

United States Senate

WASHINGTON, DC 20510

October 1, 2010

President Barack Obama
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Mr. President:

We know that you agree that the development and manufacturing of green technology holds the potential to be a central pillar of a vibrant American economy. Unfortunately, despite clear comparative and competitive advantages, the United States is falling behind in the global competition to succeed in many green technology sectors because of aggressive industrial policies employed by the People's Republic of China (PRC).

We write to you in strong support of the petition filed September 9, 2010 under Section 301 of the Trade Act of 1974. The petition identifies several subsidies, market access barriers, and other market-distorting policies employed by the PRC that severely limit U.S. export opportunities and undermine fair competition in the clean energy technology sector. The petition identifies numerous policies of the PRC covering wind, solar, geothermal, biomass, hydropower, and advanced batteries that discriminate against imports, subsidize exports of advanced technologies, or otherwise distort trade and investment decisions. These policies clearly appear to violate commitments the PRC made when it joined the World Trade Organization (WTO). All of the policies set forth in the petition distort markets to the advantage of production in China – unjustifiably burdening U.S. commerce – and should be aggressively countered by the United States.

We urge you to review this petition quickly and take immediate and aggressive action against the practices cited in the petition. And we urge you to use the full authorities Congress has granted you to enforce United States trade laws and the United States' rights under the WTO.

China's stunning advances in clean energy manufacturing are not driven purely by market-based advantages or energy policy choices. The PRC uses a wide array of mercantilist policies to attract production to its domestic producers of clean energy technology – ranging from restricting the exports of critical raw materials used in the manufacturing of solar panels, advanced batteries, and wind turbines, to requiring foreign companies that want access to China's market to transfer technology and to agree to procure from local producers.

Trade data demonstrate the outcomes of the PRC's mercantilist policies. Exports of green goods from China skyrocketed more than 400 percent between 2004 and 2009. China's exports are displacing U.S. exports in third-country markets, too, as its share of every single major regional market for green goods has increased considerably in recent years.

We understand that the use of trade consultations or formal dispute settlement proceedings cannot ensure that the United States leads the world in clean energy manufacturing and entrepreneurship. The United States needs to be as aggressive on offense as it is on defense. That's why we support policies to promote green energy production and deployment in the United States. Yet, America's businesses and the workers they rely upon deserve a level playing field in the United States

and in foreign markets. Enforcing our trade laws will send a message to our trading partners that we will not sit by idly while others game the system.

Furthermore, on the heels of the Second World War, the United States led the creation of a rules-based global trading system in part to reduce geopolitical tensions. Strengthening the global trading system by ensuring that its rules are followed is critical now more than ever, as the PRC is already demonstrating its willingness to flout its WTO obligations and manage its exports for its own geopolitical purposes. The PRC's discriminatory policies in the green goods sector and in many others are a direct challenge to the global trading system and to economic and political institutions designed to foster peace and promote prosperity around the world.

We urge the Administration to actively use the trade enforcement authorities and tools it has, consistent with our WTO obligations, to break down unfair trade barriers to help our clean energy manufacturers export more goods and services, and create jobs in America. We hope you will direct the resources and personnel necessary to act on the practices in the petition. We are eager to work with you to address these issues and to move forward with trade policies that promote exports, long-term economic growth and job creation.

Sincerely,

Ron Wyden

Mark Warner

Robert Menendez

Chris Feingold

Shirley Hironaka

John Reed

Sherrod Brown

Chuck Schuler

Dick Durbin

Albin Ertmer

Barbara Mikulski

Jeanne Shaheen

Tom Harkin

Mrs F. B. A

Jan Test

Amy Kloberhan

Al Franken

Dawn Dot

Bert Sanders

Jill Webb

Kirsten E. Gillibrand

Mark Royce

Blanche L. Lincoln

Marj Udall

Em Bayl

Allen Jech

Ben Cudi

Mary L. Landrum

Byron G. Sanger

Tom Ullall

Jeffrey A. Merkley

Carl Levin

Ida Kampen

Bob Carey, Jr.

Herb Kohl

Frank R. Lautenberg

Jay Byrnes

Paul Bezek

Robert W. Burns

Jim Johnson

Patty Murray

Mark R. Warner