

108TH CONGRESS
2D SESSION

H. R. 4986

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 measures consistent with the obligations of the United States under the World Trade Organization be taken to offset any disadvantage to United States producers resulting from China's exchange rate policies.

IN THE HOUSE OF REPRESENTATIVES

JULY 22, 2004

Mr. ROGERS of Michigan 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 measures consistent with the obligations of the United States under the World Trade Organization be taken to offset any disadvantage to United States producers resulting from China's exchange rate policies.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the "Currency Rate Adjust-
5 ment and Trade Enforcement Act".

1 **SEC. 2. ANALYSIS OF AND REPORT ON EXCHANGE RATE**
2 **POLICIES OF CHINA.**

3 (a) ANALYSIS.—

4 (1) IN GENERAL.—The Secretary of the Treas-
5 ury shall, upon the enactment of this Act and annu-
6 ally thereafter, analyze the exchange rate policies of
7 the People’s Republic of China in order to determine
8 whether that country maintains the rate of exchange
9 between the currency of that country and the United
10 States dollar in a manner that interferes with effec-
11 tive balance of payments adjustments or confers a
12 competitive advantage in international trade that
13 would not exist if the currency value were set by
14 market forces.

15 (2) GLOBAL BALANCE OF TRADE.—In con-
16 ducting the analysis under paragraph (1), the Sec-
17 retary of the Treasury shall determine the global
18 balance of trade of the People’s Republic of China
19 and, in making that determination, compare the im-
20 port and export data for China by country, as re-
21 ported by the Chinese Government, with the export
22 and import data for China, as reported by the gov-
23 ernment of each country that is a trading partner of
24 China. In making that determination, the Secretary
25 should take into account reexports to and from
26 China through Hong Kong.

1 (b) COMPUTATION OF RATE OF UNDERVALU-
2 ATION.—If the Secretary of the Treasury makes an af-
3 firmative determination under subsection (a)(1), the Sec-
4 retary shall compute the rate of undervaluation against
5 the dollar in the form of a percentage.

6 (c) REPORTS TO CONGRESS.—The Secretary of the
7 Treasury shall submit to the Committee on Ways and
8 Means and the Committee on Energy and Commerce of
9 the House of Representatives and to the Committee on
10 Finance of the Senate a report on the Secretary's analysis
11 and findings under subsection (a), and any rate computed
12 under subsection (b). The report shall be submitted—

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

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

18 (d) RELIEF.—In any case in which a report of the
19 Secretary of the Treasury under subsection (c) includes
20 a rate of undervaluation computed under subsection (b),
21 the President shall seek authorization in the World Trade
22 Organization through expedited dispute settlement—

23 (1) to offset the subsidy inherent in the under-
24 valued currency by the application of across-the-
25 board equivalent tariffs, on the basis of the rate of

1 undervaluation computed under subsection (b), on
2 the importation into the United States of all prod-
3 ucts of the People’s Republic of China; and

4 (2) to take measures to offset the disadvantage
5 resulting from such undervaluation to exports to the
6 People’s Republic of China of goods and services of
7 the United States.

8 (e) MODIFICATIONS.—To the extent consistent with
9 the obligations of the United States under the World
10 Trade Organization—

11 (1) any measures imposed under subsection (d)
12 shall be modified annually to the extent necessary to
13 comply with the most recent report of the Secretary
14 of the Treasury under subsection (c); and

15 (2) the Secretary of the Treasury may modify
16 any measures imposed under subsection (d) or modi-
17 fications thereto under paragraph (1) 30 days after
18 notifying the Congress of a substantial change in the
19 degree of currency undervaluation by the People’s
20 Republic of China.

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