



A bold voice for transportation workers

September 24, 2010

Support the Currency Reform for Fair Trade Act

Dear Representative:

On behalf of the Transportation Trades Department, AFL-CIO (TTD), I urge you to support the Currency Reform for Fair Trade Act (H.R. 2378), as amended by House Ways and Means Chairman Levin.

In June of 2010 the U.S. trade deficit hit its highest point in nearly two years: \$49.9 billion. China alone now accounts for three-quarters of the United State's non-oil goods trade deficit. Currency manipulation has cost American workers and communities hundreds of thousands of good jobs. It undermines the United States' technical and industrial capacity, and hinders our nation's ability to manufacture transportation-related and other products we consume domestically, as well as the products we export.

The Chinese government routinely undervalues its currency, the renminbi, at approximately 40 percent against the U.S. dollar. China's undervaluation of their currency translates to a 40 percent subsidy on all their exports to the United States, and 40 percent tax on all U.S. goods imported into China. In order to stay competitive with China in key markets, other Asian nations such as Hong Kong, Malaysia, Singapore and Taiwan have followed China's actions and now keep their currencies unfairly aligned with the renminbi.

The Levin substitute to H.R. 2378 clarifies that the Department of Commerce can find currency undervaluation to be an unfair trade practice and then take action in a matter compatible with both U.S. law and WTO rules. The legislation also requires the Department of Commerce to report on implementation of the legislation nine months following enactment.

For transportation labor, ending currency manipulation is an important component of being competitive in a global marketplace. We have already seen China express its interest in exporting high speed rail technology to the United States. Through the manipulation of the renminbi, China could give itself an unfair advantage over U.S.-based rail manufacturers seeking to provide locomotives, passenger cars and related equipment necessary for the implementation of high speed rail. And as our nation prepares to invest billions in roads, transit systems, port facilities, aviation upgrades and other rail projects, currency manipulation could unfairly favor foreign suppliers even as Buy America rules seek to ensure domestic production whenever possible.

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Edward Wytkind, President / Larry I. Willis, Secretary-Treasurer



We are also concerned with the impact of currency manipulation as the U.S. contemplates an expanded aviation agreement with China. While we have a number of concerns about a possible agreement, any structural impediments to fair competition between the U.S. and China, including currency manipulation, must be addressed.

By enforcing our trade laws consistently and proactively we can protect existing U.S. jobs as well as create new employment opportunities for U.S. workers. Please take action now and pass Chairman Levin's substitute to H.R. 2378, the Currency Reform for Fair Trade Act of 2010.

Sincerely,

A handwritten signature in black ink, appearing to read 'Edward Wytkind', with a stylized flourish at the end.

Edward Wytkind
President