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United States Senate

COMMITTEE ON
AGRICULTURE, NUTRITION, AND FORESTRY

WASHINGTON, DC 20510-6000

202-224-2035

TTY/TDD 202-224-2587

February 26, 2009

SAXBY CHAMBLISS, GEORGIA
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JOHN THUNE, SOUTH DAKOTA
CHARLES E. GRASSLEY, IOWA

The Honorable Tom Vilsack
Secretary
U.S. Department of Agriculture
1400 Independence Avenue, SW
Washington, DC 20250

Dear Secretary Vilsack:

We bring to your attention a matter of significant importance to U.S. agriculture exporters regarding our important trade in cotton with the Peoples Republic of China. Cotton is the second largest U.S. agriculture export to China, which in the past five years has totaled 26.2 million bales or 5.7 million metric tons with a total value of \$7.8 billion.

Last year, the Chinese Government, announced through its General Administration of Quality Supervision Inspection and Quarantine (AQSIQ), the establishment of a registration system exclusively for imported cotton. The new system lacks transparency and is in clear violation of China's World Trade Organization (WTO) accession agreement. The system will increase transaction costs for imported cotton, depressing demand at a time when the global textile industry is experiencing the largest year-to-year decline in consumption since the Great Depression. The establishment and operation of the registration system will only exacerbate the impact of the economic downturn on the textile trade and encourage reciprocal actions in other markets to raise barriers to trade.

We believe that if the United States government fails to vigorously object to these arbitrary and unnecessary requirements on U.S. cotton exporters, it will open the door to continued attempts by our trading partners to apply such barriers against a wider range of U.S. agricultural commodities.

In order to address this problem in a timely manner, we respectfully request (1) the U.S. Ambassador, Agricultural Counselor and other Embassy officials in Beijing continue to engage appropriate Chinese authorities to urge a minimum of a six month delay to the March 15 effective date; (2) to schedule technical consultations if the delay is accepted; and, (3) the U.S. Government request this matter be included on the agenda for next month's regular meeting in the WTO on technical barriers to trade. We believe this problem can be resolved with constructive dialogue and cooperation from the Chinese Government.

Very truly yours,

Zombardo

Sayby Chaubkin

Blanch R. Lincoln

Paul Colman

[Signature]

Cc: Secretary Tom Vilsack

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Ambassador Peter Allgeier
Acting United States Trade Representative
600 17th Street, NW
Washington, DC 20508

Dear Ambassador Allgeier:

We bring to your attention a matter of significant importance to U.S. agriculture exporters regarding our important trade in cotton with the Peoples Republic of China. Cotton is the second largest U.S. agriculture export to China, which in the past five years has totaled 26.2 million bales or 5.7 million metric tons with a total value of \$7.8 billion.

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Very truly yours,

Tom Harkin

Sayby Claiborn

Blanche L. Lincoln

Paul Costello

Pat Blue

Cc: Ambassador Peter Allgeier

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Ambassador Zhou Wenzhong
Embassy of the People's Republic of China
2300 Connecticut Ave. NW
Washington, DC 20008

Dear Ambassador Zhou:

We are writing to convey our serious concern about the registration, rating and inspection regime developed by the General Administration of Quality Supervision Inspection and Quarantine (AQSIQ) scheduled to become effective on March 15, 2009. We believe this action will have a negative impact on China's textile industry as well as on U.S. cotton producers and exporters.

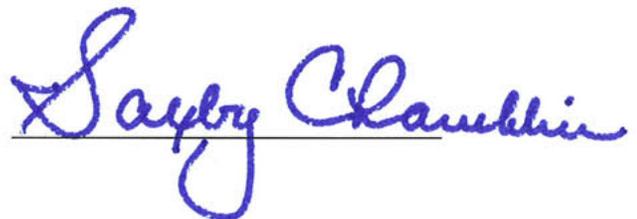
The United States cotton industry holds the China textile industry in high regard. We believe it is important to maintain strong and open communications and a mutually beneficial relationship between U.S. exporters and China's textile manufacturers. These industries make valuable contributions to our respective economies. We also believe that the new regime proposed by AQSIQ is unnecessary and will add significant costs to raw materials purchased by your textile manufacturers.

Exporters and cotton traders around the world are strongly opposing the proposed system. In order to resolve this issue in a cooperative manner, we are writing to request your assistance in communicating our concerns to AQSIQ. We believe that the current international cotton contract provides important protection to China's textile mills as well as U.S. exporters.

We understand there has been discussion about a six-month delay in implementing the registration and inspection system while technical consultations can be organized and conducted. We urge you to recommend this alternative to AQSIQ.

Thank you for your consideration of our views and concerns.

Very truly yours,



Blanche L. Linsch

Paul Cohen

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