

109TH CONGRESS
2^D SESSION

H. R. 6050

To amend the Trade Act of 1974 to require the President to make a determination that a fundamental international payments problem exists and to proclaim a temporary import surcharge whenever the United States current account deficit exceeds 2 percent of the United States Gross Domestic Product.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 8, 2006

Mr. MICHAUD introduced the following bill; which was referred to the
Committee on Ways and Means

A BILL

To amend the Trade Act of 1974 to require the President to make a determination that a fundamental international payments problem exists and to proclaim a temporary import surcharge whenever the United States current account deficit exceeds 2 percent of the United States Gross Domestic Product.

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 “Balanced Trade Act
5 of 2006”.

1 **SEC. 2. FINDINGS OF CONGRESS.**

2 Congress makes the following findings:

3 (1) Since 1997, the United States current ac-
4 count deficit, the broadest measure of United States
5 international trade, has grown substantially, both
6 absolutely and relative to gross domestic product
7 (GDP), increasing from \$140,400,000,000 in 1997
8 (1.7 percent of GDP) to \$791,000,000,000 in 2005
9 (6.3 percent of GDP).

10 (2) Strong manufacturing and agricultural sec-
11 tors are important to nurturing and sustaining the
12 health and security of the Nation's economy. The
13 persistent current account deficit weakens United
14 States manufacturing and agriculture and causes
15 the loss of United States jobs. It can be estimated
16 that the 2005 merchandise trade deficit cost the
17 United States up to 15,000,000 jobs.

18 (3) The direction and trend of the current ac-
19 count deficit is unsustainable in the long run and
20 needs immediate corrective action.

21 (4) It is critical to the Nation's economic future
22 that the current account deficit be addressed by
23 adopting statutory changes that will eliminate some
24 of the causes of the trade deficit and will begin to
25 move the Nation to a positive trade balance.

1 **SEC. 3. MANDATORY PRESIDENTIAL ACTION WHENEVER**
2 **THE UNITED STATES CURRENT ACCOUNT**
3 **DEFICIT EXCEEDS 2 PERCENT OF THE**
4 **UNITED STATES GROSS DOMESTIC PRODUCT.**

5 Section 122 of the Trade Act of 1974 (19 U.S.C.
6 2132) is amended—

7 (1) by redesignating subsections (e) through (h)
8 as (d) through (i), respectively; and

9 (2) by inserting after subsection (b) the fol-
10 lowing new subsection (c):

11 “(c) MANDATORY PRESIDENTIAL PROCLAMATION OF
12 TEMPORARY IMPORT SURCHARGE WHENEVER THE
13 UNITED STATES CURRENT ACCOUNT DEFICIT EXCEEDS
14 2 PERCENT OF THE GROSS DOMESTIC PRODUCT.—

15 “(1) IN GENERAL.—Notwithstanding the provi-
16 sions of subsections (a) and (b), whenever there is
17 a United States current account deficit that exceeds
18 2 percent of the gross domestic product, then—

19 “(A) for purposes of subsection (a), the
20 President shall determine that fundamental
21 international payments problems do exist that
22 require special import measures to restrict im-
23 ports; and

24 “(B) within 30 days after making that de-
25 termination, the President shall proclaim, for
26 the period described in paragraph (2), a tem-

1 porary import surcharge under this subsection
2 in the form of duties (in addition to those al-
3 ready imposed, if any) on articles imported into
4 the United States.

5 “(2) PERIOD OF SURCHARGE.—The period of
6 the surcharge proclaimed under this subsection is
7 the period beginning on the date on which the sur-
8 charge is proclaimed and ending on the date on
9 which there is not a United States current account
10 deficit, or there is a United States current account
11 deficit that does not exceed 1 percent of the gross
12 domestic product.

13 “(3) AMOUNT OF SURCHARGE.—

14 “(A) MINIMUM.—The amount of the sur-
15 charge proclaimed under this subsection shall
16 be not less than 20 percent ad valorem.

17 “(B) ADJUSTMENT TO ENSURE PERIOD OF
18 NOT MORE THAN 24 MONTHS.—Subject to sub-
19 paragraph (A), the amount of the surcharge
20 shall be adequate to ensure that the period in
21 which the surcharge applies (as described in
22 paragraph (2)) is not more than 24 months.
23 Whenever the President determines that the
24 amount of the surcharge is inadequate to en-
25 sure that the period in which the surcharge ap-

1 plies is not more than 24 months, the President
2 shall increase the amount by at least 1 percent.

3 “(4) DATA USED IN MAKING DETERMINA-
4 TIONS.—Each determination under this subsection
5 shall be made using the most recently available in-
6 formation for a 1-year period compiled by the Bu-
7 reau of Economic Analysis of the Department of
8 Commerce.

9 “(5) EXCEPTIONS.—

10 “(A) COUNTRY EXEMPTIONS.—Subsection
11 (e)(2) applies to a surcharge proclaimed under
12 this subsection to the same extent that it ap-
13 plies to an import restricting action proclaimed
14 pursuant to subsection (a).

15 “(B) PRODUCT EXCEPTIONS.—Subsection
16 (f) applies to a surcharge proclaimed under this
17 subsection to the same extent that it applies to
18 an import restricting action proclaimed pursu-
19 ant to subsection (a).”.

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