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## **LEGISLATIVE ALERT!**

(202) 637-5057

October 29, 2009

Dear Senator:

On behalf of the ten million working men and women of the AFL-CIO, I urge you to co-sponsor S. 1027, The Currency Reform for Fair Trade Act of 2009, introduced by Senators Stabenow and Bunning.

The quickest road to economic recovery and reversing high unemployment is boosting domestic production and creating good paying jobs. This growth is impeded by illegally subsidized foreign goods that displace American goods and services and prevent the creation of new jobs. The practice of prolonged currency misalignment is one of the most harmful of these illegal foreign subsidies.

Countries engage in illegal currency misalignment when they prevent market forces from determining the value of their currency. When a country illegally misaligns the value of its currency, it makes its goods cheaper and foreign made goods more expensive, putting American goods and services at a disadvantage in all markets. Currency misalignment thus operates both as a subsidy for foreign made goods and a tariff on American made goods. This practice has greatly contributed to our international trade deficit, which imperils the recovery of the U.S. and world economy.

China, for instance, has long engaged in illegal currency misalignment. Since 2001, China has run up a cumulative \$1.4 trillion trade surplus with the United States. During this time, China has undervalued its currency by 30% or more to distort its gains from trade and illegally subsidize its exports. This practice harms U.S. industries and destroys millions of American jobs.

Efforts to address this practice through diplomacy have failed. It is necessary to create a trade policy, consistent with the WTO, to combat currency manipulation. This is what the Currency Reform for Fair Trade Act will do. The bill will:

- Ensure that standard, World Trade Organization (WTO)-consistent trade remedies are available to injured American industries and their workers;
- Direct the U.S. Department of Commerce to measure whether a country's currency is fundamentally misaligned. These calculations will use publicly available, reliable data and methodologies and be done in a transparent way.
- Clarify that any foreign government's undervaluation of its currency by means of such intervention can be offset by means of either countervailing duties or antidumping duties, consistent with WTO rules.
- Provide an incentive for foreign government to cease misaligning their currency and a deterrent against similar practices in the future.

The Currency Reform for Fair Trade Act has bipartisan sponsorship and is supported by the Fair Currency Coalition, an alliance of industry, labor, and agricultural organizations. The AFL-CIO supports S. 1027, The Currency Reform for Fair Trade Act. Again, I urge you to cosponsor this bill.

Sincerely,

A handwritten signature in black ink, appearing to read "William Samuel". The signature is fluid and cursive, with the first name "William" being more prominent than the last name "Samuel".

William Samuel, Director  
GOVERNMENT AFFAIRS DEPARTMENT