



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

<http://finance.senate.gov>

For Immediate Release

Thursday, Nov. 2, 2006

Grassley Seeks Economic Analysis of Industrial Biotechnology

WASHINGTON – Sen. Chuck Grassley, chairman of the Committee on Finance, with jurisdiction over international trade, has asked the U.S. International Trade Commission to conduct an analysis of the competitive conditions in the industrial biotechnology industry.

“Industrial biotechnology is emerging as a major industry, but it’s so new that there are gaps in our knowledge of its economic impact,” Grassley said.

Industrial biotechnology includes processes that can make it possible to use agricultural commodities in new types of products, Grassley said. For example, the development of a certain biotech enzyme has made it possible to convert corn stalks into shirt fibers – in this way, an agricultural product can now be used instead of chemicals (such as for polyester) in producing shirt fibers. Similarly, industrial biotech has made it possible to convert corn into ethanol in a more efficient manner, and new enzymes could further improve this process.

“In this way, industrial biotech could reduce U.S. dependence on foreign fuels and improve the environment,” Grassley said.

The study would involve non-agricultural products as well. The text of Grassley’s request letter to the U.S. International Trade Commission follows.

November 1, 2006

The Honorable Daniel R. Pearson
Chairman
U.S. International Trade Commission
500 E Street, S.W.
Washington, D.C. 20436

Dear Chairman Pearson:

Numerous entities in the United States consider the application of industrial biotechnology key to improving process efficiency and developing new products. The current impact of industrial biotechnology on the U.S. economy, however, is not well understood. For this reason, pursuant to

section 332(g) of the Tariff Act of 1930 (19 U.S.C. § 1332(g)), I am requesting that the Commission institute a fact-finding investigation of the competitive conditions affecting certain industries that are developing and adopting new biotechnology processes and products.

The Committee requests that the Commission's investigation focus – to the extent practicable – on firms in the U.S. chemical industry that are developing bio-based products, *e.g.*, fibers and plastics and renewable chemical platforms, as well as U.S. producers of liquid biofuels. Specifically, the Commission should:

1. Describe and compare government policies in the United States and key competitor countries throughout the world relating to the development of products by these industries.
2. Analyze the extent of business activity in these industries, including, but not limited to, trends in production, financial performance, investment, research and development, and impediments to development and trade.
3. Examine factors affecting the development of bio-based products, including liquid biofuels, and renewable chemical platforms being developed by the U.S. chemical industry – including, but not limited to, globalization of supply chains, capital investment sources, strategic alliances, intellectual property rights, and technology transfer mechanisms.
4. Determine, to the extent feasible, how the adoption of industrial biotechnology processing and products impacts the productivity and competitiveness of firms in these industries.
5. Assess how existing U.S. Government programs may affect the production and utilization of agricultural feedstocks for liquid biofuels as well as bio-based products and renewable chemical platforms being developed by the U.S. chemical industry.

The Commission should submit its report to the Committee not later than twenty months after receipt of this request. The report should be based on information collected from surveys and any other sources of relevant information. If the Commission finds it appropriate, it should hold a public hearing in the course of preparing the report.

The Committee intends to make the report available to the public in its entirety. Therefore, I request that the report not include any confidential business information.

Sincerely,

Charles E. Grassley
Chairman