

EXECUTIVE OFFICE OF THE PRESIDENT
THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON, D.C. 20508

OCT 23 2008

The Honorable Elizabeth Dole
United States Senate
Washington, D.C. 20510

Dear Senator Dole:

The President has asked me to respond to your letter expressing concern that China may be providing WTO-illegal subsidies to its textile industry.

Thank you for calling this important issue to our attention. We understand and share your longstanding commitment to challenging unfair trade practices that violate World Trade Organization (WTO) rules and deny a level playing field to American industries and workers. Accordingly, on receiving your letter, I immediately directed my staff to intensify their analysis of whether such subsidies violate China's WTO obligations. Our initial analysis confirms your concern that certain Chinese subsidy programs appear to raise serious WTO issues.

Therefore, earlier this week, I sent a letter to China's Minister of Commerce expressing concern about potential WTO-illegal subsidies and indicating that USTR has begun to prepare a potential WTO dispute settlement request to challenge such measures if China does not act promptly to eliminate them. I note that earlier this year China quickly eliminated a number of other prohibited subsidies after the United States filed a similar WTO case.

Over the past year, the rapid growth in U.S. exports has helped sustain American manufacturing, jobs, and economic growth during an escalating sub-prime mortgage crisis. At the same time, during periods of economic uncertainty, it is more important than ever to show our firms and workers that the United States is prepared to act on their behalf to ensure a level playing field. Thank you again for helping to call this important issue to our attention.

Sincerely,



Susan C. Schwab