UNITED STEELWORKERS
USW
UNITY AND STRENGTH FOR WORKERS

**Leo W. Gerard**
International President

June 5, 2013

**VIA FAX**
United States Senate
Washington, D.C. 20510

Dear Senator:

**On behalf of the 850,000 active members of the United Steelworkers (USW), I urge you to support the "*Currency Exchange Rate Oversight Reform Act of 2013*" sponsored by Senators Brown, Sessions, Schumer, Graham, Burr, Stabenow, Collins and Casey.** This strong, bipartisan bill is identical to the bill of the same title which passed the Senate in October 2011. Prompt action to address foreign governments' deliberate undervaluing of their currencies to gain an unfair competitive advantage is an important step Congress can take to creating jobs and getting America on track towards balanced trade and a reduced federal deficit.

Currency manipulation by foreign governments, in particular China, has caused serious economic harm to American workers and manufacturers. In the past decade alone, over 5.5 million manufacturing jobs and 57,000 manufacturing plants have disappeared from the nation's economy. In fact, an August 2012 study by the Economic Policy Institute (EPI), *The China Toll* (www.epi.org), finds that 2.7 million American jobs were lost or displaced from 2001 through 2011 – in every state and every Congressional district – due to the large and ever-growing trade deficit with China alone. This deficit is fueled in large measure by China's deliberate currency manipulation. According to EPI, the trade deficit with China has disproportionately harmed U.S. manufacturing, as over 2.1 million (79.6 percent) of the jobs lost were in the manufacturing sector.

Every reasonable economist and policymaker agrees that China undervalues its currency to promote its own interests at the expense of other countries and workers. This cheating by the government of China is cheating American workers and producers out of both the jobs and trade benefits that were supposed to accrue to American workers and producers when China joined the World Trade Organization (WTO). China's actions have encouraged other nations to follow suit, setting up potentially dangerous global currency wars. The *Currency Exchange Rate Oversight Reform Act of 2013* would put the proper tools in the hands of the Administration – and the American people – to eliminate this most distorting of unfair trade practices, which in reality taxes products the U.S. wants to sell to other countries, while subsidizing China's flood of exports to our shores.

Clearly, deliberate currency undervaluation by China and other countries is a losing proposition for American workers and producers; it is eroding the nation's industrial capacity, investment and technological innovation, thus severely handicapping America's ability to make goods that we consume and export. If Congress fails to act, the hard-earned dollars of America's working men and women will continue to go off-shore and create jobs in other countries – not here – and our high level of unemployment, trade deficit and federal budget deficit will continue on a trajectory towards a lower standard of living for American workers (see: Wall St. Journal, J. Lahart, "*Tallying the Toll of U.S.-China Trade, Study Sees Americans Bearing High Economic Cost of Imports as Labor Market Struggles to Adapt*" Sept. 27, 2011).

Enough is enough. Under the bill, the Department of Commerce would be permitted to counter this by treating manipulated currency exchange rates as export subsidies under the countervailing duty law, finally holding China and other foreign governments accountable. The bill also improves oversight of currency exchange rates by requiring Treasury to identify undervalued (misaligned) currencies based on objective criteria and requires action by the Administration should countries fail to correct their currency within a set time period.

A February 2013 EPI study found that if global currency manipulation ended, there would be enormous benefits to the U.S. economy. The U.S. trade deficit in goods could be reduced by approximately $190 billion to $400 billion over just three years (calculated from 2011). Over that time frame, according to EPI, such a reduction would create from 2.2 million to 4.7 million U.S. jobs; reduce the national unemployment rate by one to 2.1 percentage points; create 620,000 to 1.3 million manufacturing jobs; increase U.S. GDP by $225 billion to $473 billion (an increase ranging from 1.4 to 3.1 percent), and shrink the federal budget deficit by $77.8 billion to $156.8 billion.

Americans understand that we are in a continuing jobs crisis, and are rightly demanding that jobs and goods be created and made here in America to revitalize our manufacturing sector, and allow for American workers and industry to be globally competitive in the 21st century economy. Swift action in the Senate, followed by swift action in the House, will give us the tools we need – *at no cost to the taxpayer* – to redress the shuttered factories and shattered dreams that currency manipulation has cost working people across the country. Additionally, it could potentially allow for large gains to the U.S. Treasury. **We urge you to support the *Currency Exchange Rate Oversight Reform Act of 2013* and become a cosponsor. American workers and producers deserve action.**

Sincerely,

Leo W. Gerard

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International President

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