GA)  
Richard E. Neal (MA)  
Xavier Becerra (CA)  
Lloyd Doggett (TX)  
Early Pomeroy (ND)  
Mike Thompson (CA)  
John B. Larson (CT)  
Earl Blumenauer (OR)  
Bill Pascrell Jr. (NJ)  
Shelley Berkley (NV)  
Joseph Crowley (NY)  
Chris Van Hollen (MD)  
Kendrick Meek (FL)  
Allyson Y. Schwartz (PA)  
Artur Davis (AL)  
Danny K. Davis (IL)  
Bob Etheridge (NC)  
Linda Sanchez (CA)  
Brian Higgins (NY)  
John A. Yarmuth (KY)

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EXECUTIVE OFFICE OF THE PRESIDENT  
THE UNITED STATES TRADE REPRESENTATIVE  
WASHINGTON, D.C. 20508

OCT 19 2009

The Honorable Shelley Berkley  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Congresswoman Berkley:

Thank you for sharing your views with President Obama on the section 421 investigation regarding imports of passenger vehicle and light truck tires from China. After considering the U.S. International Trade Commission's (ITC) determination that increasing imports from China are causing market disruption to the domestic producers of these products, and the recommendations that he received on the appropriate remedy from the ITC and the U.S. Trade Representative, President Obama imposed a temporary additional duty on import of these tires from China. This decision is fully consistent with U.S. rights and obligations under the rules of the World Trade Organization (WTO) and U.S. law.

The independent and bipartisan ITC conducted a thorough investigation in response to the petition that it received in April 2009. As a result of its investigation, the ITC concluded that increasing imports of tires for passenger cars and light trucks are causing market disruption for domestic producers of like or directly competitive products. Specifically, according to the ITC, imports of tires from China more than tripled between 2004 and 2008, increasing from 14.6 million tires to 46 million tires. In the same period, four U.S. tire production plants closed and 5,000 fewer U.S. workers were employed in the industry. Three additional tire plants are scheduled to close in 2009.

After receiving the ITC's determination on market disruption and an accompanying remedy recommendation, the Office of the United States Trade Representative (USTR) requested and obtained views and evidence from interested parties and the public, and conducted a public hearing on the ITC's recommended remedy: a three-year import tariff remedy, set at 55 percent *ad valorem* for the first year, 45 percent *ad valorem* for the second year, and 35 percent *ad valorem* for the third year. Based on this information and the USTR's subsequent recommendation, the President concluded that the most appropriate action was to impose an additional tariff for a three-year period, set at levels lower than those recommended by the ITC. The additional tariffs are set at 35 percent *ad valorem* for the first year, 30 percent *ad valorem* for the second year, and 25 percent *ad valorem* for the third year, and went into effect on September 26, 2009. President Obama pursued this legal and temporary safeguard remedy only after the Administration had exhausted all avenues for a negotiated solution with the Chinese.

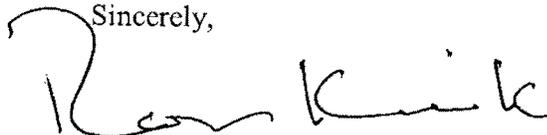
Section 421 is the provision in U.S. law codifying the "product-specific safeguard" that is part of China's Protocol of Accession to the WTO. Negotiating this safeguard was important in part due to the government's significant role in China's economy, which can lead to policies designed to encourage excess production capacity and stimulate exports. The product-specific safeguard is a transitional mechanism that expires on December 11, 2013. Section 421 expires on that same date.

The Honorable Shelley Berkley  
Page 2

Given the facts of this case and the safeguard remedy available to the President under WTO rules and U.S. law, we believe that the remedy imposed in this case is the appropriate response to the market disruption caused by an increase in imports of passenger car and light truck tires from China. We also believe that, in taking this action, we are fulfilling our promise to stand up for U.S. workers and businesses by enforcing our rights under our trade agreements and enforcing our own trade laws.

I appreciate your interest in this matter and hope we can continue to work together to advance U.S. trade interests.

Sincerely,

A handwritten signature in black ink, appearing to read "Ron Kirk". The signature is written in a cursive, flowing style with a large initial "R" and a distinct "K".

Ronald Kirk

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## 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.

The President  
March 25, 2010  
Page 2

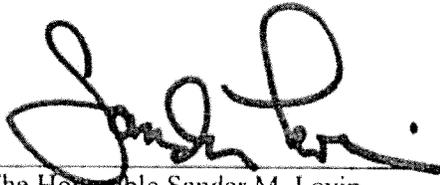
Your Administration has already taken some important steps to strengthen trade enforcement. Overall, we are encouraged by your recognition of the need to address global trade imbalances, your goal to double U.S. exports over the next five years, and your commitment to improve the enforcement of U.S. 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.

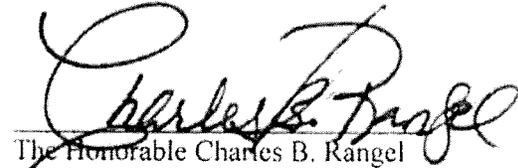
We urge you to use the NTE as an opportunity to address these barriers by instructing USTR to request immediate negotiations with our respective key trading partners. If these significant trade issues cannot be resolved on an expedited basis, we urge USTR to take appropriate action, whether under WTO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



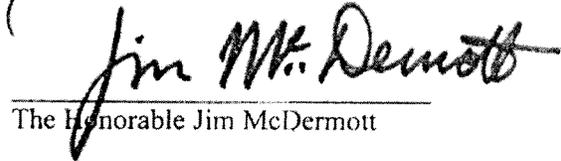
The Honorable Sander M. Levin



The Honorable Charles B. Rangel



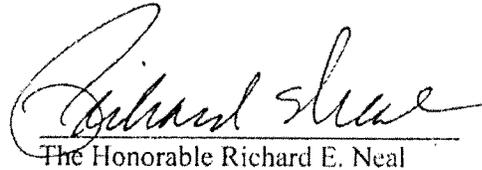
The Honorable Fortney Pete Stark



The Honorable Jim McDermott



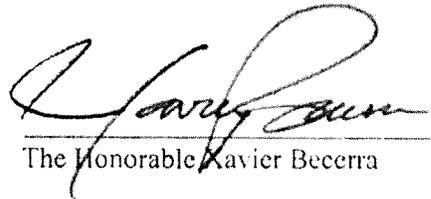
The Honorable John Lewis (GA.)



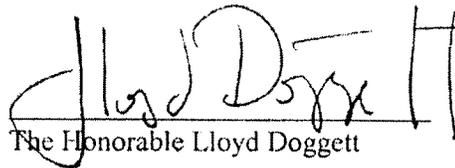
The Honorable Richard E. Neal



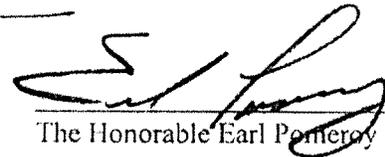
The Honorable John S. Tanner



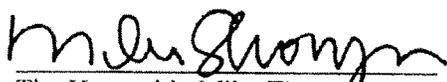
The Honorable Xavier Becerra



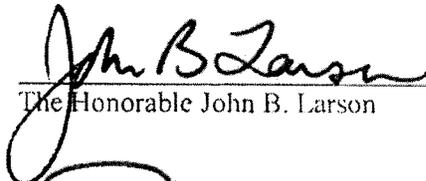
The Honorable Lloyd Doggett



The Honorable Earl Pomeroy



The Honorable Mike Thompson



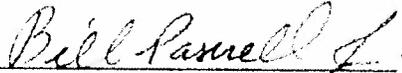
The Honorable John B. Larson

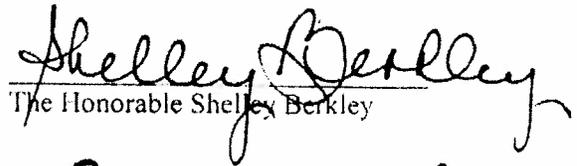


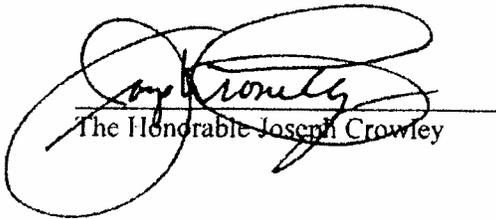
The Honorable Earl Blumenauer

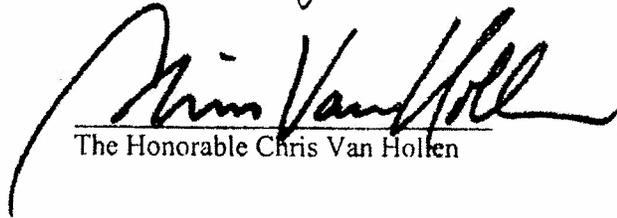


The Honorable Ron Kind

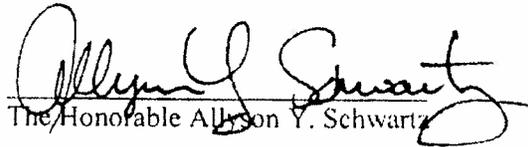
  
The Honorable Bill Pascrell, Jr.

  
The Honorable Shelley Berkley

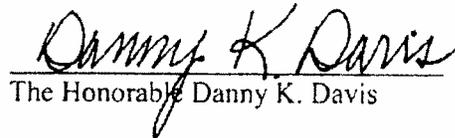
  
The Honorable Joseph Crowley

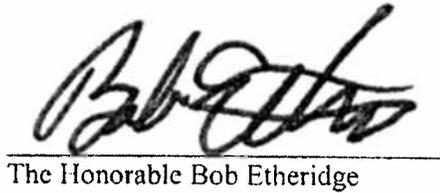
  
The Honorable Chris Van Hollen

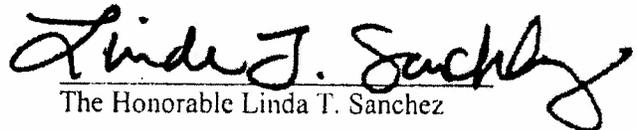
  
The Honorable Kendrick Meek

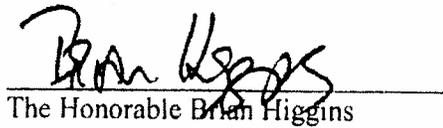
  
The Honorable Allyson Y. Schwartz

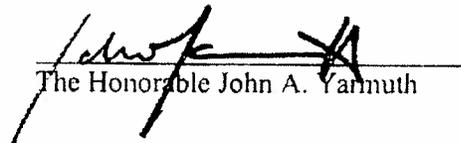
  
The Honorable Artur Davis

  
The Honorable Danny K. Davis

  
The Honorable Bob Etheridge

  
The Honorable Linda T. Sanchez

  
The Honorable Brian Higgins

  
The Honorable John A. Yarmuth

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EXECUTIVE OFFICE OF THE PRESIDENT  
THE UNITED STATES TRADE REPRESENTATIVE  
WASHINGTON, D.C. 20508  
April 29, 2010

The Honorable Shelley Berkley  
Committee on Ways and Means  
405 Cannon House Office Building  
Washington, D.C. 20515

Dear Congresswoman Berkley:

  
Thank you for your letter of March 25, signed by you and your colleagues on the Ways and Means Committee, regarding the 2010 National Trade Estimate (NTE) Report. The President has asked me to respond on his behalf.

President Obama and I strongly support the rules-based global trading system, and are committed to winning new market access abroad and responding to unfair foreign competition through all available means, whether through pursuit of dispute settlement proceedings, reinvigorating negotiations, or bilateral consultations. Over the past year, USTR has pursued with increased energy and dedication the enforcement of U.S. rights under our trade agreements and initiated negotiations and engaged in bilateral consultations to address barriers to exports of U.S. goods and services. These efforts have included new initiatives to address the most important — and frequently some of the most difficult — trade barriers, known as “non-tariff barriers”, and have also included efforts to address persistent problems identified in the NTE Report. Our overarching objective is to enhance trade and grow the U.S. economy, creating jobs for U.S. workers and spurring innovation in America.

As you note, President Obama has taken steps through the formation of the National Export Initiative to reach the goal of doubling U.S. exports in the next five years which will support 2 million additional jobs in the United States. Meeting this objective will present new challenges, including how best to use our resources to encourage more U.S. companies to export, in particular small and medium-sized enterprises.

The Administration must continue the process of enforcing U.S. rights under agreements, reducing trade barriers, and ensuring that U.S. workers benefit from a level playing field. The NTE Report is an important tool in that effort as it records what has been achieved and the issues that remain to be resolved.

On March 31, 2010, USTR issued three reports on significant foreign trade barriers: the 2010 NTE report and, for the first time, two specialized reports, one concerning standards-related trade barriers (2010 Report on Technical Barriers to Trade) (TBT Report), and one on significant

The Honorable Shelley Berkley  
Page 2

foreign trade barriers in the form of Sanitary and Phytosanitary Measures (2010 Report on Sanitary and Phytosanitary Measures) (SPS Report). These Reports identify current trade barriers, the results of our efforts to reduce and eliminate those barriers, and plans for future engagement

We believe that the NTE, SPS, and TBT reports are useful in developing a roadmap for action, and share your desire to address significant barriers to trade using the best and most appropriate tools available. We look forward to working with you and your colleagues on addressing these important trade issues.

Sincerely,

A handwritten signature in black ink, appearing to be "Ron Kirk", written over the word "Sincerely,".

Ambassador Ron Kirk

The current system works well. US trucking firms have testified they have no desire to enter Mexico and become a prized target in the ongoing drug war in Mexico. They have raised legitimate concerns about hijackings, extortion and theft. They are confident the existing current 20 mile commercial border zone is superior to the proposed full cross border program.

As the following timeline demonstrates, Congress has repeatedly and overwhelmingly rejected the cross-border program because it failed to adequately protect Americans from unsafe Mexican trucking standards. In a Congress that rarely agrees on anything, this issue has unified Democrats and Republicans on both sides of the Hill.

- In May of 2007, the House voted overwhelmingly, 411-3, to pass H.R. 1773, the Safe American Roads Act of 2007. This legislation would have imposed additional restrictions on the cross-border demonstration program and ensured that DOT establish a process to analyze the impact of allowing Mexican trucks on our nation's roadways before the border is permanently opened. Then-Representative LaHood voted for this bill.
- The FY 2007 Iraq War Supplemental spending bill (P.L. 110-28) included strict measures to ensure that the demonstration program adhered to safety and security guidelines and required that its progress be assessed by an independent panel.
- In 2008, both the House and Senate both passed amendments to the FY 2008 Transportation spending bill to prohibit the use of federal funds to implement the Cross Border Truck Safety Inspection Program. Both then-Senator Obama and Representative LaHood supported these amendments. Ultimately, the prohibition was included in the FY 2008 Omnibus Appropriations Act (P.L. 110-161).
- Finally Congress terminated the cross-border demonstration program in the FY2009 Omnibus Appropriations Act (P.L. 111-8).

Congress has repeatedly objected to the demonstration program because Mexico has not met U.S. safety standards. Mexican access to U.S. roadways is dependent on carriers proving they meet U.S. safety standards regarding hours of service, driver training, licensing, drug testing and vehicle safety. However, there has been no comprehensive independent review to assess whether Mexico's vehicle standards and driver licensing and safety rules are equivalent to the requirements of U.S. law.

The cross-border demonstration program was a poor test of the true level of safety that will be seen among Mexico domiciled carriers if the border is opened. The DOT IG's February, 2009 report found that the low rate of participation in long haul operations among Mexican carriers "was not adequate to provide statistically valid findings that will allow FMCSA to project safety performance of the pool of applicants for long haul operating authority." Further, the IG found that "participants were not representative of Mexican carriers likely to

conduct long-haul operations” in terms of certain business characteristics and in terms of safety history. Specifically, vehicle and driver out-of-service rates for pilot program participants were lower, by a statistically significant margin, than other Mexican carriers that currently operate in the United States in the commercial zone or under grandfather rights. In other words, the IG substantiated the fact that DOT cherry picked the safest carriers to participate in the pilot.

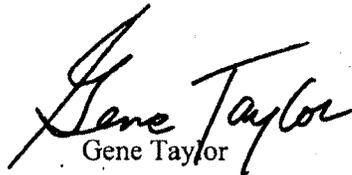
Removing the cross border trucking provision from NAFTA will also prevent more job losses at a time when we can least afford them. Should the border be fully opened to Mexican trucks, the low wages of Mexican drivers will drive U.S trucking companies out of business. This continues a disturbing trend of American job losses through outsourcing. The difference is that we are allowing foreign workers making foreign wages to enter our nation and unfairly compete for American jobs. Opening our border to Mexican trucks is a lose-lose for U.S. workers and the traveling public.

It is clear the easiest path to eliminating the retaliatory Mexican tariffs is to renegotiate U.S. NAFTA Annex I (I-U-21). Thank you for your attention to our concerns and we look forward to a prompt reply.

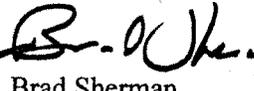
Sincerely,

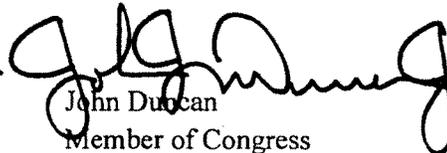
  
Peter DeFazio  
Member of Congress

  
Duncan Hunter  
Member of Congress

  
Gene Taylor  
Member of Congress

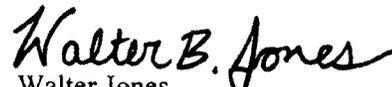
  
James Oberstar  
Member of Congress

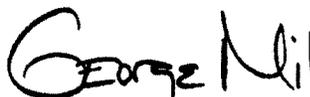
  
Brad Sherman  
Member of Congress

  
John Duncan  
Member of Congress

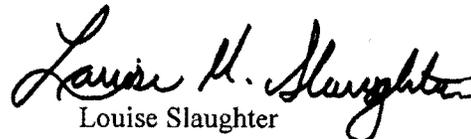
  
Ed Whitfield  
Member of Congress

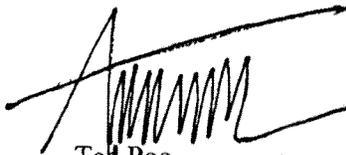
  
Gene Green  
Member of Congress

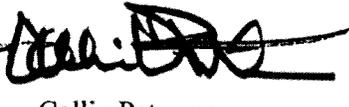
  
Walter Jones  
Member of Congress

  
George Miller  
Member of Congress

  
Thaddeus McCotter  
Member of Congress

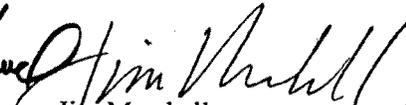
  
Louise Slaughter  
Member of Congress

  
Ted Poe  
Member of Congress

  
Collin Peterson  
Member of Congress

  
Barney Frank  
Member of Congress

  
Mike Michaud  
Member of Congress

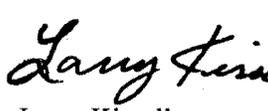
  
Jim Marshall  
Member of Congress

  
Phil Hare  
Member of Congress

  
Jerry Costello  
Member of Congress

  
Charlie Melarcon  
Member of Congress

  
Bob Filner  
Member of Congress

  
Larry Kissell  
Member of Congress

  
Tim Holden  
Member of Congress

  
Steve Kagen  
Member of Congress

  
Leonard Boswell  
Member of Congress

  
Mike Doyle  
Member of Congress

  
Betty Sutton  
Member of Congress

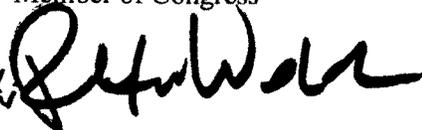
  
Mark Schauer  
Member of Congress

  
Brian Baird  
Member of Congress

  
Tim Bishop  
Member of Congress

  
Mazie Hirono  
Member of Congress

  
Daniel Lipinski  
Member of Congress

  
Peter Welch  
Member of Congress

  
John Garamendi  
Member of Congress

  
Marcy Kaptur  
Member of Congress

  
Bruce Braley  
Member of Congress

*Nick Rahall*  
Nick Rahall  
Member of Congress

*Peter Vasclosky*  
Peter Vasclosky  
Member of Congress

*David Wu*  
David Wu  
Member of Congress

*John Boccieri*  
John Boccieri  
Member of Congress

*Jason Altmire*  
Jason Altmire  
Member of Congress

*Russ Carnahan*  
Russ Carnahan  
Member of Congress

*Pete Stark*  
Pete Stark  
Member of Congress

*James McGovern*  
James McGovern  
Member of Congress

*Michael Arcuri*  
Michael Arcuri  
Member of Congress

*Christopher Carney*  
Christopher Carney  
Member of Congress

*Heath Shuler*  
Heath Shuler  
Member of Congress

*Tim Walz*  
Tim Walz  
Member of Congress

*Maurice Hinchey*  
Maurice Hinchey  
Member of Congress

*Bill Pascrell*  
Bill Pascrell  
Member of Congress

*Brian Higgins*  
Brian Higgins  
Member of Congress

*Alan Mollohan*  
Alan Mollohan  
Member of Congress

*Lynn Woolsey*  
Lynn Woolsey  
Member of Congress

*Grace Napolitano*  
Grace Napolitano  
Member of Congress

*Shelley Berkley*  
Shelley Berkley  
Member of Congress

*Dave Loebsack*  
Dave Loebsack  
Member of Congress

*Dennis Kucinich*  
Dennis Kucinich  
Member of Congress

*Barbara Lee*  
Barbara Lee  
Member of Congress

*Michael Capuano*  
Michael Capuano  
Member of Congress

*Dennis Moore*  
Dennis Moore  
Member of Congress

Rick Boucher  
Member of Congress

Chellie Pingree  
Member of Congress

Keith Ellison  
Member of Congress

Joe Baca  
Member of Congress

Patrick Murphy  
Member of Congress

Janice Schakowsky  
Member of Congress

Loretta Sanchez  
Member of Congress

Carol Shea-Porter  
Member of Congress

Betty McCollum  
Member of Congress

Linda Sánchez  
Member of Congress

Tammy Baldwin  
Member of Congress

Paul Tonko  
Member of Congress

Kathy Danikemper  
Member of Congress

Bart Stupak  
Member of Congress

Ferrol Nadler  
Member of Congress

Mary Jo Kilroy  
Member of Congress

  
Bern McNamee  
Member of Congress

Tim Ryan  
Member of Congress

17

EXECUTIVE OFFICE OF THE PRESIDENT  
THE UNITED STATES TRADE REPRESENTATIVE  
WASHINGTON, D.C. 20508  
July 1, 2010

The Honorable Shelley Berkley  
U.S. House of Representatives  
Washington, D.C. 20515

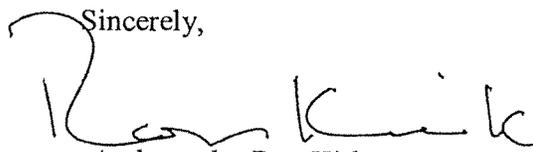
Dear Congresswoman Berkley:

Thank you for your recent letter suggesting that the United States reopen the North American Free Trade Agreement (NAFTA) to remove the commitments agreed to by the United States to provide non-discriminatory treatment for Mexican long-haul trucking services. I am pleased that you agree that ending Mexico's retaliatory tariffs on U.S. exports is important and appreciate the effort you have made to suggest an alternate approach for doing so.

However, I remain convinced that the best interests of the United States are served not by proposing a renegotiation of the agreement but by working with the Congress and Mexico to resolve this dispute in a manner that is consistent with our international obligations and that ensures our roads are safe and that all drivers meet our qualifications. Such a resolution would contribute to the competitiveness of our economy and benefit our consumers. It would also, of course, accomplish our shared goal of ending Mexico's retaliation on U.S. goods.

Again, thank you for your letter. Please do not hesitate to contact my office should you have any questions.

Sincerely,



Ambassador Ron Kirk

# Congress of the United States

Washington, DC 20515

June 2, 2010

President Barack Obama  
The White House  
1600 Pennsylvania Avenue, NW  
Washington, DC 20500

Dear Mr. President:

We write today to urge you to take an important step towards expanding markets and creating American jobs by supporting approval of the U.S.-Colombia Trade Promotion Agreement. As you know, one key to economic improvement at home is expanding our markets abroad. Your Administration's target of doubling U.S. exports in the next five years is an ambitious and worthy goal.

With 95 percent of the world's consumers living outside the United States, our future economic growth and job creation depend on expanding exports. Under the trade preferences we provide to developing countries, most Colombian goods currently enter the United States duty-free, but U.S. products pay full duty into the Colombian market. The Agreement would finally permit duty-free access for U.S. exports of goods and services. In fact, virtually every economic study has come to the conclusion that the United States will benefit economically from the Agreement.

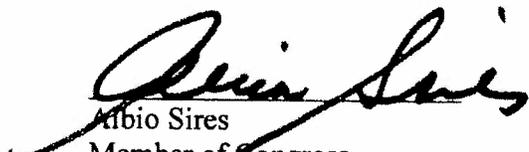
The longer we wait to approve the Agreement, signed over three years ago, the more we stand to lose. Already, U.S. companies have been forced to pay an estimated \$2.7 billion in unnecessary duties on exports of American made products to Colombia because of the delay in implementing the Agreement. These duties put American workers at a competitive disadvantage. Also, as Colombia moves forward with other trade agreements, we will see the Agreement's benefits to U.S. exporters diminished. Colombian free trade negotiations with Canada and the European Union have been concluded, and additional agreements are soon to come. Clearly, further delay risks sacrificing the entire Colombian market to U.S. competitors.

Of equal significance is the impact of the Agreement on our national security. Colombia has been a valuable ally to the United States, and we believe strengthening our economic ties with Colombia will help ensure the country continues on the path of reform, stability and friendship in an increasingly volatile region. As partners in combating drug trafficking and fighting terrorism, our bilateral efforts have made significant progress during the past decade. Indeed, Colombia has made remarkable progress on many fronts, emerging as an important growth market and a leading center for Latin American business. In a region that has seen a disturbing increase in hostility to U.S. interests and values, Colombia has consistently proven itself to be an important friend, a reliable partner and a bulwark for democracy.

As you know, in August of this year, Colombian President Alvaro Uribe will end his second term and turn over office to a newly elected president. This peaceful and orderly transition will continue Colombia's democratic tradition as Latin America's oldest democracy. We believe the passage of the Agreement before August would be a fitting way to recognize our partnership and our commitment to common goals of democracy, sustainable development, and security.

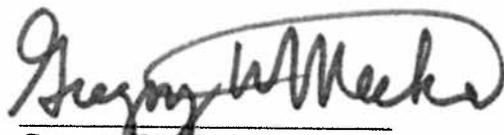
For the benefit of our economy and our national security, we urge you to resolve any outstanding obstacles to the U.S-Colombian Trade Promotion Agreement, submit the agreement to Congress, and support its prompt approval. We believe the implementing legislation will have strong, bipartisan support in Congress, and we stand ready to work with you to ensure its passage.

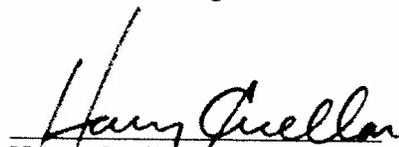
Sincerely,

  
Albio Sires  
Member of Congress

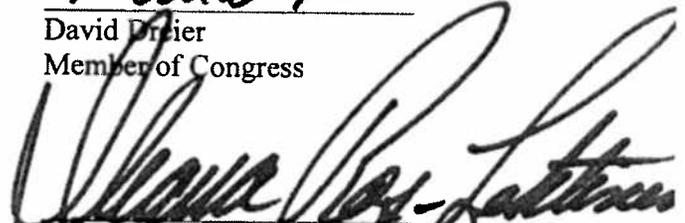
  
Silvestre Reyes  
Member of Congress

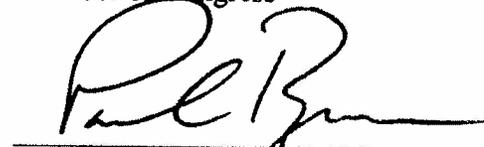
  
Ike Skelton  
Member of Congress

  
Gregory W. Meeks  
Member of Congress

  
Henry Cuellar  
Member of Congress

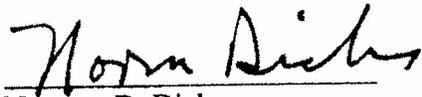
  
David Dreier  
Member of Congress

  
Ileana Ros-Lehtinen  
Member of Congress

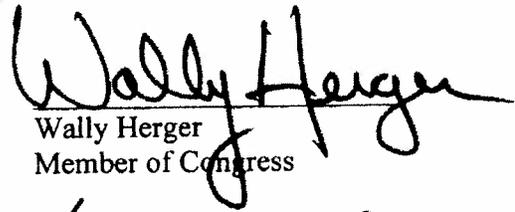
  
Paul Ryan  
Member of Congress

  
John Kline  
Member of Congress

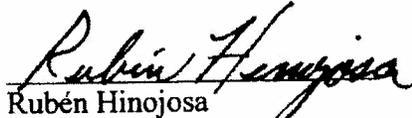
  
Kevin Brady  
Member of Congress



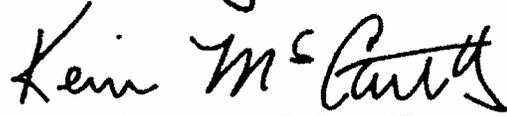
Norman D. Dicks  
Member of Congress



Wally Herger  
Member of Congress



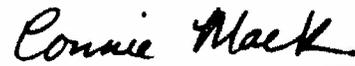
Rubén Hinojosa  
Member of Congress



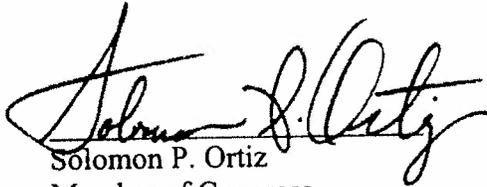
Kevin McCarthy  
Member of Congress



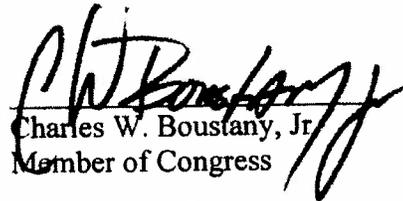
Brian Baird  
Member of Congress



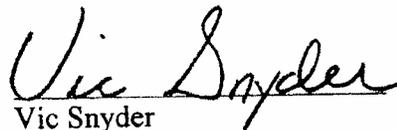
Connie Mack  
Member of Congress



Solomon P. Ortiz  
Member of Congress



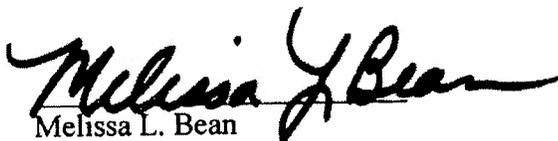
Charles W. Boustany, Jr.  
Member of Congress



Vic Snyder  
Member of Congress



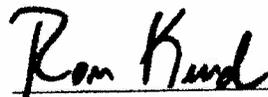
Vern Buchanan  
Member of Congress



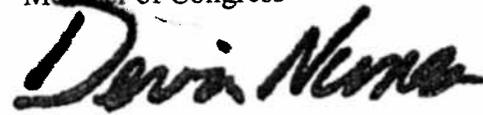
Melissa L. Bean  
Member of Congress



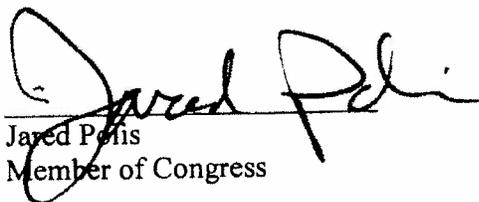
Sam Graves  
Member of Congress



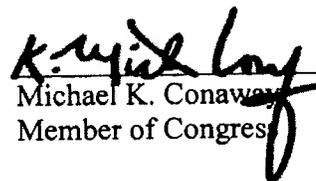
Ron Kind  
Member of Congress



Devin Nunes  
Member of Congress



Jared Polis  
Member of Congress



Michael K. Conaway  
Member of Congress

EXECUTIVE OFFICE OF THE PRESIDENT  
THE UNITED STATES TRADE REPRESENTATIVE  
WASHINGTON, D.C. 20508  
August 18, 2010

The Honorable Shelley Berkley  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Representative Berkley:

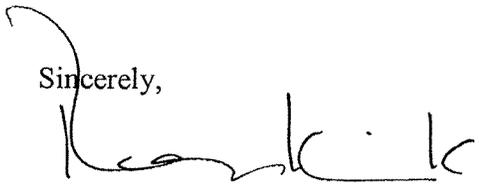
Thank you for your recent letter to President Obama concerning the United States-Colombia Trade Promotion Agreement (CTPA). He has asked me to respond.

President Obama shares your view that this is an important agreement and that Colombia is a valued partner. The CTPA continues to be a high trade priority for the Administration. The commercial benefits of the agreement have been widely recognized. On July 7, 2010, the President signaled his commitment to move forward with the agreement as soon as possible.

As directed by the President, we are working to address successfully the outstanding labor-related issues. Building on progress made to date, we are working to ensure that fundamental labor rights are protected in law and practice, including enhanced measures to address violence against union members.

The Administration has consulted widely as part of its fact finding on these matters. The outgoing Colombian Government has worked closely and cooperatively with the Administration in providing the necessary information for this work to proceed, and we are looking forward to working with the Santos Administration to complete the task.

Again, thank you for your letter and your support for the CTPA. President Obama and I look forward to working with you on this and other important trade initiatives.

Sincerely,  


Ambassador Ron Kirk

**Congress of the United States**  
**Washington, DC 20515**

The Honorable Ron Kirk  
United States Trade Representative  
600 17th Street NW  
Washington, DC 20208

Via Facsimile: (202) 395-4549

Re: Negotiating Objectives for the Trans Pacific Partnership

Dear Ambassador Kirk:

As strong supporters of increasing exports, we commend your efforts to open foreign markets to American goods and create new economic opportunities for American companies and workers. We were very pleased when President Obama discussed the need to improve American trade policy during his campaign. We join him in our strong and abiding belief that our trade pacts will create larger, broader benefits for American families and avoid shortcomings of past pacts if we improve aspects of the past trade agreement model.

While we oppose isolationism and protectionism, many of us have had to vote against specific trade pacts in the past because their texts included elements that undermined our core goals of job creation, environmental protection, and food and product safety. As you prepare for next week's round of negotiations for the proposed Trans Pacific Partnership (TPP) trade agreement, we encourage you to seize this opportunity to advance a bipartisan fair trade model that works for working families.

Since the passage of the North American Free Trade Agreement (NAFTA) and the World Trade Organization (WTO), the American public has become increasingly skeptical of trade agreements. Too many working families view these agreements as vehicles to promote the off-shoring of jobs. Too many believe these pacts create a rigged system that actually encourages American-based companies to move production off-shore to avoid having to pay decent wages, keep workplaces safe, or protect the environment.

The creation of a trade policy that works for working families should be the central goal of the TPP negotiations. The TPP should therefore build on the improvements to the Peru Free Trade Agreement that Democrats negotiated with the Bush Administration in 2007.

We believe that a different approach to trade agreements would help future pacts gain broad public and congressional support. That is why we urge you to consider new language for the TPP that promotes robust, attainable standards on topics including labor rights, environmental protection, investor-state dispute settlement, import safety, and government procurement.

Toward that end, we encourage you to review the array of trade-related legislation Democrats have introduced during this session of Congress.

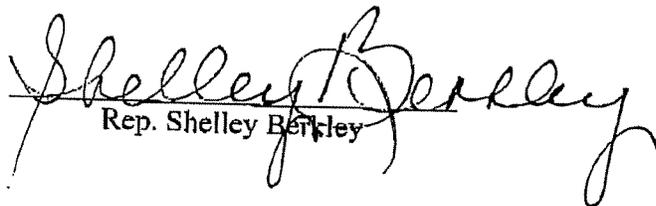
While no one proposal would provide a perfect fix to the deficiencies of existing trade pacts, Members of Congress, too often left out of trade policy discussions by previous Administrations, have advanced many ideas worth examining. We believe some of the provisions of our existing trade agreements could be improved to better protect working families here and abroad; safeguard the right of federal and state governments to promote the welfare of their citizenry; ensure import safety; and promote environmental conservation.

We appreciate your willingness to consider a new approach to the first trade agreement that President Obama can truly call his own. By addressing the shortcomings of existing trade pacts we can promote workers' rights, encourage environmental protection, and prevent a chilling effect on regulatory efforts across a host of issue areas. Executing new agreements with these principles in mind will take an important step toward creating a new, fair trade model. We pledge our continued support in these efforts and stand ready to assist you in building support, both inside and outside Congress, for a TPP that embraces a new approach to fair trade.

Sincerely,

  
Rep. Linda T. Sánchez

  
Rep. Lloyd Doggett

  
Rep. Shelley Berkley

Letter to Amb. Kirk re: TPP Negotiating Objectives, Page 3

  
Rep. John Lewis

EXECUTIVE OFFICE OF THE PRESIDENT  
THE UNITED STATES TRADE REPRESENTATIVE  
WASHINGTON, D.C. 20508

July 27, 2010

The Honorable Shelley Berkley  
United States House of Representatives  
Washington, D.C. 20510

Dear Congresswoman Berkley, 

Thank you for your letter on the Trans-Pacific Partnership (TPP) Agreement negotiations.

I agree that this negotiation represents an opportunity to reshape U.S. trade policy. The Obama Administration is eager to work in partnership with Congress and U.S. stakeholders to update our approach to trade issues in this regional agreement, address new issues, incorporate new elements that reflect our current values and priorities, and respond to 21<sup>st</sup> century challenges.

The TPP agreement will help advance U.S. economic and broader interests with some of the fastest-growing economies in the world. It is an important part of our strategy to expand U.S. exports, a goal that is critical to our economic recovery and the creation and retention of high-quality, high-paying jobs in the United States. In participating in the TPP negotiations, we are committed to finding ways we can make this agreement work best for American workers, businesses, farmers, and ranchers, both large and small.

I look forward to consulting with you further on these issues as we continue to develop our negotiating objectives for the TPP.

Sincerely,  
  
Ambassador Ron Kirk

**Congress of the United States**  
**Washington, DC 20515**

September 14, 2010

The Honorable Ron Kirk  
United States Trade Representative  
600 17th Street, N.W.  
Washington, D.C. 20508

Dear Ambassador Kirk:

We write to congratulate you on the World Trade Organization's (WTO) ruling on the matter of European government subsidies to the aerospace manufacturer Airbus. This trade enforcement action will help level the playing field for American companies and protect American aerospace workers from unfair competition.

For decades, European governments have provided Airbus with billions of dollars in subsidies, allowing Airbus to undercut its competitors' prices and seize market share. As a result of these subsidies, thousands of American aerospace workers lost good manufacturing jobs.

As you know, in 2004, the Bush Administration, led by U.S. Trade Representative Robert Zoellick, filed a complaint with the WTO alleging that Airbus had received billions in illegal subsidies (later valued in 2006 dollars as worth a staggering \$200 billion). On June 30, 2010, the WTO issued a final panel ruling in the case, finding that subsidies granted to Airbus violated international trade law.

Specifically, the WTO concluded that European governments provided a "massive" amount of illegal subsidies for the development of every Airbus aircraft model ever built. The WTO also determined that the \$4 billion in "launch aid" for the A380 included "prohibited export subsidies" - an even more egregious form of subsidy. All of these subsidies must be withdrawn.

Despite this ruling, European officials have indicated that they will continue to provide launch aid for Airbus' newest jet, the A350. We urge you to continue to work to ensure that European governments come into compliance with WTO rules.

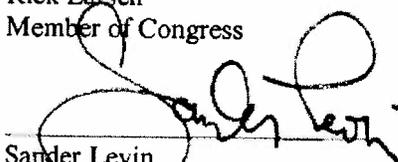
The implications of this ruling extend beyond the immediate dispute between European governments and the U.S. The market for large commercial aircraft is forecasted to be more than \$3 trillion over the next twenty years. American companies can compete against any rival, but not foreign treasuries. The WTO's panel ruling sends a strong message that competitors seeking to enter this market must comply with international trade laws and avoid anti-competitive behavior.

We commend you and the entire team at the Office the U.S. Trade Representative for your dedication to this case.

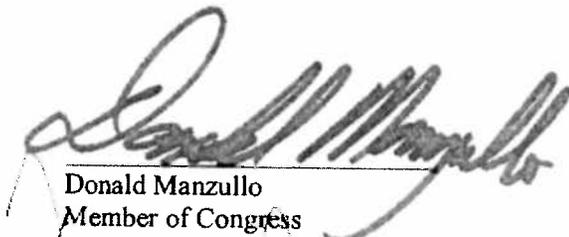
Sincerely,



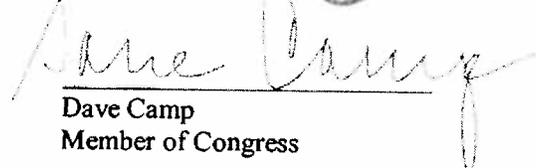
Rick Larsen  
Member of Congress



Sander Levin  
Member of Congress



Donald Manzullo  
Member of Congress



Dave Camp  
Member of Congress

Jim McDougal

Blaine Fry

Ray Clot

Linda J. Sun

Dave Kochak

Bill Foster

John Sprau

Rand M. Lijab

Sam F MO-6

Marcus L. Judge

Eddie Bin John

Gene T. Napleton

Daniel Lipinski

Russ Cobb

Michael H. Mehall

Laura Boileau

Rich Davis

Jim Wilson

Shelley Berkeley

~~Arvum~~

Anne

Melba Z. Bonds

M. B. Burt

Ann Ford

Sophia Hensch Sandlin

Paul Johnson

Betty Sutton

Ms. Quigg

Don McPherson

De Lotz

Kate Ekin

Judy Bizzert

Dainne

D. Rich

Dr. Inglis

Wally Hergen

Marva Blackum

Zoe Berg

Mildie Thompson

Mary Bous Mack

John B. Larsen

Zoe Loh

Ryann Jenkins

Pete Stark

M. G. Shaw

Chal Jorgely

Joe Wilson

Doris O. Makseris

Tommy Baldwin

Todd Tarkenton

Tommy Dick

John Sch <sup>FL-19</sup>

Ed Pastor

Howard Goble

Joseph Rowley

Alan Smith

Jim Costello

Bob

Bobby L. Clark

Frank A. Lombardo

Genevieve Beckman

Bob Kilmer

Rosa DeLauris

Don Burton

Confrey

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Jan Schokensky

Judy Orr

Earl Blumcraver

George Miller

Danny K. Davis

Marcy Kaptur

John Russell

Mary Walsh

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Brad Jensen

Jerry Moran

John Anderson

Vernon Ehlert

Ray Blunt

Pauli Watson

Alan B. Nicholson

King J. Baird

Bill Parcell Jr

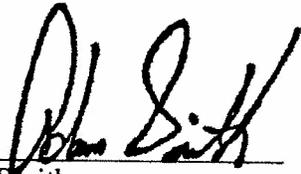
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Mr. Larry Clay

Alan King

Laurie M. Moughter

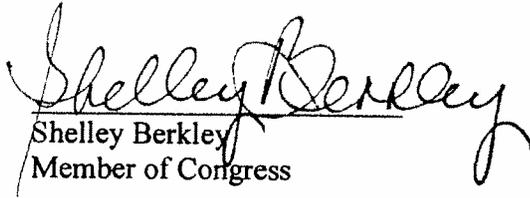
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Adam Smith  
Member of Congress



Erik Paulsen  
Member of Congress



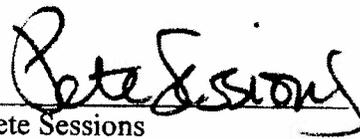
Shelley Berkley  
Member of Congress



David G. Reichert  
Member of Congress



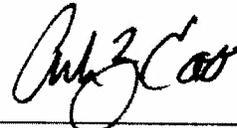
James P. Moran  
Member of Congress



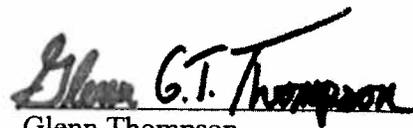
Pete Sessions  
Member of Congress



Geoff Davis  
Member of Congress



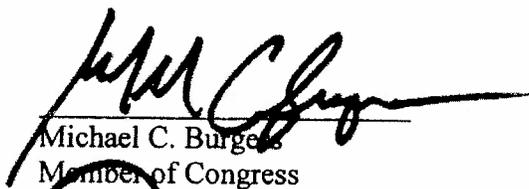
Anh "Joseph" Cao  
Member of Congress



Glenn Thompson  
Member of Congress



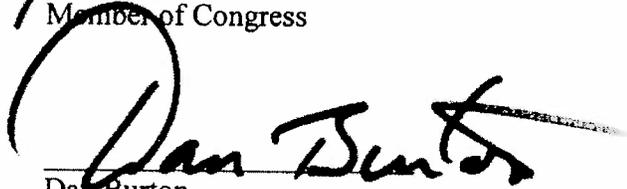
Judy Biggert  
Member of Congress



Michael C. Burgess  
Member of Congress



Ken Calvert  
Member of Congress



Dan Burton  
Member of Congress

EXECUTIVE OFFICE OF THE PRESIDENT  
THE UNITED STATES TRADE REPRESENTATIVE  
WASHINGTON, D.C. 20508  
October 19, 2010

The Honorable Shelley Berkley  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Congresswoman Berkley:

Thank you for your letter congratulating us on the World Trade Organization (“WTO”) panel report with regard to subsidization of large civil aircraft produced by Airbus. This issue has been a bipartisan concern for many years. We will remain vigilant to see that the European Union and the member States that have been subsidizing Airbus live up to their WTO obligations, so an important manufacturing and export sector of our economy can compete fairly and continue to grow.

We look forward to working with you in the future to ensure a level playing field in trade in large civil aircraft. Thank you for your continued support.

Sincerely,

A handwritten signature in black ink, appearing to read "Ron Kirk". The signature is fluid and cursive, with a large initial "R" and a long, sweeping underline.

Ambassador Ron Kirk

SHELLEY BERKLEY  
1ST DISTRICT, NEVADA

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WASHINGTON, DC 20515  
(202) 225-5965  
FAX: (202) 225-3119  
shelley.berkley@mail.house.gov

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SUITE D106  
LAS VEGAS, NEVADA 89102  
(702) 220-9823  
FAX: (702) 220-9841  
www.berkley.house.gov

**Congress of the United States**  
**House of Representatives**  
Washington, DC 20515-2801

WAYS AND MEANS  
SUBCOMMITTEE ON HEALTH  
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INCOME SECURITY AND FAMILY SUPPORT

FOREIGN AFFAIRS  
SUBCOMMITTEE ON  
THE MIDDLE EAST AND SOUTH ASIA  
SUBCOMMITTEE ON EUROPE

CHAIR, TRANSATLANTIC LEGISLATORS'  
DIALOGUE

CO-CHAIR, CONGRESSIONAL TAIWAN CAUCUS

CO-CHAIR, FRIENDS OF KAZAKHSTAN CAUCUS

CO-CHAIR, GAMING CAUCUS

CO-CHAIR, CONGRESSIONAL OSTEOPOROSIS CAUCUS

CO-CHAIR, CONGRESSIONAL STOP DUI CAUCUS

November 15, 2010

The Honorable Ron Kirk  
U.S. Trade Representative  
600 Seventeenth Street, NW  
Washington, DC 20508

Dear Mr. Kirk:

I write to invite you to speak to the Transatlantic Legislators' Dialogue (TLD) this December 4-5 in San Francisco, California. The TLD, which I chair, is a biannual meeting between Members of Congress and Members of the European Parliament, examining issues of mutual concern such as trade, finance, global warming, the Middle East, and immigration.

In this upcoming session we will focus on the problems facing the global economy. I would be delighted if you could present your views and the views of the Obama Administration to the TLD on either Saturday, December 4 or Sunday December 5, focusing on ways the United States and European nations can work together to improve our trade ties and the global financial situation.

Policy makers from nearly every member state of the European Union will be in attendance, and they will carry the message of the TLD back to the European Parliament and to their home countries following the meetings. Your presence would greatly enhance our discussion and help legislators to make more informed decisions about the future of the U.S. trade policy, and how that will impact them.

We will be meeting at the W Hotel December 4-5 and we would welcome your remarks on either of those days. Please feel free to contact me or have your staff contact Jeremy Kadden at 202-225-5965. I look forward to hearing from you.

Sincerely,

  
SHELLEY BERKLEY  
Member of Congress

SANDER M. LEVIN, MICHIGAN,  
ACTING CHAIRMAN

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LINDA T. BANCHEZ, CALIFORNIA  
BRIAN HIGGINS, NEW YORK  
JOHN A. YARMUTH, KENTUCKY

JANICE MAYS,  
CHIEF COUNSEL AND STAFF DIRECTOR

# Congress of the United States

## U.S. House of Representatives

COMMITTEE ON WAYS AND MEANS

1102 LONGWORTH HOUSE OFFICE BUILDING  
(202) 225-3625

Washington, DC 20515-6348

<http://waysandmeans.house.gov>

December 9, 2010

DAVE CAMP, MICHIGAN, RANKING MEMBER  
WALLY HERGER, CALIFORNIA  
SAM JOHNSON, TEXAS  
KEVIN BRADY, TEXAS  
PAUL RYAN, WISCONSIN  
ERIC CARTER, VIRGINIA  
JOHN LINDER, GEORGIA  
DEVIN NUNES, CALIFORNIA  
PATRICK J. TIERE, OHIO  
GINNY BROWN-WHITE, FLORIDA  
GEOFF DAVIS, KENTUCKY  
DAVID G. REICHERT, WASHINGTON  
CHARLES W. BOUSTANY, JR., LOUISIANA  
DEAN HELLER, NEVADA  
PETER J. ROSKAM, ILLINOIS

JON TRAUB,  
MINORITY STAFF DIRECTOR

The Honorable Gary F. Looke  
Secretary of Commerce  
Herbert Clark Hoover Building  
1401 Constitution Avenue, N.W.  
Washington, D.C. 20230

The Honorable Ronald "Ron" Kirk  
U.S. Trade Representative  
Office of the United States Trade Representative  
600 - 17<sup>th</sup> Street, N.W.  
Washington, D.C. 20508

Dear Mr. Secretary and Ambassador Kirk:

We write to urge you to press China for meaningful objective commitments and metrics to increase U.S. market access in China and protect U.S. intellectual property rights, including at the upcoming U.S.-China Joint Commission on Commerce and Trade (JCCT). For too long, China's commitments have failed to lead to commercially meaningful market access for U.S. companies. In particular, we urge you to secure robust commitments from China that will protect the range of U.S. industries, such as software, entertainment, and technology, harmed by the continued massive theft of their intellectual property and onerous and discriminatory market access restrictions in China.

The JCCT has been an important vehicle for dialogue with China on piracy and other issues that affect U.S. intellectual property rights holders. For example, since at least 2004, the U.S. Government has repeatedly raised concerns about persistently unacceptable levels of software piracy, the need for meaningful enforcement of U.S. intellectual property rights with respect to products sold in and exported from China, and unwarranted restrictions on market access for U.S. innovative products into China. But improved market access results for U.S. companies, as measured by sales, jobs and exports, have been meager.

The Honorable Gary F. Locke  
The Honorable Ronald "Ron" Kirk  
December 9, 2010  
Page 2

For example, despite the persistent efforts of you and your predecessors, illegal use of American software in China remains at unacceptable levels. We understand that today in China, nearly 80 out of every 100 computer programs are used illegally. The commercial value of stolen personal computer software in China has nearly doubled in four years to \$7.6 billion in 2009. The Chinese government's ongoing tolerance of software theft creates an unfair trade advantage that costs jobs in the United States. In October, the Chinese State Council issued decrees calling for greater enforcement against theft of intellectual property and committing the government to use only legal software. While these pronouncements are encouraging, China's track record is not. In 2005, China made similar commitments to the United States in the JCCT, which have not been realized five years later.

The renewable energy sector provides another example. At the 2009 meeting of the JCCT, China agreed to eliminate its 70 percent local content requirement for wind-power equipment, a requirement that appeared to be inconsistent with commitments China already agreed to when it acceded to the World Trade Organization. While this discriminatory requirement was removed, U.S. companies still face myriad other market access barriers that have rendered China's action moot. For example, U.S. companies are required to demonstrate that they have adequate experience in the Chinese market in order to bid on projects, and China refuses to recognize U.S. companies' global experience outside of China. We must comprehensively address such barriers and refuse to continue to accept commitments that do not provide meaningful market access for U.S. companies.

China has also begun to implement a series of discriminatory "indigenous innovation" policies that harm a broad array of American companies. These policies establish government procurement preferences for products made with Chinese-developed and -owned intellectual property. China also uses standard-setting and product certification processes that require U.S. companies to forfeit their intellectual property rights as a requirement for doing business. China's continued restraints on exports, including exports of rare earth minerals, also frustrate the operations of many U.S. companies.

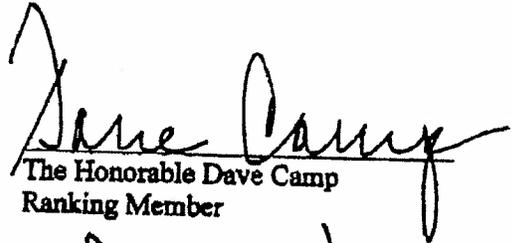
We urge the Administration to measure progress on greater U.S. market access into China and protection of U.S. intellectual property rights by objective criteria. These criteria should include commercially meaningful metrics, such as increased U.S. exports to and sales in China that increase U.S. jobs, a significant decrease in the theft of U.S. intellectual property rights caused by infringing products sold in and exported from China, and an objective means to verify such results.

Sincerely,

The Honorable Gary F. Locke  
The Honorable Ronald "Ron" Kirk  
December 9, 2010  
Page 3



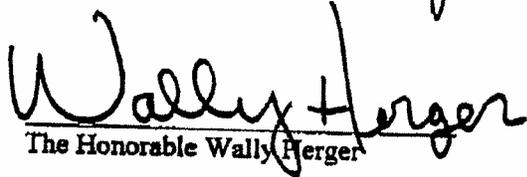
The Honorable Sander M. Levin  
Acting Chairman



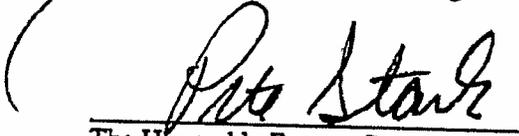
The Honorable Dave Camp  
Ranking Member



The Honorable Charles B. Rangel



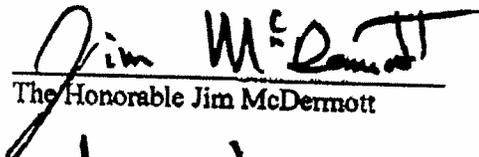
The Honorable Wally Herger



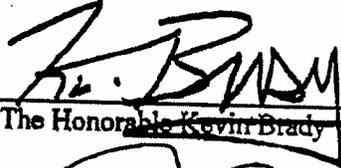
The Honorable Fortney Pete Stark



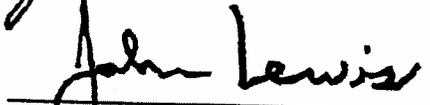
The Honorable Sam Johnson



The Honorable Jim McDermott



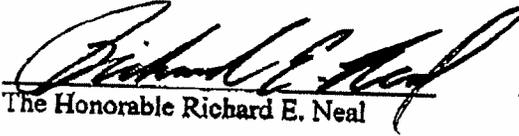
The Honorable Kevin Brady



The Honorable John Lewis (GA.)



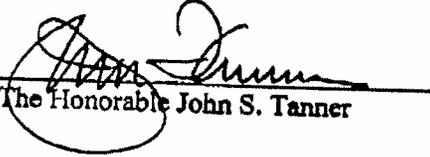
The Honorable Paul Ryan



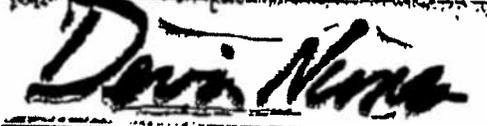
The Honorable Richard E. Neal



The Honorable John Linder

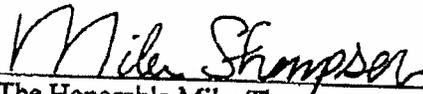


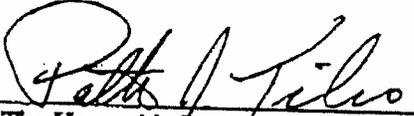
The Honorable John S. Tanner



The Honorable Devin Nunes

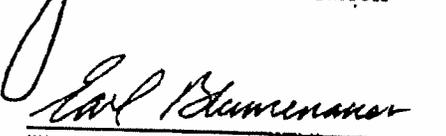
The Honorable Gary F. Locke  
The Honorable Ronald "Ron" Kirk  
December 9, 2010  
Page 4

  
The Honorable Mike Thompson

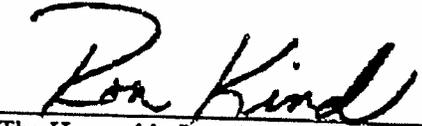
  
The Honorable Pat Tiberi

  
The Honorable John B. Larson

  
The Honorable Geoff Davis

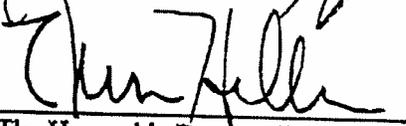
  
The Honorable Earl Blumenauer

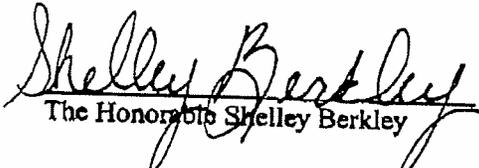
  
The Honorable Dave G. Reichert

  
The Honorable Ron Kind

  
The Honorable Charles W. Boustany Jr.

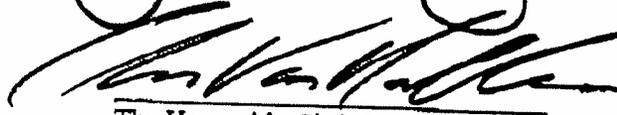
  
The Honorable Bill Pascrell Jr.

  
The Honorable Dean Heller

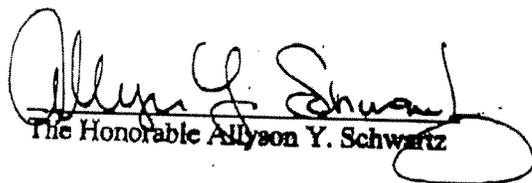
  
The Honorable Shelley Berkley

  
The Honorable Peter J. Roskam

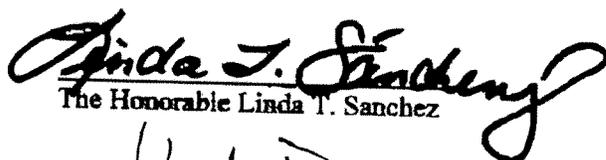
  
The Honorable Joseph Crowley

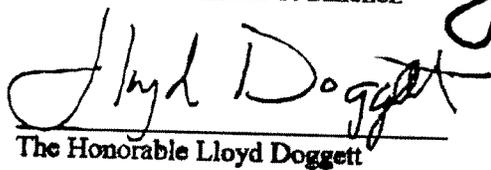
  
The Honorable Chris Van Hollen

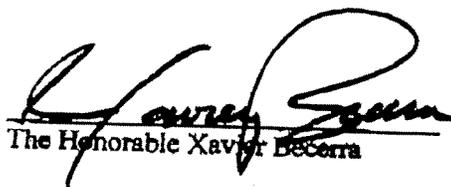
The Honorable Gary F. Locke  
The Honorable Ronald "Ron" Kirk  
December 9, 2010  
Page 5

  
The Honorable Allyson Y. Schwartz

  
The Honorable Danny K. Davis

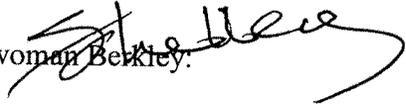
  
The Honorable Linda T. Sanchez

  
The Honorable Lloyd Doggett

  
The Honorable Xavier Becerra

EXECUTIVE OFFICE OF THE PRESIDENT  
THE UNITED STATES TRADE REPRESENTATIVE  
WASHINGTON, D.C. 20508  
January 6, 2011

The Honorable Shelley Berkley  
Committee on Ways and Means  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Congresswoman  Berkley:

Thank you for your recent letter to Secretary Locke and me on your priority concerns for the 21st meeting of the Joint Commission on Commerce and Trade (JCCT).

We are happy to report that at the December 15, 2010 JCCT plenary meeting, we made important progress on a number of fronts, including improved intellectual property protection, commitments to reduce barriers to entry that give greater opportunities for foreign participation in China's clean energy sector, and steps to address U.S. concerns over China's "indigenous innovation" policies.

On intellectual property rights (IPR) protection, China agreed to:

- Establish software asset management systems for government agencies to verify the use of legal software. In the past, China pledged that its government would use legal software but made no effort to inventory or track the software on its computers.
- Allocate current and future budgets for purchasing, upgrading, and replacing legal software - underscoring China's commitment to make its efforts durable;
- Have thirty major state owned enterprises participate in a pilot project to use software asset management tools; and
- Commitments to investigate and take action against those engaged in journal piracy; and clarifying the liability of those who facilitate others' online infringement.

On its "Indigenous Innovation" policies, China agreed:

- Not to discriminate in government procurement based on the origin of intellectual property or to use discriminatory criteria, such as import substitution, to select industrial equipment; and
- To treat all innovation products produced in China - whether by Chinese companies or U.S. companies - alike for purposes of government procurement.
- In pursuing its \$10 to \$12 billion infrastructure investment for 3G and future technologies, China also committed to allow operators to choose freely among technology and standards and committed not to regulate spectrum to discriminate against any technology.

The Honorable Shelley Berkley  
Page 2

In the clean and renewable energy sector, China agreed:

For smart grid, an area where China is investing \$10 billion annually to build a national grid and an additional \$590 billion in an electric power grid, to develop open processes for developing technical standards and to ensure that state owned and state-invested enterprises will make purchases based solely on commercial considerations; and

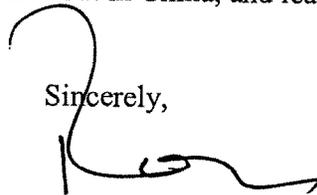
- To eliminate a discriminatory barrier to international wind firms, so that U.S. companies can use their experience outside of China to meet experience requirements in the wind power sector. This was a specific concern that you had raised in your letter, and we are pleased that we were able to make progress on the issue.

China also made significant commitments in other sectors, including in government procurement, which will help open greater opportunities for American companies to access China's \$88 billion of annual government procurement. Finally, progress was made on U.S. beef market access, where China agreed to resume talks in early January.

We believe that these outcomes, along with others agreed to during the 21<sup>st</sup> JCCT, properly implemented, can create billions of dollars in new export opportunities for American companies and new job opportunities for American workers.

You can be assured that in the months ahead, we will work with our Chinese counterparts to ensure that what was agreed to in Washington is carried out in China, and leads to meaningful and verifiable results for the American people.

Sincerely,

A handwritten signature in black ink, appearing to be 'Ron Kirk', written over the word 'Sincerely,'.

Ambassador Ron Kirk

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

The President  
March 30, 2011  
Page 2

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

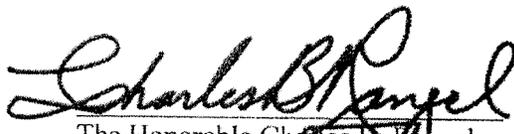
deficit has reached unprecedented and unsustainable levels, upwards of 5 percent of overall GDP in 2007 and 2008. Even as the U.S. and global economy rebounded in 2010, the U.S. deficit in goods and services grew to be a \$496 billion drag on U.S. growth. As in past years, the China was the single largest 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.

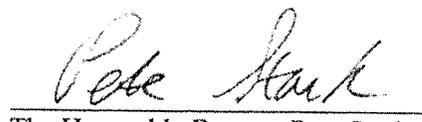
In short, we are at a moment of significant need as well as opportunity in U.S. trade policy. We look forward to working with you to meet the challenges facing American working people and U.S. businesses and to expand trade for the broadest benefit.

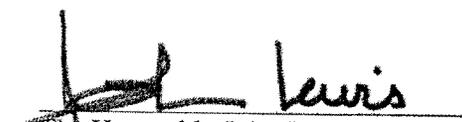
Sincerely,

  
The Honorable Sander M. Levin

  
The Honorable Jim McDermott

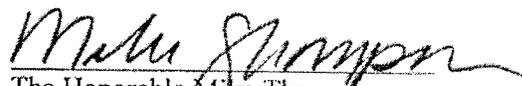
  
The Honorable Charles B. Wangel

  
The Honorable Fortney Pete Stark

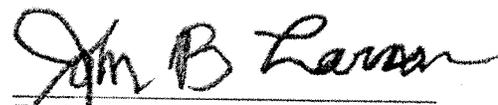
  
The Honorable John Lewis

  
The Honorable Richard E. Neal

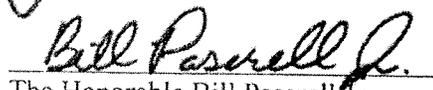
  
The Honorable Xavier Becerra

  
The Honorable Mike Thompson

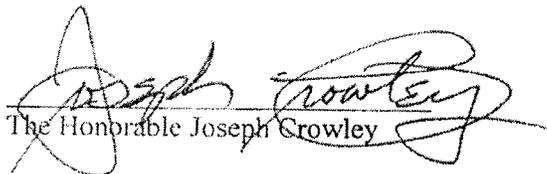
The President  
March 30, 2011  
Page 4

  
\_\_\_\_\_  
The Honorable John B. Larson

  
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The Honorable Earl Blumenauer

  
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The Honorable Bill Pascrell Jr.

  
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The Honorable Shelley Berkley

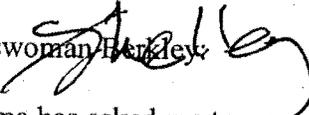
  
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The Honorable Joseph Crowley

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EXECUTIVE OFFICE OF THE PRESIDENT  
THE UNITED STATES TRADE REPRESENTATIVE

WASHINGTON, D.C. 20508  
May 4, 2011

The Honorable Shelley Berkley  
Committee on Ways and Means  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Congresswoman  Berkley:

President Obama has asked me to respond to your letter of March 30, signed by you and your colleagues on the Ways and Means Committee, regarding the 2011 National Trade Estimate (NTE) Report.

President Obama and I are committed to enhancing trade, growing the U.S. economy, creating jobs for U.S. workers, and spurring innovation in America. Toward those ends, the Administration strongly supports the rules-based global trading system, and will continue pushing to win new market access abroad and to respond to unfair trading practices through all available means. USTR has focused its energies on the enforcement of U.S. rights under our trade agreements and at the same time has pursued negotiations and engaged in bilateral consultations to address barriers to exports of U.S. goods and services. To address the persistent problems identified in the NTE Report, the Administration must and will continue the process of enforcing U.S. rights under our trade agreements, reducing trade barriers, and ensuring that U.S. workers benefit from a level playing field.

I appreciate your recognition of some of the important World Trade Organization (WTO) cases that this Administration has pursued and the strides we have taken to provide benefits to our producers, farmers, ranchers, and workers under the proposed free trade agreement with Korea. But we must and will continue to pursue even more opportunities for U.S. exports and investment which will drive and expand growth of the domestic economy.

With respect to China's "indigenous innovation" policies, we were able to obtain some progress at the U.S.-China Joint Commission on Commerce and Trade (JCCT) meeting last December, and we continue to push for more progress in this critical area. With respect to the section 301 petition filed by the United Steelworkers last fall, I am pleased to report that our investigation led to the filing of a WTO case challenging Chinese government subsidies supporting the production of wind turbines. We were also able to obtain China's clarification that two additional subsidy programs identified by the petition have been fully terminated. In addition, through the JCCT, we were able to negotiate a significant change in China's bid eligibility requirements for large scale wind power projects, which should make it easier for foreign enterprises to compete. With respect to other section 301 allegations, including those concerning rare earths, antimony and tungsten, my staff is working very closely with stakeholders and other governments to develop the evidence needed to evaluate whether to pursue WTO litigation. I can assure you that addressing the full range of China's trade-distorting practices in each sector in which they occur is a high priority for this Administration.

The Honorable Shelley Berkley  
Page Two

As you know, the Treasury Department is responsible for exchange rate matters. The Treasury Department remains of the view that the Renminbi is substantially undervalued. President Obama reiterated this concern directly to President Hu during his visit to Washington, stating clearly that we expect China to make greater progress toward a market-based exchange rate. The Administration will continue to engage China bilaterally through the Strategic and Economic Dialogue as well as through the G20 process, to pursue policies that result in greater flexibility of the exchange rate and contribute to a rebalancing of China's economy to become less reliant on exports and more on domestic demand.

Speaking more broadly, through these efforts, combined with the work we are doing in the JCCT, USTR is working with the Treasury Department and other agencies to ensure we are executing a comprehensive China strategy addressing the full range of China's trade and economic policies that affect the United States.

This Administration is committed to seeing that our trading partners abide by their commitments as expressed in various free trade agreements. That is why we have initiated consultations with the Government of Guatemala regarding our view that country's labor laws are not being enforced. We have engaged the Government of Guatemala mindful of the particular circumstances of that country yet vigorously and persistently encouraging improvements in labor law enforcement. Working with the Government of Guatemala, we will use a variety of tools to achieve that goal.

The Obama Administration has made clear its concerns about our trade deficit and is pursuing a number of avenues to address and reduce it. As you know, President Obama has set a goal to double exports within five years through the National Export Initiative, coordinating efforts across the government. An important aspect of this effort is continued monitoring of compliance with other countries' market access obligations, negotiations to resolve specific concerns, and strong enforcement action where warranted. We have also made progress on the outstanding trade agreements with Korea, Colombia, and Panama. With input from Congress and other stakeholders, we have worked to address the issues related to each agreement so that we can move forward with broad, bipartisan support. We have also entered into serious negotiations with eight other countries with a goal of concluding the TransPacific Partnership, a high-standard, broad-based agreement intended to provide a platform for economic integration across the Asia-Pacific region. In addition, we are seeking a way forward with the Doha Development Round that provides meaningful expansion of market access for U.S. products and services.

We look forward to working with you and your colleagues to address these important trade issues.

Sincerely,



Ambassador Ron Kirk

COMMITTEE ON WAYS AND MEANS

U.S. HOUSE OF REPRESENTATIVES  
WASHINGTON, DC 20515

June 28, 2011

The Honorable Barack H. Obama  
President of the United States of America  
The White House  
1600 Pennsylvania Avenue, N.W.  
Washington, D.C. 20500

Dear Mr. President:

As trade negotiators return from the seventh round of Trans-Pacific Partnership (TPP) negotiations in Ho Chi Minh City, and ahead of the next round of negotiations, we urge your Administration to develop a robust set of disciplines relating to state-owned enterprises (SOEs) and state-supported enterprises (SSEs). Your Administration has committed to ensuring that the TPP negotiations address the 21st century challenges faced by U.S. businesses and workers. Unfair competition from, and distortions caused by, SOEs and SSEs are one of the greatest of these challenges.

U.S. trade agreements have, historically, been negotiated with certain assumptions in mind – key among them, that our trading partners have free market economic systems that are fundamentally similar to our own, characterized by private actors that compete on principles of supply and demand, quality, and performance. Our trade agreements have also assumed that regulatory processes in trading partner countries operate on principles of openness, transparency, public participation, and rule of law that are similar to our own. These assumptions have informed the specific rules and disciplines reflected in the previous trade agreements.

However, trade in the 21st century is increasingly out of step with these assumptions. Trade today is characterized by the growth of “state capitalism,” especially in developing and advanced developing countries. In its most recent report, *Global Trends 2025: A Transformed World*, The National Intelligence Council noted this phenomenon, saying: “In the early 1990s, many economists predicted that SOEs would be a relic of the 20th century. They were wrong. SOEs are far from extinction, are thriving, and in many cases seek to expand beyond their own borders...” Indeed, between 2004 and 2008, 117 SOEs from Brazil, Russia, India and China appeared for the first time on the Forbes Global 2000 list of the world’s largest companies, while 239 U.S., Japanese, British and German companies fell off the list. And three of the world’s four largest banks in 2009 were state-owned Chinese firms (Industrial and Commercial Bank of China, China Construction, and Bank of China). Ian Bremmer, *The End of the Free Market*, pp. 20-21.

State backing of SOEs and SSEs takes various forms, including substantial government subsidies, government financing on non-market terms, special exemptions from regulation in

otherwise highly-regulated sectors, favored treatment in procurement, and other advantages not available to commercial actors with which SOEs and SSEs compete. Such practices can fundamentally affect the incentives for, and behavior of, SOEs and SSEs, and can dramatically tilt the competitive playing field in favor of such entities.

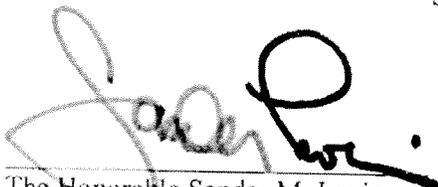
The competitive harm from SOEs and SSEs can be felt in every market in which they compete with U.S. businesses, whether it is in the U.S. market, the home market of the SOE/SSE, or in third-country markets. In all such cases, U.S. goods and services are put at a competitive disadvantage, and U.S. workers, producers, exporters and investors are denied vital opportunities.

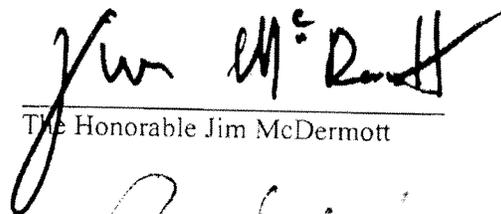
The existing provisions of U.S. trade agreements – including provisions requiring “national treatment” for trading partners’ goods, services, and investors – are insufficient to address the broad range of concerns raised by SOEs and SSEs. To provide a comprehensive solution, the TPP Agreement must include a robust and enforceable set of disciplines obligating SOEs and SSEs to operate as commercial actors, obligating their respective governments to treat them as such, and establishing clear standards as to what these obligations mean in practice. Moreover, the TPP Agreement must require partner countries to share information about their respective SOEs and SSEs, and the levels of government intervention in such entities, so that there can be proper monitoring of compliance with TPP rules. These new rules will be crucial not only to address concerns about SOEs and SSEs in existing negotiating partner countries but also to set in place the disciplines that will apply to future new entrants.

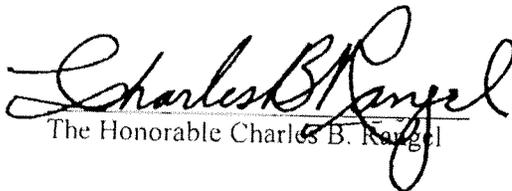
We understand that some have resisted the negotiation of new SOE/SSE disciplines, arguing that these could be used to limit U.S. prerogatives – for example, to provide temporary assistance to companies in exceptional moments of crisis. We believe these arguments are without merit. First, there are simply not parallels in the United States to the kind of SOEs and SSEs that are pervasive in much of the rest of the world. Second, the disciplines we contemplate would not preclude TPP countries from having SOEs and SSEs; they would simply level the playing field vis-à-vis the commercial actors with whom the SOEs and SSEs compete. Third, there are some exceptions already in U.S. FTAs that may be relevant to this issue, such as the exception for prudential measures taken to ensure the integrity and stability of the financial system. These exceptions would, presumably, continue to apply. Moreover, to the extent further flexibility is needed to permit the U.S. government, in exceptional situations, to provide limited and temporary support to commercial actors, the rules can be crafted to accommodate such specific circumstances. Similarly, there can be clarifications to ensure that the SOE/SSE disciplines are not used against legitimate governmental and quasi-governmental entities.

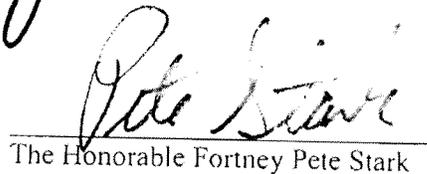
The TPP negotiations provide a critically important opportunity to address this new generation of trade issues. What is negotiated in the TPP may well establish the ground rules for the future of trade policy. Your strong leadership is important not only for U.S. trade agreements but also for the multilateral trading system. We urge you to seize this opportunity through a broad, innovative initiative to address the anti-competitive harm caused by SOEs and SSEs.

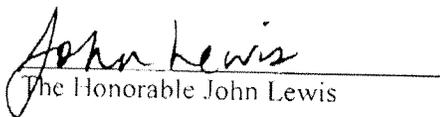
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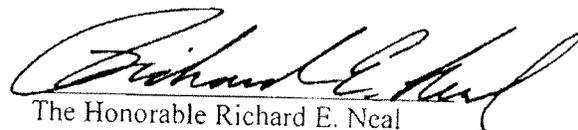
  
The Honorable Sander M. Levin

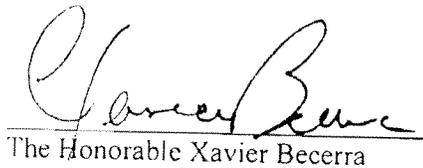
  
The Honorable Jim McDermott

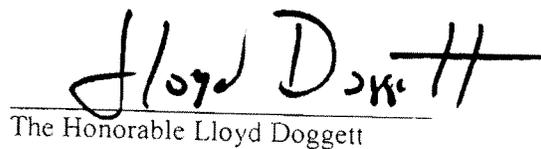
  
The Honorable Charles B. Rangel

  
The Honorable Fortney Pete Stark

  
The Honorable John Lewis

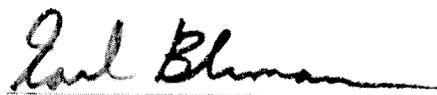
  
The Honorable Richard E. Neal

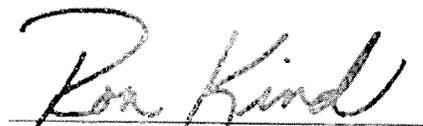
  
The Honorable Xavier Becerra

  
The Honorable Lloyd Doggett

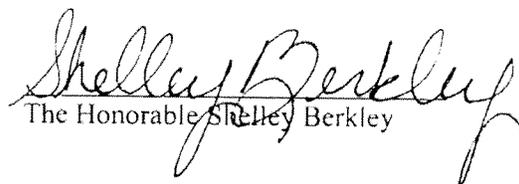
  
The Honorable Mike Thompson

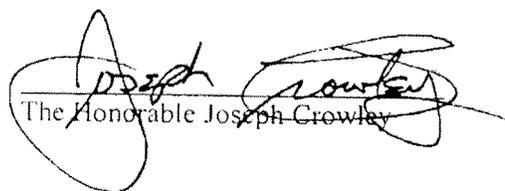
  
The Honorable John B. Larson

  
The Honorable Earl Blumenauer

  
The Honorable Ron Kind

  
The Honorable Bill Pascrell, Jr.

  
The Honorable Shelley Berkley

  
The Honorable Joseph Crowley

cc: The Honorable Hillary Rodham Clinton  
Secretary of State

The Honorable Timothy F. Geithner  
Secretary of Treasury

The Honorable Eric H. Holder, Jr.  
Attorney General

The Honorable Ronald Kirk  
United States Trade Representative

The Honorable Gary Locke  
Secretary of Commerce

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EXECUTIVE OFFICE OF THE PRESIDENT  
THE UNITED STATES TRADE REPRESENTATIVE  
WASHINGTON, D.C. 20508

JAN 15 2008

The Honorable Shelley Berkley  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Congresswoman Berkley:

Thank you for your letter raising concerns about the WTO dispute settlement case on Internet gambling.

As in all WTO dispute settlement matters involving the United States, we have consulted with Congress at each phase of the internet gambling dispute from initiation of the dispute to the pending arbitration on compensation. We consulted with Congress regarding our decision to notify WTO Members of our intent to invoke Article XXI of the General Agreement on Tariffs and Trade providing for the modification and withdrawal of services commitments in order to clarify our GATS market access schedule with regard to gambling and betting. We have also consulted with state governments and private sector groups and sought public comment regarding both the Internet dispute settlement case and the GATS Article XXI process.

The gambling dispute is unlike other disputes in which a U.S. measure has been found to be inconsistent with U.S. WTO obligations. In the gambling case, the United States made it clear from the beginning of the dispute that we never intended to make nor could we have made a commitment during the Uruguay Round negotiations binding cross-border gambling and betting services, because such services have been prohibited and subject to criminal penalties under U.S. law since at least 1961.

Moreover, during the Uruguay Round services negotiations, none of our trading partners even asked the United States to make a commitment on gambling and betting services and therefore never bargained for or negotiated such commitments. The WTO dispute settlement panel in the gambling case itself acknowledged that the United States had not intended to make a commitment on gambling. Nonetheless, due to an oversight in the way our commitments were drafted at that time, the dispute settlement panel ruled against us.

While we disagree with the dispute settlement panel and Appellate Body rulings in this case, we strongly support the integrity of WTO rules and the dispute settlement process. With this in mind, we have sought to find a way to bring ourselves into compliance with the rulings that respects the dispute settlement process. In determining the best means to do so, we were mindful of the longstanding U.S. criminal prohibitions against interstate gambling, the recent enactment of legislation strengthening enforcement of those provisions, and the high level of concern among State and local officials that the WTO gambling dispute not encroach on their right to regulate Internet gambling or other activities involving issues of public morality. In light of these considerations, it did not seem appropriate for USTR to advocate a change in U.S.

The Honorable Shelley Berkley  
Page Two

criminal law in order to bring the United States into compliance with a commitment that was never intended.

Instead, we sought to achieve compliance by correcting the drafting error in the U.S. services market access schedule that led to the WTO dispute by invoking GATS Article XXI, under which a WTO member may modify or withdraw existing services commitments and provide for a compensatory adjustment of its services schedule if necessary. In doing so, we were conscious of the need to avoid a precedent which might encourage other WTO Members to abuse the process and attempt to modify existing services commitments without providing adequate compensation. For this reason, we are offering meaningful compensatory adjustments to our existing services commitments in response to the eight WTO Members that have filed claims of interest in response to our Article XXI notification. The compensation we are offering would not require any changes to state or federal legislation, and covers areas where we have previously consulted with Congress, the States and relevant industry groups and associations.

By taking this approach, we are establishing a strong precedent that modification or withdrawal of benefits under GATS Article XXI cannot be taken lightly, and that even clarification of a drafting error must be accompanied by a compensatory adjustment of services commitments. We do not believe that making use of this procedure harms the credibility of the United States. In fact, by addressing the concerns of all of our trading partners in a single proceeding, we are moving to resolve this issue in a manner which is forthright and completely consistent with our WTO obligations.

Throughout this process we have been conscious of our obligation to respect the law as written, rather than to speculate on the outcome of policy debates in Congress. We remain prepared to provide any other information you may need regarding the WTO gambling dispute. Finally with respect to questions of possible changes to existing U.S. gambling policy, these matters are not within the primary jurisdiction of USTR, and such questions would be more appropriately directed to other agencies, such as the Department of Justice.

Thank you for your interest in this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Susan C. Schwab". The signature is fluid and cursive, with a large initial "S" and "C".

Susan C. Schwab