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Grassley, Baucus Work to Open Chinese Markets to U.S. Soybeans

WASHINGTON – Sen. Chuck Grassley, lead Republican of the Committee on Finance, and Sen. Max Baucus, chairman, today sent a letter to President Bush urging his action to address the Chinese government’s restricted entry of U.S. soybeans. The text of their letter follows.

October 15, 2001

The Honorable George W. Bush
The White House
Washington, D.C. 20005

Dear Mr. President:

We write to thank you for your support for the successful completion of negotiations enabling China’s accession to the World Trade Organization. Increasing access for products and services to the growing Chinese market is a major opportunity for the U.S. economy. We are troubled, however, by recent Chinese government authority actions that restrict access for U.S. soybean exports and other agricultural commodities and urge to you act quickly to resolve the problem.

On June 6, 2001, China’s Ministry of Agriculture announced plans to implement regulations governing imports of genetically modified crops. Unfortunately, China failed to either clarify how these regulations would be administered or provide assurances that shipments received would be allowed entry. This ambiguity resulted in the postponement or cancellation of soybean shipments valued at millions of dollars.

On September 27, this situation further deteriorated when China’s national quarantine office issued new requirements for documentation, testing, and inspection of soybean shipments for noxious weeds, diseases, and foreign material. The office imposed these requirements without scientific justification or opportunity for review or comment. This has resulted in at least eight cargoes totaling 500,000 tons of soybeans delayed up to three weeks at Chinese ports.

The detrimental impact on American farmers – who are now harvesting another bumper soybean crop – is enormous. Due to China’s recent actions, our farmers are in danger of losing their

traditional “window” for sales of \$1.0 billion of soybeans to China – their largest export market. To illustrate, the U.S. exported 230,000 metric tons of soybeans to China during the period of September 1 to 27 last year. This year, as a result of both China’s biotech regulations and new quarantine requirements, exports are zero. Lost market share has pushed soybean prices -- already at historic 27 year lows -- even lower.

We believe that the above stated actions constitute a restraint of trade and if not addressed immediately, will set a poor precedent for China’s compliance with its WTO obligations under both the accession agreement and the new round. In the interim, our domestic soybean industry suffers the consequences. Time is of the essence, thereby we respectfully but strongly urge you to address this matter with the Chinese government at the earliest opportunity.

Thank you for your commitment to achieving meaningful access to world markets.

Sincerely,

Charles E. Grassley

Max Baucus