

November 16, 2010

TO: Members of the United States Senate

Dear Senator:

On behalf of the Alliance for American Manufacturing (AAM) – a labor-management partnership forged between the United Steelworkers and America’s leading manufacturers – I write to urge you to take up and pass effective legislation to curb the damaging impact of currency manipulation, which is used by foreign governments to gain an unfair competitive advantage for their exports to the United States and around the world.

There is universal agreement that China’s currency, in particular, is deliberately undervalued by as much as 40 percent. The outcome of this mercantilist policy is straightforward. According to Nobel Prize winning economist Paul Krugman, “In effect, China is taxing imports while subsidizing exports, feeding a huge trade surplus.”

Recent events at the G20 meetings in Seoul, South Korea, demonstrate that Congressional action is urgently needed to level the playing field for American workers and businesses. The Yuan has appreciated just three percent since China made a phony pledge in June 2010 to restore flexibility to its exchange rate. Despite the President’s best efforts, China continues to resist calls for a market-based exchange rate. Senate action is needed and long overdue.

The House of Representatives recently passed *H.R. 2378, the Currency Reform for Fair Trade Act*, by an overwhelming margin of 348-79, with strong bipartisan support from members on both sides of the aisle. *H.R. 2378* provides the Department of Commerce with an enhanced ability to recognize, investigate, and offset export subsidies resulting from an undervalued currency when trade cases are brought forward by petitioning American workers and/or industry. The bill was carefully crafted to meet our international trade obligations – a point repeatedly made by members of both parties during House consideration.

Senate passage of *H.R. 2378*, or comparable legislation, is the most important step that can be taken in the remainder of the 111th Congress to support our economy at no cost to the U.S. Treasury. China’s currency manipulation is fueling unsustainable and record trade deficits that are costing millions of American jobs and threatening our economic recovery. We encourage you to review the following resources, which we believe support the overwhelming conclusion that prompt action is needed by the United States Senate before adjourning:

- ***The China Job Drain.*** Between 2001 when China joined the WTO and 2008, 2.4 million American jobs have been lost or displaced in the United States as a result of our massive trade deficit with that nation. Every state has lost jobs. See the damage in your state by using [AAM’s interactive online map](#).

- **2010 Job Loss.** Fueled by currency manipulation, growing China trade deficits will displace between 512,000 and 566,000 American jobs in 2010, according to [Robert Scott of the Economic Policy Institute \(EPI\)](#).
- **Job Creation and Deficit Reduction.** According to [Fred Bergsten of the Peterson Institute](#), ending China's currency manipulation would create 500,000 American jobs. According to the [EPI](#), more than one million jobs would be created and the anticipated growth could lower our federal budget deficit by as much as \$500 billion over the next six years.
- **History Supports Action.** In 2005, the United States Senate [voted](#) to curb China's currency manipulation, which prompted them to allow the Yuan to appreciate by 21 percent until they again resumed a peg to the dollar in July 2008.
- **Widespread Support.** AAM is joined by [hundreds of companies, associations, and other organizations](#) that support effective legislation to counteract currency manipulation.
- **Public Support.** Americans are increasingly concerned that the United States is losing its competitive edge. They want their elected officials in Washington to enforce our trade laws when cheating exists. In fact, [83 percent](#) of midterm election voters favored imposing tariffs on Chinese imports because of their unwillingness to comply with international trade obligations.

American businesses and workers are counting on you to stand up for American manufacturing. Thus, we strongly urge you to take up and pass *H.R. 2378 the Currency Reform for Fair Trade Act*, or comparable legislation, before Congress adjourns.

Sincerely,



Scott Boos
Deputy Director