

# Congress of the United States

Washington, DC 20515

November 16, 2010

The Honorable Harry Reid  
S-221, U.S. Capitol  
Washington, D.C.

The Honorable Mitch McConnell  
S-231, U.S. Capitol  
Washington, D.C.

The Honorable Richard Durbin  
S-321, U.S. Capitol  
Washington, D.C.

The Honorable Jon Kyl  
S-208, U.S. Capitol  
Washington, D.C.

The Honorable Max Baucus  
Chairman, Committee on Finance  
219 Dirksen Senate Office Building  
Washington, D.C.

The Honorable Charles Grassley  
Ranking Member, Committee on Finance  
219 Dirksen Senate Office Building  
Washington, D.C.

To the Senate Leadership:

We the undersigned Members urge you to bring H.R. 2378, the Currency Reform for Fair Trade Act, as passed by an overwhelming margin of 348 to 79 in the House on September 29, 2010, to a vote on the Senate floor before the 111th Congress adjourns.

Immediate passage of the Currency Reform for Fair Trade Act gives America's small businesses and manufacturers, who are desperate to create jobs and get our economy moving forward, all they've ever asked for — a fair shake. With an estimated 2.4 million American jobs lost to China in the past decade because of Beijing's currency manipulation and unfair trade practices, the time for discussions without repercussions has long since passed. The Senate must give courage to its convictions, and approve legislation empowering the Administration to stand up in defense of American workers and manufacturers unjustly injured by trading partners who refuse to follow the rules of fair play.

H.R. 2378 gives the U.S. Department of Commerce the discretion to treat currency undervaluation as a prohibited subsidy, allowing for the imposition of offsetting or countervailing duties on imports from any country that deliberately 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.

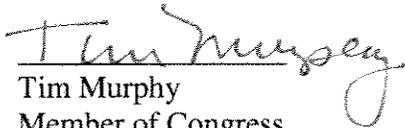
According to the U.S. Treasury Department, the congressionally-chartered U.S.-China Economic and Security Review Commission, the International Monetary Fund, as well as many noted economists, China's currency, the Renminbi (RMB), is significantly undervalued – as much as 40 percent by some accounts. 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 sale. As a result, Chinese goods, which benefit immensely from a government subsidy delivered through currency manipulation, unfairly undercut products made in America.

In an apparent effort to deflect the demands of its trading partners, Beijing announced an RMB revaluation only a few days before the opening of the G-20 summit in late June. Since that time, however, the RMB has appreciated only three percent against the U.S. dollar. Given Beijing's track record, neither Congress nor American employers should trust China to voluntarily do the right thing. It remains the Communist Chinese government's stated policy to use currency devaluation as the catalyst for stronger domestic production, higher employment levels, and the ever-increasing sale of exports to the U.S. market.

China's contravention of established trade laws has imposed significant hardship on American manufacturers and workers, and continues to imperil our economic recovery. With nearly 15 million Americans out of work, it is vitally important that Congress act now to give the Administration the necessary tools that will put a stop to China's currency manipulation. Passage of H.R. 2378 could create an estimated one million new American jobs and restore the ability of American businesses, manufacturers, and workers to compete in the global economy. For these reasons, we urge you to bring the House-passed Currency Reform for Fair Trade Act to the Senate floor for a vote before you adjourn this year, and welcome the opportunity to engage in a bicameral dialogue on this issue.

Sincerely,

  
Tim Murphy  
Member of Congress

  
Tim Ryan  
Member of Congress