

February 4, 2010

The Honorable Max Baucus
Chairman
Committee on Finance
United States Senate
Washington, DC 20510

The Honorable Charles Grassley
Ranking Member
Committee on Finance
United States Senate
Washington, DC 20510

The Honorable Charles Rangel
Chairman
Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

The Honorable Dave Camp
Ranking Member
Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

Dear Chairmen Baucus and Rangel and Ranking Members Grassley and Camp:

On behalf of a broad coalition of U.S. businesses, workers, farmers, and ranchers, we are writing to express our grave concerns regarding the World Trade Organization (WTO) cotton subsidy dispute between the United States and Brazil.

A WTO dispute settlement panel has authorized Brazil to impose retaliatory measures against imports from the United States, and these measures may include prohibitive tariffs on U.S. manufactured and agricultural products and also cross-retaliation against U.S. services and intellectual property. The Brazilian government is in the process of determining what form its retaliation may take. Based on preliminary information from the Brazilian government, these measures may include tariffs reaching as high as 100 percent on hundreds of U.S. products, and possible limits on intellectual property protection and on services, threatening as much as \$1 billion in U.S. exports and tens of thousands of American jobs.

We understand that Brazilian officials have indicated that they are open to alternative approaches. They have also indicated their hope that the U.S. government might offer a proposal to settle the dispute. We urge Congress, in coordination with the Office of the U.S. Trade Representative and others in the Administration, to continue engaging the Brazilian government and to act swiftly to present alternatives that could avert the imposition of WTO-sanctioned retaliation.

Once imposed, Brazil's retaliatory measures would lead directly to the loss of American jobs, income, and growth opportunities. In addition, it may prove extremely difficult to unravel the dispute and free U.S. workers, farmers, and companies from the burden of Brazilian retaliation, as we have seen in the case of Mexico's retaliation with regard to the U.S.-Mexico cross-border trucking dispute.

We are fully prepared to work with Congress and other representatives of the U.S. and Brazilian governments to facilitate constructive dialog and, hopefully, avoid harmful trade retaliation against U.S. workers, farmers, and companies.

Sincerely,

Advanced Medical Technology Association (AdvaMed)
American Chamber of Commerce - Brazil
American Automotive Policy Council
Brazil-U.S. Business Council
Council of the Americas
International Dairy Foods Association
Medical Imaging Technology Alliance
National Association of Manufacturers
National Electrical Manufacturers Association
National Marine Manufacturers Association
Pharmaceutical Research and Manufacturers of America (PhRMA)
Society of the Plastics Industry, Inc.
U.S. Chamber of Commerce

Cc: The Honorable Harry Reid, Majority Leader, United States Senate
The Honorable Mitch McConnell, Republican Leader, United States Senate
The Honorable Nancy Pelosi, Speaker, U.S. House of Representatives
The Honorable Steny Hoyer, Majority Leader, U.S. House of Representatives
The Honorable John Boehner, Minority Leader, U.S. House of Representatives
The Honorable Eliot Engel, Co-Chair, Brazil Caucus, U.S House of Representatives
The Honorable Devin Nunes, Co-Chair, Brazil Caucus, U.S. House of Representatives
The Members of the Senate Committee on Finance
The Members of the House Committee on Ways and Means