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1ST SESSION

S. 1034

To provide that the President may not extend to the People's Republic of China renewal of nondiscriminatory (most-favored-nation) treatment beginning July 3, 1994, unless the President determines that the People's Republic of China is not manipulating its currency to prevent effective balance of payments adjustments or to gain an unfair competitive advantage in trade.

IN THE SENATE OF THE UNITED STATES

MAY 26 (legislative day, APRIL 19), 1993

Mr. RIEGLE introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To provide that the President may not extend to the People's Republic of China renewal of nondiscriminatory (most-favored-nation) treatment beginning July 3, 1994, unless the President determines that the People's Republic of China is not manipulating its currency to prevent effective balance of payments adjustments or to gain an unfair competitive advantage in trade.

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. LIMITATION ON EXTENSION OF RENEWAL OF**
2 **MOST-FAVORED-NATION STATUS TO THE**
3 **PEOPLE'S REPUBLIC OF CHINA.**

4 (a) FINDINGS.—The Congress finds that—

5 (1) section 3004 of the Exchange Rates and
6 International Economic Policy Coordination Act of
7 1988 (22 U.S.C. 5304) directed the Secretary of the
8 Treasury to analyze on an annual basis the exchange
9 rate policies of foreign countries to determine wheth-
10 er they are manipulating their currency to prevent
11 effective balance of payments adjustments or to gain
12 an unfair competitive advantage in trade;

13 (2) the Secretary of the Treasury is required
14 under section 3005 of such Act (22 U.S.C. 5305) to
15 submit annual reports (with semi-annual updates)
16 on international economic policy, including exchange
17 rate policy;

18 (3) the Secretary of the Treasury, in reports
19 submitted to the Congress in May 1992, December
20 1992, and May 1993, has determined that the Peo-
21 ple's Republic of China is manipulating its exchange
22 rate in violation of such section 3004;

23 (4) the Secretary of the Treasury in the report
24 of May 1993 has determined that the bilateral trade
25 surplus of the People's Republic of China with the
26 United States continues to grow at a rapid pace and

1 has increased from \$10,000,000,000 in 1990 to
2 \$13,000,000,000 in 1991 to \$18,000,000,000 in
3 1992, and could increase to over \$20,000,000,000 in
4 1993; and

5 (5) the Secretary of the Treasury has engaged
6 in unsuccessful negotiations to get the People's Re-
7 public of China to stop the manipulation of its ex-
8 change rate.

9 (b) LIMITATION ON WAIVER.—

10 (1) IN GENERAL.—Notwithstanding any other
11 provision of law, the President may not recommend
12 continuation of a waiver for the 12-month period be-
13 ginning July 3, 1994, under section 402(d) of the
14 Trade Act of 1974 for the People's Republic of
15 China, unless the President reports in the document
16 required to be submitted by that section that the
17 President has made the determination described in
18 paragraph (2).

19 (2) DETERMINATION.—The determination de-
20 scribed in this paragraph is a determination by the
21 President, based on the analyses and reports of the
22 Secretary of the Treasury conducted pursuant to
23 sections 3004 and 3005 of the Exchange Rates and
24 International Economic Policy Coordination Act of
25 1988 (22 U.S.C. 5304 and 5305), that the Govern-

1 ment of the People's Republic of China has ceased
2 manipulating the rate of exchange between its cur-
3 rency and the United States dollar for the purpose
4 of preventing effective balance of payment adjust-
5 ments or gaining an unfair competitive advantage in
6 its trade with the United States.

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