Congress of the United States
Washington, DC 20515

May 19, 2011

The Honorable Frank Wolf
Chairman
Commerce, Justice, and Science
And Related Agencies Subcommittee
House Appropriations Committee
H-307, The Capitol
Washington, D.C. 20515

The Honorable Chaka Fattah
Ranking Member
Commerce, Justice, and Science
And Related Agencies Subcommittee
House Appropriations Committee
1016 Longworth House Office Building
Washington, D.C. 20515

Dear Chairman Wolf and Ranking Member Fattah:

As you begin work on the appropriations bills for Fiscal Year 2012, we respectfully request that you increase funding for the Office of the United States Trade Representative (USTR) by $6.6 million for FY 2012. This request not only includes the $3.4 million in additional funding requested by the Obama Administration for a variety of purposes, but also an additional $3.2 million to allow USTR to expand its efforts to monitor and investigate China's industrial policies, in order to enforce World Trade Organization (WTO) rules and create a more level playing field for American workers and businesses. Simply put, we believe USTR needs to coordinate and implement a comprehensive and robust strategy to help rebalance our trading relationship with China.

We understand that USTR is working as best it can, within its current budget constraints, to focus on issues related to China, and has devoted more resources to those issues. It, however, needs additional tools and resources to confront the serious challenge of China's competing model of "state capitalism." A fact underscored by Ambassador Ron Kirk at a recent congressional hearing when he stated that USTR is "woefully short" on resources to investigate China's industrial policies, noting that USTR exhausted its entire annual translation budget in three months on a single China case.

China presents a unique enforcement challenge on at least three fronts: its laws and regulations are much more opaque than the laws and regulations of all other commercially significant WTO Members; its provinces and municipalities frequently adopt laws inconsistent with the WTO – contradicting WTO-consistent rhetoric from Beijing; and the unwillingness and/or inability of U.S. companies to help USTR develop WTO cases because they fear China will retaliate against them or because the cost of the necessary legal research into their concerns is beyond their ability to finance. Moreover, China's recently announced 12th five-year plan, and reports that China is considering investments of up to $1.5 trillion for strategic emerging industries, such as new-generation information technology and new-energy automobiles, suggests this challenge may only grow.

A recent investigation under section 301 of the Trade Act of 1974 provides a case in point. A group of U.S. workers asked USTR to investigate a range of Chinese practices relating to the manufacture of green technologies. (U.S. companies did not challenge China.) USTR moved forward with a WTO case on one of the claims, relating to WTO-prohibited subsidies for wind

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power manufacturers. But it was unable to complete its investigation within the statutory timeframe with respect to many of the remaining allegations. Additional tools and resources will help expedite these kinds of fact-intensive investigations in the future, covering a range of trade-distorting policies from subsidies and export restraints to "indigenous innovation" and "technology transfer" requirements.

To be sure, Congress must be careful with every taxpayer dollar. At the same time, the American people expect Congress to defend U.S. manufacturing and service companies, workers, and farmers. We therefore respectfully request that the Committee on Appropriations appropriate $54.5 million for USTR.

Sincerely,

Jim McDermott

Joseph Crowley

Michael Michaud

Shelley Berkley

Earl Blumenauer

Russ Carnahan

David Cicilline

Hansen Clarke

Steve Cohen

Mark Critz

John Dingell

Eliot Engel

Jesse Jackson, Jr.

Dale Kildee

Rick Larsen

Sander Levin

Dan Lipinski

Jim Moran

Chris Murphy

Bill Owens

Bill Pascrell

Gary Peters

Chellie Pingree

Nick Rahall

Charles Rangel

Laura Richardson

Tim Ryan

Linda Sánchez

Jan Schakowsky

Allyson Schwartz

Kurt Schrader

Louise Slaughter

Adam Smith

Pete Stark

Betty Sutton

Paul Tonko

Rosa DeLauro