



BOB KING, President

DENNIS WILLIAMS, Secretary-Treasurer

VICE PRESIDENTS: JOE ASHTON • CINDY ESTRADA • GENERAL HOLIEFIELD • JIMMY SETTLES



September 24, 2010

IN REPLY REFER TO

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Honorable Sander Levin, Chair  
House Committee on Ways and Means  
1102 Longworth House Office Building  
Washington, D.C. 20515

Dear Chairman Levin:

The Ways and Means Committee is scheduled today to mark up Chairman Levin's substitute to H.R. 2378, the Currency Reform for Fair Trade Act. This bill addresses the problem of currency distortion by some foreign nations and helps to correct the disadvantage such distortion causes American manufacturers and manufacturing workers. The UAW strongly urges you to vote to report out this critical legislation.

Currency manipulation by some of our trading partners, including South Korea, Japan and China, has caused American businesses to lose export opportunities and American workers to lose their jobs because of artificially underpriced imported products. Korea's currency is estimated to be undervalued by approximately 15 percent and the Chinese renminbi by as much as 40 percent. Just last week, the Japanese government revalued the yen downward, and the Nikkei stock average jumped 2.3 percent, sending shares of Toyota, Honda, Nissan, and other automotive companies soaring in anticipation of increased exports to the United States.

Nobel laureate Paul Krugman estimates that ending currency manipulation would dramatically increase American exports and stimulate the U.S. economy by nearly \$220 billion. The Peterson Institute calculates that a 25 to 40 percent revaluation of the renminbi would reduce the U.S. trade deficit between \$100 billion and \$150 billion per year, adding between 750,000 and 1 million jobs for Americans. The Economic Policy Institute concludes that China's currency manipulation resulted in the loss of at least one million American jobs between 2001 and 2008.

The Levin substitute to H.R. 2378 is fully compatible both with our obligations under the World Trade Organization rules and with U.S. law, and is modest in its scope. Specifically, it would allow the Department of Commerce to make a finding of export subsidy when the subsidy is not limited to a specific industry, as is the case with currency distortion. It would also require the Department of Commerce to report on implementation of the legislation nine months following enactment.

The United States has lost 5.5 million manufacturing jobs since 2000, and a significant share of that job loss is attributable to other nations' currency undervaluation. With unemployment at 9.6 percent and expected to remain high throughout next year, Congress must act to create jobs, and H.R. 2378 is an effective and cost-free way of doing so.

For these reasons, the UAW strongly urges you to vote to report out H.R. 2378. Thank you for considering our views on this critically important issue.

Sincerely,

A handwritten signature in dark ink, appearing to read "BSomson", followed by a long horizontal flourish.

Barbara Somson  
Legislative Director

BCS:lb  
opeiu494  
L8701  
cc: Members House Committee  
on Ways and Means