



September 23, 2013

TO THE MEMBERS OF THE UNITED STATES CONGRESS:

On behalf of the Brazil Trade Action Coalition (BRAZTAC), comprised of a broad range of U.S. agricultural, manufacturing, services, and technology businesses and associations, we are writing to support a definitive solution to the U.S.-Brazil World Trade Organization (WTO) cotton case in the context of the 2013 Farm Bill in order to avoid hundreds of millions of dollars in Brazilian trade retaliation against U.S. goods and intellectual property rights.

Over the past three years, Brazil has deferred retaliatory sanctions against U.S. agricultural products, manufactured goods, and intellectual property rights. It is estimated Brazil's WTO-sanctioned retaliation could cost the United States more than \$2 billion in exports and approximately 14,000 American jobs. The 2010 U.S.-Brazil temporary cotton agreement played a key role in delaying Brazil's retaliation.

However, as the current Farm Bill expires at the end of September, we again face a very real threat of sanctions. Congress must act in the coming weeks by moving ahead to a conference and a final bill that puts the cotton dispute behind us once and for all. BRAZTAC urges the House of Representatives and the Senate to go to conference and secure provisions in the final version of the bill that improve upon provisions already included in the 2013 Farm Bill approved by the Senate. The Senate-approved 2013 Farm Bill text represented significant progress toward a definitive solution and can be used as a platform to a final 2013 Farm Bill, although further adjustments will be needed to secure U.S. compliance with our WTO obligations.

BRAZTAC also urges Congress to clarify the Administration statutory authority to secure adjustments to the Commodity Credit Corporation's Export Credit Guarantee Program (GSM-102) by working with U.S. industry and the Brazilian Government. We hope the Administration will begin negotiations with Brazil to achieve this goal, as GSM-102 usage represents the bulk of Brazilian WTO-sanctioned retaliation against U.S. goods and intellectual property rights.

BRAZTAC strongly opposes any stand-alone bill or amendment that would violate the 2010 temporary cotton agreement and put the United States at risk of retaliation. These sanctions could result in the loss of thousands of American jobs and establish a dangerous precedent for future WTO disputes. Rather, BRAZTAC urges Congress to support American exports, jobs, and innovation by preserving the 2010 temporary agreement and securing a definitive solution to the cotton case in the context of the 2013 Farm Bill.

Thank you for your attention to this important matter.

Sincerely,

The Brazil Trade Action Coalition