

Congress of the United States
Washington, DC 20515

September 8, 2016

The Honorable Penny Pritzker
U.S. Secretary of Commerce
1401 Constitution Ave., NW
Washington, DC 20230

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

Dear Secretary Pritzker and Ambassador Froman:

We write to urge the inclusion of a dialogue on China's excess capacity of soda ash in the upcoming 27th U.S.-China Joint Commission on Commerce and Trade (JCCT). China's State Council recently announced that "... efforts to resolve the overcapacity" of its soda ash industry must be taken, but details on what steps will be taken are unknown. This development represents a timely and important opportunity for the Administration to address the issue in the JCCT.

Soda ash is a basic chemical raw material required to manufacture other basic commodities such as glass and detergents. U.S. soda ash is the most competitive and environmentally-friendly in the world due to a unique natural deposit of the soda ash raw material trona located in Green River, Wyoming, from which the U.S. could supply world demand for 1,000 years. Roughly 55 percent of U.S. soda ash is exported, making soda ash America's largest inorganic chemical export.

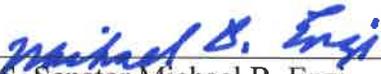
China's soda ash overcapacity is the culmination of nearly 30 years of industrial policies aimed at spurring soda ash production even in the face of diminished demand. Since it was reinstated in 2009, China's 9 percent rebate of its 17 percent VAT for soda ash exports has been one tool the government has used to promote the export of its soda ash excess capacity. For the period of June 2015 – June 2016, demand declined in all three of the major Chinese soda ash market segments, representing 84 percent of China's domestic soda ash demand. Chinese producers were left with no other option but to export this excess capacity to the detriment of U.S. exports. As a result, China's exports increased 23 percent in 2015 over the previous year's exports.

Domestic demand in the U.S. is flat, and the future of the U.S. soda ash industry lies in exports and new markets in Asia and beyond. The excess capacity in China has driven Chinese producers to export low priced soda ash to markets in direct competition with the U.S. This harms U.S. exports as lower-priced Chinese prices undercut U.S. export values in countries where the U.S. and China compete head-to-head.

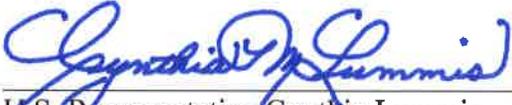
Given these facts, we strongly urge you to include a dialogue with the Chinese government in the upcoming JCCT meetings, one that includes details on how the Chinese government will implement its State Council directive to "resolve the overcapacity" that prevails in the country's soda ash industry.

We greatly appreciate your consideration of this request and look forward to your response.

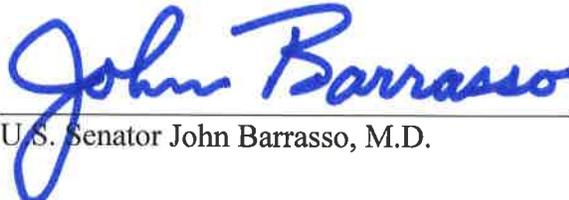
Sincerely,



U.S. Senator Michael B. Enzi



U.S. Representative Cynthia Lummis



U.S. Senator John Barrasso, M.D.