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The Honorable Barack Obama
President of the United States
The White House
Washington, DC, 20502

Dear Mr. President:

As you may know, a draft of the proposed communiqué to be issued by the G-20 nations this week has been published in the press. It raises some significant concerns.

The section captioned “An open global economy,” may later be used to limit Congressional discretion in crafting an additional stimulus or other measures to grow the U.S. economy. Specifically, the draft calls on nations to limit any “barriers to investment or to trade in goods and services, including within existing WTO limits.”

What this means to some trading partners, and perhaps to those in the WTO apparatus, is that the United States should not enact *legal* (within WTO rules) domestic preferences in spending bills. The language can also be read to reduce the ability of Congress to enact even nondiscriminatory restrictions to protect the safety and health of Americans, our environment and consumers, or to provide for sensible financial regulations. Such measures may be perceived as “protectionist” – a term that seems to have lost its traditional meaning in this climate.

Congress and the Executive Branch have acted together to agree to the WTO rules. The Executive Branch should not, acting by itself, commit the United States to abstain from actions which are permissible under the WTO. Rather, further restrictions on U.S. actions, if any, should not be binding on our country without a vote of Congress.

Moreover, language in that section suggesting that countries not “create new subsidies to export” could be used to attack programs designed to prevent the collapse of the auto industry. U.S. efforts to date to save the auto industry have been attacked by some in Europe and elsewhere as an illegal subsidy. By signing on to a communiqué with this type of language, we are likely setting ourselves up for challenges to further efforts to restructure the American auto industry.

The United States trades more freely and has less regulation than most of our trading partners. The United States does from time to time find it necessary to retaliate or protect American production from unfair trade practices such as dumping and illegal subsidization of imports. The language in the communiqué could support a fallacious argument that, when the U.S. imposes anti-dumping and countervailing duties (which are “within existing WTO limits”), we are adopting additional “barriers to investment or to trade in goods and services.”

Finally, the communiqué and statements by American officials appear to commit the United States to support the exports of foreign nations through increased contributions to the World Bank and other international financial institutions. I urge you to resist any effort to have U.S. taxpayer funds go to support the “global supply chain” of outsourcing and off-shoring corporations.

Those companies that engineered the development of “the global supply chain,” in the process moving production from the U.S. to low wage countries, argued that market constraints were the driving force behind such outsourcing. It is completely inappropriate for the U.S. federal government to use taxpayer funds to subsidize or bail out those who failed to account for the risks of such a supply chain. No one stepped in to protect the American jobs prior to their being off-shored and outsourced; no one should step in to bail out those who did the off-shoring and outsourcing.

Thank you for your considerations of these concerns. I urge that you reject language that would give away important rights the United States should retain.

Sincerely,



BRAD SHERMAN
Member of Congress