

September 23, 2010

TO: Members of the House Ways and Means Committee

Dear Representative:

The Alliance for American Manufacturing (AAM) strongly supports effective legislation to curb the damaging impact of China's currency manipulation, which has fueled an unsustainable trade deficit with China that has cost millions of American jobs and threatens our economic recovery. To that end, **we urge you to support the Chairman's substitute amendment during the committee markup of H.R. 2378, the Currency Reform for Fair Trade Act.**

There is near-universal agreement that China's currency is undervalued by as much as 40 percent. The outcome of this deliberate policy is straightforward. According to Nobel Prize winning economist [Paul Krugman](#), "...in effect, China is taxing imports while subsidizing exports, feeding a huge trade surplus." We would encourage you to review the following resources, which support the overwhelming conclusion that prompt action by Congress is needed:

- ***The China Job Drain.*** Between 2001 when China joined the WTO and 2008, 2.4 million American jobs have been lost or displaced in the U.S. as a result of our massive trade deficit with that nation. Every Congressional District has lost jobs. See the damage in your Congressional District by using [AAM's interactive online map](#).
- ***2010 Job Loss.*** Fueled by currency manipulation, growing China trade deficits will displace between 512,000 and 566,000 U.S. jobs in 2010, [according](#) to Robert Scott at the Economic Policy Institute.
- ***History Supports Action.*** Presidents Reagan and Nixon both [took decisive action](#) to when confronted with currency manipulation and unsustainable trade flows. And, the U.S. Senate [voted](#) to curb China currency manipulation in 2005, which prompted China to appreciate its currency by 21 percent until it again resumed its peg to the dollar in July 2008.
- ***Widespread Support.*** AAM is joined by [hundreds of companies, associations, and other organizations](#) that support effective legislation to counteract currency misalignment.

Passage of effective legislation to hold China (and other nations) accountable for its protectionist and market-distorting exchange rate manipulation is the most important step that can be taken in the remainder of the 111th Congress to support our economy. It is important to note that the Chairman's substitute is the result of careful consideration to ensure that our action does not run afoul of our international trade obligations under the WTO. It does, however, provide the Department of Commerce with enhanced ability to recognize and investigate export subsidies resulting from a deliberately undervalued currency.

Prompt passage of this legislation will provide the Administration with a stronger hand in negotiations with China and will spur additional support among the international community. American businesses and workers are counting on you to stand up for American manufacturing. We urge you to support the Chairman's substitute amendment to H.R. 2378.

Please do not hesitate to contact me directly if you have any questions.

Sincerely,



Scott Boos
Deputy Director