

United States Committee on Finance

June 23, 2005

The Honorable Robert J. Portman
United States Trade Representative
Winder Building, 600 17th Street, N.W.
Washington, D.C. 20508

Dear Ambassador Portman:

We are writing with respect to your review of the Administration's trade policy toward China. During your confirmation hearing in April, you indicated that you would conduct a top-to-bottom review of our ongoing trade issues with China. We understand that you have since visited China, and that key personnel responsible for the China portfolio in your office are in China right now working on our outstanding issues. We applaud your prompt attention to this very important matter. Serious challenges remain with respect to China's compliance record, and many U.S. businesses are still not able to maximize their opportunities in the Chinese market. Five areas remain of particular concern, *i.e.* intellectual property rights, agriculture, services, industrial policies, and procurement.

China must significantly improve its enforcement of intellectual property rights protections. Similarly, China must improve the transparency of trade in agricultural goods and trade in services. In particular, China must implement outstanding services commitments, such as those distribution services commitments which came due in December 2004. In addition, China must not resort to industrial policies that limit market access for non-Chinese origin goods and services, or that aim to extract technology and intellectual property from foreign rights-holders. And finally, given troubling signs in the direction of China's procurement policies, China must begin the process of joining the WTO Government Procurement Agreement.

We expect that you will raise these and other outstanding issues with China during the next meeting of the Joint Commission on Commerce and Trade. In addition, we request that you appear before the Finance Committee after you complete your review. The Committee expects to be kept informed of developments in the Administration's trade policy toward China.

Again, we appreciate the seriousness with which you are approaching this very important matter. We look forward to working with you to ensure that U.S. farmers, ranchers, manufacturers, and service providers, fully realize the benefits of China's membership in the World Trade Organization and integration into the global economy.

Sincerely,

Charles E. Grassley
Chairman Ranking

Max Baucus
Member