

The Ryan-Hunter China currency legislation does the following:

It will hold China accountable under relevant U.S. trade laws – in a manner that is designed to be consistent with the international legal obligations of the U.S. and China at the World Trade Organization (WTO) and the International Monetary Fund (IMF) – for the serious adverse effects that China's exchange-rate manipulation and resultant undervaluation of China's currency, the yuan or renminbi, are having on U.S. manufacturers. This purpose is achieved by clarifying that China's exchange-rate manipulation is actionable under the U.S. countervailing-duty and China-specific market-disruption statutes.

With respect to the U.S. countervailing-duty statute, the bill would define "exchange-rate manipulation" so that a government's undervaluation of its currency by means of such manipulation is to be considered a prohibited export subsidy under the WTO's relevant agreements. This definition closely tracks and reflects the IMF's working definition of "exchange-rate manipulation." The bill also gives guidance for the U.S. Commerce Department to determine whether exchange-rate manipulation is occurring and, if so, the amount of the countervailable benefit conferred. Further, the bill provides that a country found to be engaged in exchange-rate manipulation may have either a market economy or a non-market economy or a combination thereof.

With respect to the U.S. China-specific market-disruption statute, the bill again explicitly defines "exchange-rate manipulation" with reference to the IMF's working definition and sets forth essentially the same guidelines for the U.S. International Trade Commission (ITC) to follow in determining whether such manipulation is occurring and whether a U.S. domestic industry is experiencing or being threatened by market disruption due to increased imports from China that are benefiting from an undervalued renminbi attributable to exchange-rate manipulation by China. The bill additionally directs that exchange-rate manipulation is to be taken into account by the ITC and by the President as a factor weighing in favor of affirmative findings to grant, accelerate, and extend the period of relief to U.S. manufacturers.

In addition, this legislation includes a national security component that requires the Secretary of Defense to advise the ITC on whether or not articles imported from the People's Republic of China that are subject to a market-disruption investigation are like or directly competitive with articles produced by a domestic industry that are critical to the defense industrial base of the United States. If it is determined by the ITC that market disruption to the domestic industry is occurring due to the imported Chinese articles, and if the Secretary concludes that the domestic industry's articles are critical to the U.S. defense industrial base, then the Secretary of Defense may not directly or indirectly procure the Chinese articles unless the President on a case-by-case basis determines and certifies to Congress that a waiver of that prohibition is in the national security interests of the United States.

In summary, if this bill is enacted, it will provide U.S. domestic industries with the option of pursuing relief against subsidized, injurious imports from China under either or both of two statutory avenues, the U.S. countervailing-duty statute and the U.S. China-specific market-disruption statute. Each of these alternatives is meant to address as quickly and as effectively as possible the harm to U.S. manufacturers caused or threatened by China's exchange-rate manipulation and the renminbi's undervaluation and is intended to do so in a manner that is consistent with the international legal obligations of the United States at the WTO and the IMF.