

September 23, 2010

The Honorable Sander Levin
Chairman, Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, DC 20515

The Honorable Dave Camp
Ranking Member, Committee on Ways and Means
U.S. House of Representatives
1139E Longworth House Office Building
Washington, DC 20515

Re: Food and Agriculture Organization Support for Currency Legislation

Dear Mr. Chairman and Ranking Member Camp:

The undersigned organizations represent agricultural producers, the people who actually grow the products and the raise livestock that end up in our food supply as well as in a wide range of processed and manufactured goods. We urge passage of legislation to counter the persistent misalignment of currencies.

Free and fair trade cannot exist in markets distorted by persistent currency misalignment. Undervalued currencies such as the Chinese renminbi impose a hidden tax on America's agricultural exports and force our farmers and ranchers to compete with subsidized products in our own and world markets.

We are disturbed that some are using statistics on our agriculture trade performance to argue against legislation to enforce agreed international norms of fair trade. Our agricultural trade performance is substantially hampered by the lack of enforcement and lack of reciprocity in the trade relationship with China and other countries. Agriculture is harmed, not helped, by failure to enforce the rules. In truth, while America's agriculture has remained in net export status, it has largely declined the last 20 years and we continue to perform well below our potential.

China's state-managed capitalism poses a particular problem for some U.S. agricultural producers. Rather than becoming the large and growing export market for all U.S. agriculture that had been expected after it was awarded permanent trade relations status and joined the World Trade Organization ten years ago, China can and does systematically expand its export of targeted agricultural products, such as apples, tomatoes, and seafood to name just a few.

China uses the same industrial policy techniques in agriculture as it does in manufactured goods. The state provides massive subsidies to develop an industry, plies it with cheap credit, interferes

with import competition, and subsidizes exports. An undervalued currency is a central part of this beggar-thy-neighbor policy.

Counteracting the currency subsidy on imported goods will not by itself correct the problem. It is, nonetheless, an indispensable first step toward a solution. We therefore strongly urge you and every other member of the House to pass effective legislation to deal with this mercantilist challenge to American agriculture.

Respectfully,

American Corn Growers Association
American Grassfed Association
California Farmers Union
Cattle Producers of Washington
Contract Poultry Growers Association of the Virginias
Independent Cattlemen of Iowa
Independent Cattlemen of Wyoming
Kansas Farmers Union
McPherson County, KS - Farmers Union
National Association of Farm Animal Welfare
National Farmers Organization
National Farmers Union
Nebraska Farmers Union
Ohio Farmers Union Pennsylvania Farmers Union
Organization for Competitive Markets
Pennsylvania Independent Consumers and Farmers Association
R-CALF United Stockgrowers of America
South Dakota Stockgrowers Association
Texas Farmers Union
Women Involved in Farm Economics (WIFE)