



# FAIR CURRENCY COALITION

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## Please Oppose Hatch Substitute Amendment #680 to S. 1619

October 6, 2011

Dear Senator:

**The Fair Currency Coalition opposes the Hatch substitute amendment (#680)** to S. 1619, the Currency Exchange Rate Oversight Reform Act of 2011 because it would eliminate key pro-jobs provisions in the underlying bill.

One vitally important component of S. 1619 is its countervailing duty enforcement mechanism. The bill clarifies the responsibility of the U.S. Department of Commerce to investigate alleged currency subsidies, to establish facts on a case-by-case basis, and to determine the existence and magnitude of the undervaluation using methodologies and data employed by the International Monetary Fund. This countervail remedy would enable American companies and workers to defend themselves against injury caused by illegal currency manipulation. It is also similar in approach to the enforcement mechanism that was included in H.R. 2378, the Currency Reform for Fair Trade Act, bipartisan currency legislation passed with a 348 to 79 vote by the U.S. House of Representatives in the previous 111<sup>th</sup> Congress.

The Hatch substitute strikes this critical countervailing duty enforcement mechanism. By striking the enforcement mechanism in S. 1619, Hatch substitute amendment #680 would render the bill toothless to discourage illegal currency manipulation. It would add nothing significant to steps and procedures that are already in place as a matter of current law and practice – the very avenues that have been followed without success by the United States and the international community for at least the better part of the past decade.

In effect, Amendment 680 reinvents the wheel. The Treasury Department already has specific reporting obligations and ample authority to consult and negotiate bilaterally, multilaterally, and plurilaterally under the Exchange Rates and Economic Policy Coordination Act of 1988 (22 U.S.C. 5304 and 5305), which Amendment 680 would repeal. The opportunity of talks at the IMF and the WTO already exists, as does the forum of the G-20 nations. Repeated recourse to these avenues for discussions in recent years has yet to bear fruit. To wit, according to the Peterson Institute for International Economics, the yuan is even more undervalued against the dollar today (28.5%) than it was a year ago (24.2%).

Please keep S. 1619's strong enforcement mechanisms. **Vote against Hatch substitute amendment (#680)** to S. 1619, the Currency Exchange Rate Oversight Reform Act of 2011.

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