Congress of the United States
Washington, DC 20515

May 31, 2012

The Honorable Ron Kirk
United States Trade Representative
600 17th Street, NW
Washington, DC 20508

Dear Ambassador Kirk:

We are contacting you to share with you our strong concern about the antidumping duties Mexico has preliminarily assigned to U.S. chicken leg quarters and the devastating economic impact that will occur if these duties "go final". Mexico has used a calculation that is unacceptable to the World Trade Organization to determine if U.S. chicken leg quarters are "dumped" onto the Mexican market. Using the "average cost of production" assumes that every part of the chicken should be priced at least at this cost. This assumption is flawed, discriminates against US producers, and concerns us as members from poultry producing districts.

The U.S. companies submitted their cost of production information using a value-based cost accounting method, a method well established and recognized by the poultry industry worldwide as a reasonable basis to calculate costs. Value-based cost accounting is used by U.S., Mexican, and other chicken producers, is consistent with Mexican financial reporting standards, is consistent with the generally accepted accounting principles in both the United States and Mexico, and reasonably reflects the costs of production of U.S. poultry. Given these facts, under the WTO Antidumping Agreement Mexico may not disregard the costs of production reported in this case and use average costs instead.

Mexico's preliminary proposed duties on U.S. chicken leg quarters range from 64 percent to 129 percent. Although these duties have not yet been applied in final form, under Mexican law a final decision will have to be reached by mid-August.

The Mexican antidumping action, when finalized, will severely damage the US poultry industry and the market access provided under the North American Free Trade Agreement. This case sets a bad precedent that must not be repeated throughout the U.S. protein sector and in other countries. The accelerated cost of production approach could encourage others in Mexico and certain other countries to institute frivolous antidumping actions against U.S. beef, pork, or dairy sectors. Without a doubt, other US-trading partners are watching if Mexico will be successful with its WTO non-compliant action.

While US chicken exports to China are currently diminished due to frivolous antidumping duties, Mexico is our most important poultry market, with over 250,000 metric tons imported in 2011, valued over $275 million.

PRINTED ON RECYCLED PAPER

We appreciate your ongoing efforts to open and maintain foreign markets for U.S. poultry. As the Trans-Pacific Partnership negotiations continue, we urge you to resolve this situation as promptly as possible and ensure that Mexico honors its commitments under NAFTA and the WTO. We look forward to working with you to resolve this matter.

Sincerely,

Rick Crawford
Member of Congress

Sanford Bishop
Member of Congress

Andy Harris
Member of Congress

Walter Jones
Member of Congress

David Scott
Member of Congress

Paul Broun
Member of Congress

Austin Scott
Member of Congress

Steve Womack
Member of Congress

John Carney
Member of Congress

Gregg Harper
Member of Congress

Billy Long
Member of Congress

Tom Rooney
Member of Congress

Alan Nunnelee
Member of Congress

Mike Conaway
Member of Congress

Mike Ross
Member of Congress

Vicky Hartzler
Member of Congress

Tim Griffin
Member of Congress

Jim Costa
Member of Congress

Dennis Cardoza
Member of Congress

Lynn Westmoreland
Member of Congress

Ed Whitfield
Member of Congress

Tom Price
Member of Congress

Hank Johnson
Member of Congress

John Barrow
Member of Congress

Reid Ribble
Member of Congress

Renee Ellmers
Member of Congress

Brett Guthrie
Member of Congress

Blaine Luetkemeyer
Member of Congress

Bill Cassidy
Member of Congress

Steven Palazzo
Member of Congress

Mike McIntyre
Member of Congress

Morgan Griffith
Member of Congress

Bennie Thompson
Member of Congress

Larry Kissell
Member of Congress

Tom Graves
Member of Congress

Robert Hurt
Member of Congress

Jack Kingston
Member of Congress

Phil Gingrey
Member of Congress

Sam Graves
Member of Congress

Jo Ann Emerson
Member of Congress

Dan Boren
Member of Congress

Stephen Fincher
Member of Congress

Bob Goodlatte
Member of Congress

Steve King
Member of Congress

Leonard Boswell
Member of Congress

Bobby Schilling
Member of Congress

Darrell Issa
Member of Congress

Ralph Hall
Member of Congress

Scott Rigell
Member of Congress