

Congress of the United States
Washington, DC 20515

May 5, 2009

The Honorable Ron Kirk
U.S. Trade Representative
600 17th Street, NW
Washington, DC 20508

Dear Ambassador Kirk:

We are writing to express our serious concern over the decision by the People's Republic of China (PRC) to begin offering, effective April 1, 2009, its soda ash exporters a 9% rebate on the 17% VAT. We strongly urge you and others in the Administration to convey the U.S. government's concern over this development and request that the rebate offer be promptly eliminated.

U.S. soda ash, which is a primary raw material in the manufacturing of glass and detergents, is the most competitive and environmentally friendly in the world due to a unique natural deposit of the raw material, trona, located in Wyoming. Over 40% of U.S. production is exported. With U.S. exports in 2008 reaching \$1.4 billion, soda ash is the second largest export from the Port of Portland, and thousands of jobs are dependent on this industry in a number of other U.S. states, including Connecticut, New Jersey, Georgia and Texas.

In 2003, China became the world's largest producer and consumer of soda ash. Roughly 45% of China's soda ash production is done through a synthetic process, the major byproduct of which is calcium chloride, a well-known contributor to environmentally-harmful toxic sludge emissions. This process generates five times the amount of waste as naturally-sourced U.S. soda ash. Moreover, Chinese synthetic soda ash production is highly energy intensive. About 13.6 million BTUs per metric ton are required to produce China's synthetic soda ash, compared to 6.3 million BTUs per metric ton needed to produce U.S. natural soda ash.

The recent PRC decision to offer the 9% VAT rebate to its exporters will further stimulate excessive capacity expansions in China. Chinese export prices, helped by the artificial incentive to export, will decline at the expense of U.S. exports, particularly in the Asia-Pacific region. This will happen in the midst of a major decline in global demand for soda ash. The new rebate is nothing short of irresponsible during this troublesome economic period.

Moreover, the export rebate represents an unfortunate policy shift in China that is harmful to China's own interests. In July 2007, PRC eliminated the 13% VAT rebate on soda ash exports. The decision to do this was, according to a WTO Report, designed to limit the export of products deemed to have an adverse effect on the environment and to reduce exports of highly energy intensive products such as soda ash. Consequently, the recent decision to reintroduce a VAT rebate on Chinese soda ash exports is a setback both for China and U.S. soda ash exporters.

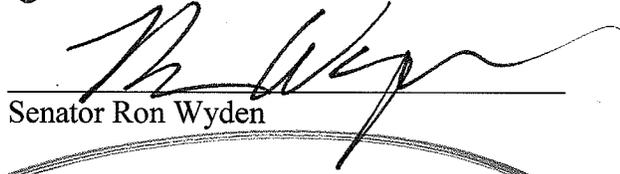
Therefore, we urge you and others in the Administration to immediately consult with the appropriate senior Chinese government officials in an effort to achieve the elimination of the April 1 9% VAT rebate on soda ash.

We greatly appreciate your consideration of this important matter to the U.S. soda ash industry and look forward to your response.

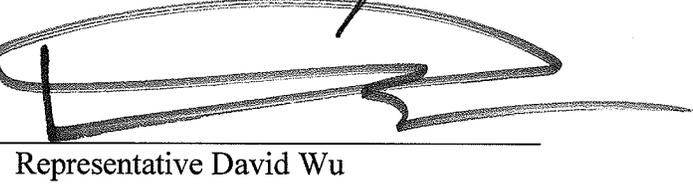

Senator Mike Enzi


Senator John Barrasso

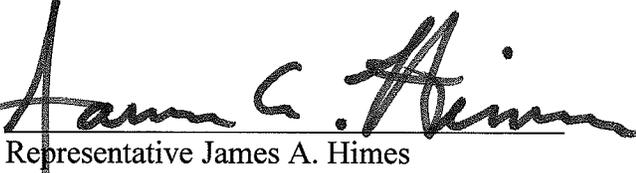

Representative Cynthia M. Lummis

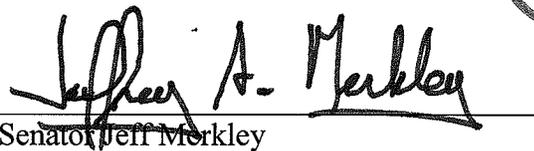

Senator Ron Wyden

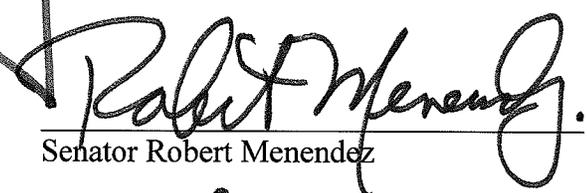

Representative Phil Gingrey M.D.


Representative David Wu


Senator Joseph I. Lieberman


Representative James A. Himes


Senator Jeff Merkley


Senator Robert Menendez

cc: The Honorable Gary Locke
Secretary of Commerce


Senator Frank R. Lautenberg