June 20, 2006

Deborah A. Garza, Chairwoman
Antitrust Modernization Commission
1120 G Street, N.W.
Suite 810
Washington, D.C. 20005

Dear Ms. Garza:

I understand that the Antitrust Modernization Commission (AMC) is considering whether to recommend the repeal or sunset of the Export Trading Company Act (ETCA). I encourage the AMC not to recommend that this law be rescinded.

The ETCA provides a limited antitrust exemption for exporter associations. Through the ETCA, U.S. exporters may work together to lower exporting costs by sharing information regarding foreign markets, negotiating freight rates, operating joint sales facilities, and engaging in other joint export activities. Significantly, the ability to work together facilitates U.S. exports by permitting U.S. exporters to take advantage of economies of scale.

The ETCA also provides another important function for exporters of certain U.S. agricultural products. The United States has agreements with some countries that import certain U.S. agricultural commodities that tariff rate quotas (TRQs) permitting the importation of these commodities be administered – for practical reasons – in the United States. The U.S. government, however, does not have the legal authority to manage export quotas. The ETCA makes it possible for industry groups to manage export quotas without fear of antitrust liability.

Under procedures set forth in the ETCA, the U.S. corn refining industry is currently authorized to manage the TRQ for exports of U.S.-produced high fructose corn syrup to Mexico, and the U.S. pork industry has the potential to manage TRQs for the export of U.S. pork to the Dominican Republic and the countries of Central America. These same industries, both of which figure prominently in the economy of my state of Iowa, also benefit from the ability of their respective members to work together in other ways as permitted under the ETCA, e.g., to negotiate freight rates.
As Chairman of the Committee on Finance, which has jurisdiction over international trade, I recognize the importance that the ETCA plays in facilitating U.S. exports. In addition, as a senior member of the Committee on the Judiciary, which has jurisdiction over the antitrust laws, I understand the importance of the limited antitrust exemption of the ETCA. I encourage the AMC not to recommend the repeal or sunset of the ETCA.

Sincerely,

Chuck Grassley

Charles E. Grassley