

110TH CONGRESS
1ST SESSION

H. R. 321

To require the Secretary of the Treasury to analyze and report on the exchange rate policies of the People's Republic of China, and to require that additional tariffs be imposed on products of that country on the basis of the rate of manipulation by that country of the rate of exchange between the currency of that country and the United States dollar.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 9, 2007

Mr. ENGLISH of Pennsylvania (for himself, Mr. HAYES, and Mr. REYNOLDS) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To require the Secretary of the Treasury to analyze and report on the exchange rate policies of the People's Republic of China, and to require that additional tariffs be imposed on products of that country on the basis of the rate of manipulation by that country of the rate of exchange between the currency of that country and the United States dollar.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Currency Harmoni-
3 zation Initiative Through Neutralizing Action Act of
4 2005”.

5 **SEC. 2. FINDINGS.**

6 The Congress finds as follows:

7 (1) The benefit of trade concessions can be ad-
8 versely affected by misalignments in currency.

9 (2) Misalignments in currency caused by gov-
10 ernment policies intended to maintain an unfair
11 trade advantage nullify and impair trade conces-
12 sions.

13 (3) Article XV of the GATT 1994 prohibits
14 WTO members from, by exchange rate action, frus-
15 trating the intent of the provisions of that Agree-
16 ment, or, by trade action, the intent of the provi-
17 sions of the Articles of Agreement of the Inter-
18 national Monetary Fund.

19 (4) The International Monetary Fund prohibits
20 the use of currency manipulation as a method of
21 gaining unfair trade advantage. The International
22 Monetary Fund defines such manipulation as large-
23 scale and protracted intervention in one direction to
24 gain an unfair trade advantage.

25 (5) Sections 301 through 309 of the Trade Act
26 of 1974 contain the authority under United States

1 law to take retaliatory action, including import re-
2 strictions, to enforce the rights of the United States
3 against any unjustifiable, unreasonable, or discrimi-
4 natory practice or policy of a country that burdens
5 or restricts United States commerce.

6 (6) Economists have estimated that the RMB
7 (the currency of the People's Republic of China) is
8 undervalued against the United States dollar by as
9 much as 40 percent.

10 (7) Import tariffs of the People's Republic of
11 China currently average about 15 percent. Assuming
12 the recent estimates of Chinese RMB undervaluation
13 against the dollar are correct, the effect of a free
14 and open currency market would be more than twice
15 as large as the effect of eliminating every tariff that
16 the People's Republic of China imposes on United
17 States goods.

18 (8) The President should formally initiate ac-
19 tion against the People's Republic of China, on ac-
20 count of the manipulation of its currency, pursuant
21 to article XV of the GATT 1994, the rules of the
22 International Monetary Fund, sections 122 and 301
23 through 309 of the Trade Act of 1974 (19 U.S.C.
24 2132 and 2411 through 2419), and section 3004 of

1 the Omnibus Trade and Competitiveness Act of
2 1988 (22 U.S.C. 5304).

3 (9) The President should, without weakening or
4 impairing existing trade remedies, clarify and im-
5 prove World Trade Organization rules with regard
6 to currency manipulation for trade advantage to re-
7 flect modern day monetary policy not envisioned at
8 the time current rules were adopted in 1947, and re-
9 port to Congress on ways to increase oversight and
10 input opportunities for Congress in the interaction
11 of the United States in the World Trade Organiza-
12 tion.

13 **SEC. 3. ANALYSIS OF AND REPORT ON EXCHANGE RATE**
14 **POLICIES OF CHINA.**

15 (a) ANALYSIS.—The Secretary of the Treasury shall,
16 upon the enactment of this Act and annually thereafter,
17 analyze the exchange rate policies of the People’s Republic
18 of China in order to determine whether that country ma-
19 nipulates the rate of exchange between the currency of
20 that country and the United States dollar, within the
21 meaning of article XV of the GATT 1994.

22 (b) COMPUTATION OF RATE OF MANIPULATION.—If
23 the Secretary of the Treasury makes an affirmative deter-
24 mination under subsection (a), the Secretary shall com-

1 pute the rate of manipulation against the dollar in the
2 form of a percentage.

3 (c) REPORTS TO CONGRESS.—The Secretary of the
4 Treasury shall submit to the Committee on Ways and
5 Means of the House of Representatives and to the Com-
6 mittee on Finance of the Senate a report on the Sec-
7 retary’s analysis and findings under subsection (a), and
8 any rate computed under subsection (b). The report shall
9 be submitted—

10 (1) with respect to the analysis conducted upon
11 the enactment of this Act, not later than 60 days
12 after the date of the enactment of this Act; and

13 (2) with respect to each subsequent analysis, at
14 the end of each 1-year period thereafter.

15 **SEC. 4. ADDITIONAL TARIFFS.**

16 (a) ADDITIONAL TARIFF.—In any case in which a re-
17 port of the Secretary of the Treasury submitted under sec-
18 tion 3(c) includes a rate of manipulation under section
19 3(b), the Secretary shall, not later than 30 days after the
20 report is submitted, impose on all products of China that
21 enter the customs territory of the United States, in addi-
22 tion to any duty that otherwise applies, a tariff equal to
23 the applicable percentage of the appraised value of the
24 product at the time of entry. For purposes of this sub-

1 section, the “applicable percentage” is the percentage
2 equal to the rate of manipulation.

3 (b) ANNUAL MODIFICATION.—Any tariff imposed
4 under subsection (a) shall be modified annually to the ex-
5 tent necessary to comply with the most recent report of
6 the Secretary of the Treasury under section 3(c).

7 **SEC. 5. DEFINITIONS.**

8 In this Act, the terms “GATT 1994” and “WTO
9 member” have the meanings given those terms in section
10 2 of the Uruguay Round Agreements Act (19 U.S.C.
11 3501).

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