

# AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS



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## **LEGISLATIVE ALERT!**

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November 16, 2010

Dear Senator:

Immediate action on currency manipulation is the single most important step the U.S. government can take to create jobs quickly and at no cost to taxpayers. I write to ask your support for action on currency legislation during the lame duck session. There has been bipartisan support for legislation in the Senate, and the House passed HR 2378, the Currency Reform for Fair Trade Act, by an overwhelming 348-79 margin.

Through systematic and one-sided intervention in currency markets, the Chinese government has kept the renminbi approximately 40 percent undervalued with respect to the U.S. dollar for many years in support of its export strategy. Today China accounts for three-quarters of our non-oil goods trade deficit.

Other leading Asian nations also keep their currencies aligned with the renminbi because they want to stay competitive with China in key markets.

Currency manipulation has cost American workers and communities good jobs while undermining this nation's technical and industrial capacity to make the things we consume and export. It ensures that our dollars stimulate another nation's economy while we rack up unsustainable trade deficits at home. This will continue until other nations understand that we are willing to take action.

Recent actions by the Department of Commerce have reinforced the need for legislation. Commerce has historically refused to find an export subsidy if the subsidy is not specifically limited to specific industries in circumstances of export. The House legislation reverses this antiquated practice and allows for Commerce to make findings that are compatible with both U.S. law and WTO disciplines. This is a reasoned and focused approach that sends a powerful message to our trading partners. Taking action to end currency manipulation will generate jobs and investment in the U.S. economy. We can create jobs by enforcing our trade laws consistently and proactively. Taking action will encourage our trading partners to take us seriously in seeking broader solutions. On behalf of America's working families, I urge you to take action now.

Sincerely,

William Samuel, Director  
GOVERNMENT AFFAIRS DEPARTMENT