

MAX BAUCUS, MONTANA, CHAIRMAN

JOHN D. ROCKEFELLER IV, WEST VIRGINIA
KENT CONRAD, NORTH DAKOTA
JEFF BINGAMAN, NEW MEXICO
JOHN F. KERRY, MASSACHUSETTS
BLANCHE L. LINCOLN, ARKANSAS
RON WYDEN, OREGON
CHARLES E. SCHUMER, NEW YORK
DEBBIE STABENOW, MICHIGAN
MARIA CANTWELL, WASHINGTON
BILL NELSON, FLORIDA
ROBERT MENENDEZ, NEW JERSEY
THOMAS R. CARPER, DELAWARE

CHUCK GRASSLEY, IOWA
ORRHIN G. HATCH, UTAH
OLYMPIA J. SNOWE, MAINE
JON KYL, ARIZONA
JIM BUNNING, KENTUCKY
MIKE CRAPO, IDAHO
PAT ROBERTS, KANSAS
JOHN ENSIGN, NEVADA
MICHAEL B. ENZI, WYOMING
JOHN CORNYN, TEXAS

United States Senate

COMMITTEE ON FINANCE

WASHINGTON, DC 20510-6200

RUSSELL SULLIVAN, STAFF DIRECTOR

KOLAN DAVIS, REPUBLICAN STAFF DIRECTOR AND CHIEF COUNSEL

April 1, 2010

The Honorable Shara L. Aranoff
Chairman
U.S. International Trade Commission
500 E Street, S.W.
Washington, DC 20436

Dear Chairman Aranoff,

We are writing to request that the U.S. International Trade Commission conduct an investigation under section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)) regarding competitive factors affecting agricultural trade between China and the United States.

Since it joined the World Trade Organization in 2001, China's imports of U.S. agricultural products have grown substantially. China is now the fourth largest market for U.S. agricultural exports. Yet sales are highly concentrated in a few products—soybeans, cotton, poultry, and hides and skins accounted for more than 85 percent of Chinese imports of U.S. agricultural products in 2009. Chinese imports of several globally competitive U.S. agricultural products, such as certain meat, feedgrains, and processed food, are limited. With rapidly rising per capita income and resource constraints on domestic production growth, China has the potential to provide greater opportunities for expanding U.S. agricultural exports.

At the same time, several factors threaten the ability of U.S. agricultural exporters to realize these opportunities. Chinese government policies aimed at boosting domestic production and curbing imports, non-tariff measures, including sanitary/phytosanitary measures and technical trade barriers, and increased competition from third-country suppliers, especially those with which China has negotiated trade agreements, are important factors that could weaken the competitive position of U.S. agricultural products in the Chinese market.

The Commission's report should cover the period 2005-2009, or the period 2005 to the latest year for which data are available. In addition, to the extent possible, the report should include the following:

- an overview of China's agricultural market, including recent trends in production, consumption, and trade;
- a description of the competitive factors affecting the agricultural sector in China, in such areas as costs of production, technology, domestic support and government programs related to agricultural markets, foreign direct investment policies, and pricing and marketing regimes;

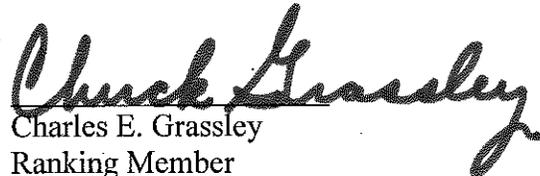
- an overview of China's participation in global agricultural export markets, particularly in the Asia-Pacific region and in those markets with which China has negotiated trade agreements;
- a description of the principal measures affecting China's agricultural imports, including tariffs and non-tariff measures such as sanitary and phytosanitary measures and technical barriers to trade; and
- a quantitative analysis of the economic effects of China's MFN tariffs, preferential tariffs negotiated under China's free trade agreements, and China's non-tariff measures on U.S. agricultural exports to China and on imports from the rest of the world.

The Commission should submit its final report no later than eleven months from the receipt of this request. As we intend to make the report available to the public, we request that it not contain confidential business information.

Sincerely,



Max Baucus
Chairman



Charles E. Grassley
Ranking Member