

CHAMBER OF COMMERCE
OF THE
UNITED STATES OF AMERICA

MYRON A. BRILLIANT
EXECUTIVE VICE PRESIDENT AND
HEAD OF INTERNATIONAL AFFAIRS

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May 12, 2014

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

The Honorable Michael Froman
U.S. Trade Representative
The Winder Building
600 17th Street NW
Washington, DC 20508

Dear Secretary Vilsack and Ambassador Froman:

On behalf of the U.S. Chamber of Commerce, the world's largest business federation, representing over 3 million businesses from every size, sector and region, we write to express our growing concern over the apparently stalled progress toward a definitive resolution to the U.S.-Brazil cotton dispute. As you know, the Chamber houses the U.S. Section of the Brazil-U.S. Business Council, whose 118 member companies remain deeply committed to the bilateral relationship.

Brazil is the 7th largest global economy and an important U.S. economic partner. In 2013, the United States exported more than \$44 billion in goods to Brazil, generating a merchandise trade surplus of over \$16 billion, while over two million Brazilian visitors to the United States contributed an additional \$10.5 billion to our economy. Yet, this partnership is being undermined.

Over a decade ago, Brazil successfully challenged U.S. cotton subsidies before the World Trade Organization (WTO) and was subsequently authorized to retaliate against U.S. trade and intellectual property rights. In lieu of sanctions, the parties agreed, in 2010, to a temporary Framework Agreement that included a commitment

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to enact legislative changes to the Farm Bill that would alter U.S. cotton subsidies, as well as to provide interim payments to the Brazil Cotton Institute.

Enactment of the 2014 Farm Bill promised new momentum toward final resolution of the dispute. Yet it remains unresolved. We fear that a missed opportunity now serves to undermine political will in both countries and raise the cost of an ultimate resolution.

Complicating matters is the U.S. failure thus far to fulfill obligations under the 2010 Framework Agreement to remit payments to the Brazil Cotton Institute. Together with numerous like-minded organizations making up the Brazil Trade Action Coalition (BRAZTAC), the Chamber has previously written the Administration expressing its strong concern over these missed payments and the potential for triggering WTO-approved sanctions against U.S. companies, farmers and workers, including potential sanctions against U.S. intellectual property rights. The United States invites retaliation by failing to comply with the interim agreement.

We also remain concerned that there has been no resolution of discussions regarding the GSM-102 export credit guarantee program. As you know, the Farm Bill includes explicit language directing the United States to work with Brazilian officials to craft adjustments to GSM-102 provisions. Once again, we are advised that no resolution is in sight.

The U.S. Chamber urges the United States and Brazil to work in good faith to achieve a definitive resolution to the WTO cotton case. Part of that effort must involve satisfaction of prior obligations and commitments, particularly where mandated by Congress.

Thank you for your attention to this important matter!

Sincerely,



Myron A. Brilliant

*Thank you
for your consideration
of our views!
My*