

NATIONAL FOREIGN TRADE COUNCIL, INC.

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June 14, 2005

Dear Mr. Speaker:

I am writing on behalf of the National Foreign Trade Council (NFTC), an organization of more than 300 American companies engaged in advancing open and rules-based trade, to urge your opposition to two potential amendments to H.R. 2862, the Science, State, Justice and Commerce FY 06 Appropriations Bill. The first amendment, sponsored by Congressman Cardin (D-MD), would earmark USTR funds for the purpose of taking WTO action against China on its currency; the second amendment, introduced by Congressman Tancredo (R-CO), would prohibit the use of appropriated funds to increase any limitations on the temporary entry of aliens in any bilateral or multilateral trade agreement, among other provisions.

The Cardin Amendment would be counterproductive to addressing concerns we all share regarding China's currency. Forcing the USTR to file a WTO case through earmarked funding is bad policy and would backfire on the United States. It is our assessment that the United States would likely lose a WTO case on China's currency. A WTO case would also take two to three years, which would distract the United States government from pursuing more constructive solutions to US concerns over the value of China's currency, as well as ensuring China's support for ambitious market opening in the Doha Round of multilateral trade negotiations. We also would open the door to tit-for-tat WTO dispute settlement and retaliation, which would end up adversely impacting US exporters and the jobs that depend on these exports.

We firmly believe the Tancredo Amendment will seriously undermine US market access negotiating objectives in the WTO Doha Round. This negotiation is vital to gaining new market access for US goods, services and agriculture in emerging markets worldwide, particularly in middle income countries that are unlikely to engage in bilateral free trade agreements with the United States. These countries include India, Brazil, Turkey and China. Tying the USTR's hands on issues important to this negotiation, will be a recipe for failure in achieving meaningful new market access. The negotiations on GATS Mode 4, involving the **temporary** movement of business personnel, are part of the Doha Round negotiations on services. Common sense and reasonable approaches on this issue would boost US global trade and competitiveness, and require little or no change in US immigration law. The NFTC has a separate paper and set of recommendations on this issues which highlight this point.

In closing, we urge your leadership in opposing these two amendments.

Sincerely,

A handwritten signature in black ink, appearing to read "W. A. Reinsch", is written over a light blue horizontal line.

William A. Reinsch
President