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Issue Update -- China Currency

Ryan-Hunter China Currency Bill Facing Opposition in House of Representatives

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Dear AMTAC Members,

The House Ways and Means Committee has not yet scheduled the hearings that were expected to take place this winter on China currency legislation. The delay stems from resistance of some Ways and Means members to a China currency bill. If resistance on the Ways and Means Committee could be overcome, any China bill would pass overwhelmingly on the House floor. Thus, the recalcitrance of the Ways and Means Committee to act is the bottleneck to any China currency legislation passing out of the U.S. House of Representatives.

The slowdown at Ways and Means comes just as the largest multinational companies with ties to China and the Bush Administration have begun a concerted lobbying and public relations offensive in opposition to H.R. 2942, the Ryan-Hunter anti-currency manipulation legislation strongly supported by AMTAC. H.R. 2942 would discourage currency manipulation by China and other countries by giving injured parties the right to seek a remedy under U.S. countervailing duty (CVD) law.

The main lines of attack against anti-currency manipulation legislation used by the opposition are (1) such a bill would hurt relations between the United States and China, (2) the United States cannot afford to pass such a bill during an economic downturn, and (3) the bill could lead to "unintended consequences."

On February 7, 140 multinational companies and major trade associations, including the U.S. Chamber of Commerce, sent a letter to the U.S. House of Representatives urging that body not to take up anti-currency manipulation legislation.

In testimony before the U.S. Senate Budget Committee on February 6, U.S. Treasury Secretary Henry Paulson indicated his opposition to anti-currency manipulation. As reported in the Bureau of National Affairs (BNA), U.S. Senator Jim Bunning (R-KY) sharply rebuked Secretary Paulson telling him, "You're going to get it (a China bill) whether you like it [or not], and you can have the president veto it, and we'll override his veto." Senator Bunning also told Paulsen, "I know where you stand on this. I know you

prefer to stick your head in the sand while China manipulates the WTO rules, denies us access to sell products there, counterfeits our goods, exports corrupt products, and exports prolonged unemployment here by manipulating its currency.” After making those statements, Senator Bunning went on to remind Secretary Paulson that the Congress has a say in making trade policy too.

Paulson’s remarks were presaged the previous week in speeches given by lower-level Bush Administration officials Under Secretary of Commerce for International Trade Christopher A. Padilla and Treasury Under Secretary for International Affairs David H. McCormick. Both opposed anti-currency manipulation legislation in speeches made on January 30.

The combined efforts of large multinational interests and the Bush Administration have given House Ways & Means Committee Chairman Charles Rangel political cover to delay his committee’s consideration of the Ryan-Hunter bill. Such an excuse to delay should not be surprising, as Chairman Rangel’s support for anti-currency manipulation has been lukewarm at best.

The public manifestation of large multinational and Bush Administration opposition to anti-currency manipulation does have a silver lining. The heightened opposition demonstrates their fear that Ryan-Hunter may pass. To overcome this opposition, however, it will be necessary for AMTAC and its members to redouble our lobbying efforts.

Anticipating the recent attacks by opponents to Ryan-Hunter, AMTAC has issued five press statements in as many weeks highlighting the need to pass strong anti-currency manipulation legislation. AMTAC also has been conducting lobbying visits on Capitol Hill and coordinating grassroots activities with other industries allied with AMTAC on the China currency issue.

The key to achieving victory and passing Ryan-Hunter is more pressure from rank-and-file House members on House Speaker Nancy Pelosi and Ways and Means Chairman Rangel and their Republican counterparts, House Minority Leader John Boehner and Ways and Means Ranking Member Jim McCrery. More pressure also must be placed on individual Ways and Means Committee members. Of course, the only way Members of Congress will press their respective leaderships and Ways and Means Committee members to act is if they are pressured to do so by their constituents.

As such, AMTAC urges you to encourage your Member(s) of Congress to lobby their party’s leadership and members on the House Ways and Means Committee to move H.R. 2942, the Ryan-Hunter bill, as quickly as possible. Let’s match the lobbying intensity of the other side and win a legislative victory.

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