

CHAMBER OF COMMERCE
OF THE
UNITED STATES OF AMERICA

R. BRUCE JOSTEN
EXECUTIVE VICE PRESIDENT
GOVERNMENT AFFAIRS

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WASHINGTON, D.C. 20062-2000
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April 24, 2012

The Honorable Debbie Stabenow
Chairwoman
Committee on Agriculture,
Nutrition, and Forestry
United States Senate
Washington, DC 20510

The Honorable Pat Roberts
Ranking Member
Committee on Agriculture,
Nutrition, and Forestry
United States Senate
Washington, DC 20510

Dear Chairwoman Stabenow and Ranking Member Roberts:

As the Senate Committee on Agriculture, Nutrition and Forestry prepares to consider the 2012 Farm Bill, the U.S. Chamber of Commerce, the world's largest business federation representing the interests of more than three million businesses and organizations of every size, sector, and region, urges you to secure a definitive solution to the U.S.-Brazil World Trade Organization (WTO) cotton case as part of this legislation. While the current draft bill would address one part of this issue, the Chamber believes more significant changes are needed to ensure the United States meets its international obligations and prevent trade retaliation from Brazil.

The current Farm Bill is the proper vehicle to reform the agricultural export-promotion and safety-net programs that currently violate WTO rules. Failure to make these reforms could result in nearly \$1 billion in Brazilian trade retaliation against U.S. goods and intellectual property rights. These sanctions could lead to the loss of thousands of American jobs.

The economic impact of the WTO-authorized retaliation goes far beyond the agricultural sector. Many U.S. manufacturing and knowledge-based businesses would be severely affected, particularly through the unprecedented "cross-retaliation" against U.S. innovators' intellectual property rights. In the U.S. farm economy, Brazilian retaliation could negatively affect U.S. exports of dairy products, fruits and grains, as well as agricultural and biotechnology-related intellectual property.

In August 2011, the National Cotton Council (NCC) offered a proposal recognizing the need to end this dispute definitively. While the NCC proposal and the current draft bill include provisions on the two U.S. safety net programs still considered not in compliance with WTO rules — Counter-Cyclical Payments (CCP) and Marketing Loan Payments (MLP) — no provision addresses the GSM-102 export credit guarantees program. As the bulk of Brazil's authorized trade retaliation is directly related to the use of GSM-102, the Chamber urges you to support reform of the GSM-102 program in order to secure a definitive resolution of the dispute.

The Chamber supports the provision in the current draft to eliminate CCP but urges you to further reform MLP and to avoid creating any new program that would result in more

spending or in more distortions to the cotton market. Including more trade-distorting programs in the 2012 Farm Bill could trigger immediate Brazilian retaliation. It could also open the door to new litigation in the WTO and further WTO scrutiny of U.S. farm policy, with the attendant risk of new disputes and possible sanctions against the United States.

While the Senate debates the new Farm Bill, it is important to preserve the 2010 U.S.-Brazil temporary cotton agreement, which helped U.S. businesses, farmers, and workers avoid Brazilian trade retaliation over the past two years. In particular, we encourage members of the Committee to oppose any amendment to appropriations bills that would abrogate the temporary agreement.

The Chamber urges you to support American exports, jobs, and innovation by securing a definitive solution to the U.S.-Brazil World Trade Organization cotton case in the context of the 2012 Farm Bill.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Bruce Josten". The signature is fluid and cursive, with a large initial "R" and a long, sweeping tail.

R. Bruce Josten

cc: The Members of the Senate Committee on Agriculture, Nutrition, and Forestry