

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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