

Congress of the United States
Washington, DC 20515

September 15, 2010

The Honorable Nancy Pelosi
H-232, US Capitol
Washington, DC

The Honorable John Boehner
H-204 US Capitol
Washington, DC

The Honorable Steny Hoyer
H-107, US Capitol
Washington, DC

The Honorable Eric Cantor
H-329 US Capitol
Washington, DC

The Honorable Sander Levin
Chairman, Committee on Ways and Means
1102 Longworth Building
Washington, DC

The Honorable Dave Camp
Ranking Member, Ways and Means
1139E Longworth Building
Washington, DC

To the House Leadership:

We the undersigned Members urge you to bring H.R. 2378, Currency Reform for Fair Trade Act, to a vote before the full House. H.R. 2378 would direct the U.S. Department of Commerce to treat currency undervaluation as a prohibited subsidy, allowing for the imposition of countervailing or antidumping duties on injurious imports from any country that persistently undervalues its currency. The bill has been written to be consistent with U.S. rights and obligations under the agreements of the World Trade Organization and the International Monetary Fund.

According to the International Monetary Fund,¹ the U.S. Treasury Department,² and the congressionally-chartered U.S.-China Economic and Security Review Commission,³ as well as many noted economists, China's currency, the Renminbi (RMB), is significantly undervalued—as much as 40 percent by some accounts.⁴ The protracted undervaluation of the RMB by the People's Republic of China contributes significantly to China's large trade imbalance with the U.S., makes China's exports to the U.S. artificially cheaper than if China allowed its currency to appreciate to its true level, makes U.S. exports to China artificially more expensive in the Chinese market, and hampers U.S. competitiveness in third-country markets where U.S. exports go head-to-head with Chinese exports for sales. At the same time, dollar investments made in China receive an artificial bonus, promoting the outsourcing of American production and jobs.

¹ IMF, *Meetings of G-20 Deputies, Seoul, Korea, Global Economic Prospects and Policy Challenges, February 27, 2010.*

² <http://www.ustreas.gov/offices/international-affairs/economic-exchange-rates/pdf/ForeignExchangeReport20July2010.pdf>.

³ U.S.-China Economic and Security Review Commission. *2009 Annual Report to Congress of the U.S.-China Economic and Security Review Commission.* (p. 13). Washington: Government Printing Office, 2009.

⁴ Cline, William R., and John Williamson. 2010. "Notes on Equilibrium Exchange Rates: January 2010." Washington, D.C.: Peterson Institute for International Economics. Policy Brief 10-2. <http://www.iie.com/publications/interstitial.cfm?ResearchID=1224>.

As a result, products made in America have been undercut by Chinese goods, which are effectively subsidized by the Chinese government's policy of manipulating the value of its currency.

In an apparent effort to deflect the demands of its trading partners, Beijing announced it was revaluing the RMB a few days before the opening of the G-20 summit in late June. Since that time, however, the RMB has appreciated less than one percent on a nominal basis.


China's contravention of established trade laws has imposed significant hardship on American manufacturers and workers and continues to imperil our economic recovery. Economist Paul Krugman has written that China's "is the most distortionary exchange rate policy any major nation has ever followed."⁵ Fred Bergsten of the Peterson Institute for International Economics believes that resolution of this issue could create as many as 1 million American jobs.⁶ A report by the Economic Policy Institute concluded that between 2001 and 2008, 2.4 million jobs were lost and thousands of workers were displaced in every U.S. congressional district as a result of China's currency manipulation and unfair trade policies.⁷

In its most recent report to Congress, the U.S.-China Economic and Security Review Commission "recommends that Congress consider legislation that has the effect of offsetting the impact on the U.S. economy of China's currency manipulation."⁸ It is critically important for our constituents and for our economy that we give our government the necessary tools to address this issue, and we urge you to bring the Currency Reform for Fair Trade Act to a vote.

Sincerely,



Tim Ryan
Member of Congress



Tim Murphy
Member of Congress

⁵ "Taking on China", *New York Times*, March 14, 2010.

⁶ "China's yuan value hits U.S. economy, two experts say", *Washington Times*, March 15, 2010.

⁷ http://epi.3cdn.net/91b2eeeffce66c1a10_v5m6beqhi.pdf.

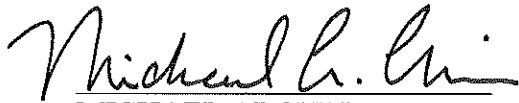
⁸ U.S.-China Economic and Security Review Commission. *2009 Annual Report to Congress of the U.S.-China Economic and Security Review Commission*. (p. 13). Washington: Government Printing Office, 2009.



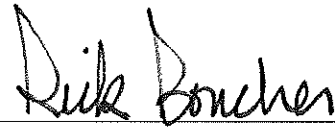
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RICK BOUCHER
Member of Congress



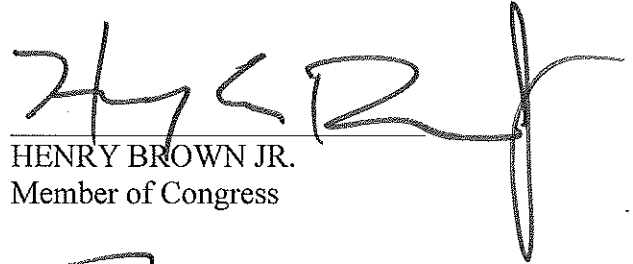
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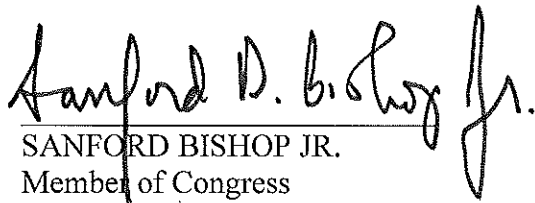
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KEN CALVERT
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CHRISTOPHER CARNEY
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PETER DEFAZIO
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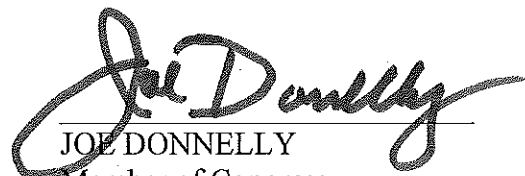

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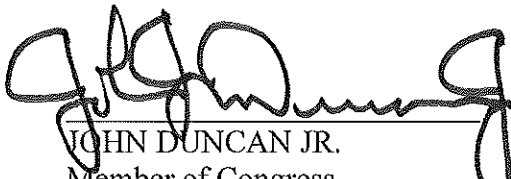

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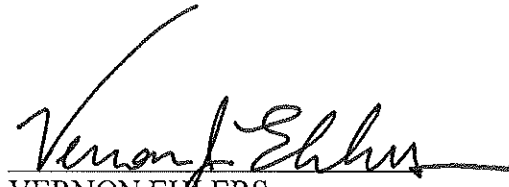

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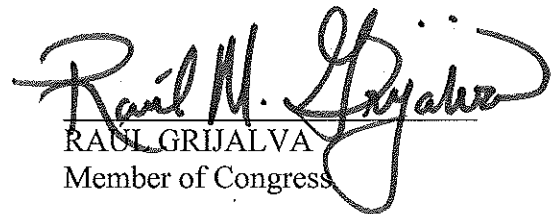
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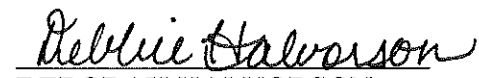
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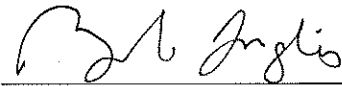
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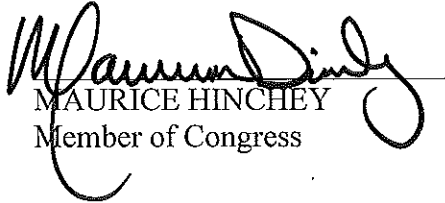
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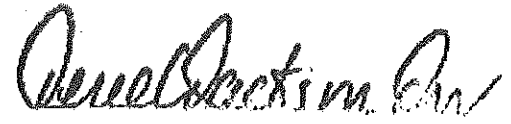
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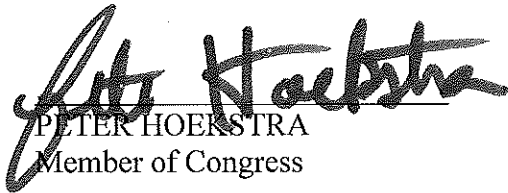
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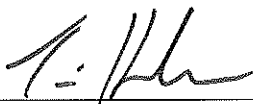
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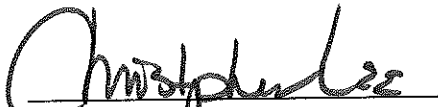
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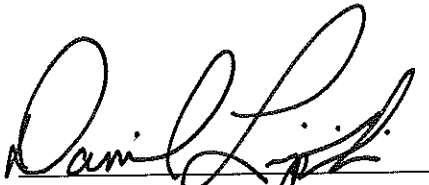

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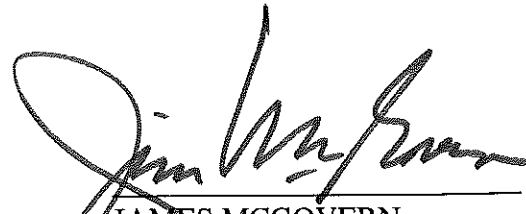

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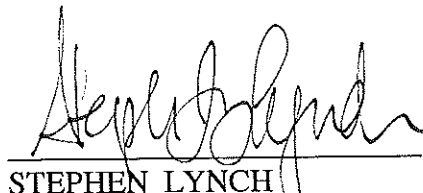

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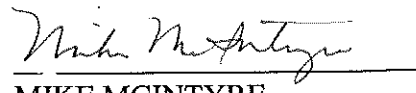

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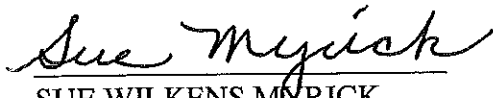

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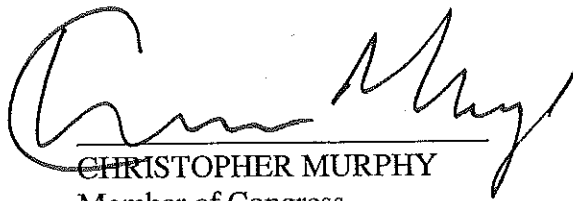

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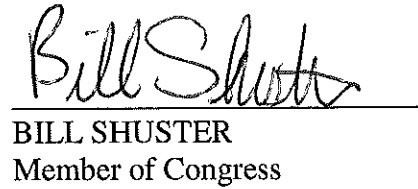

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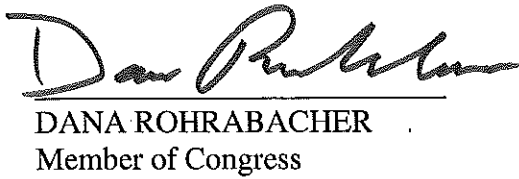

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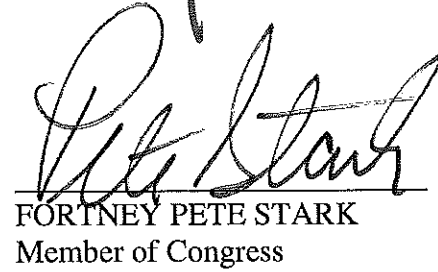

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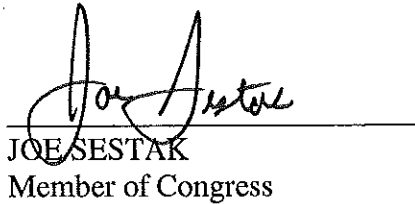

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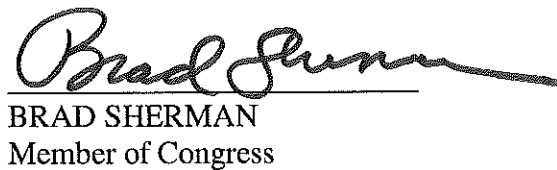

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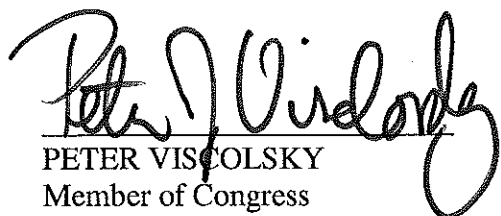

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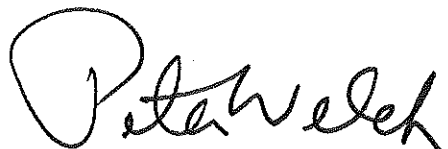

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