

112TH CONGRESS
1ST SESSION

H. R. 639

To amend title VII of the Tariff Act of 1930 to clarify that countervailing duties may be imposed to address subsidies relating to a fundamentally undervalued currency of any foreign country.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 10, 2011

Mr. LEVIN (for himself, Mr. ACKERMAN, Mr. ALTMIRE, Mr. AUSTRIA, Mr. BECERRA, Ms. BERKLEY, Mr. BISHOP of Georgia, Mr. BISHOP of Utah, Mr. BLUMENAUER, Mr. BOSWELL, Mr. BRALEY of Iowa, Mr. BURTON of Indiana, Mr. CARSON of Indiana, Mr. CICILLINE, Mr. CLARKE of Michigan, Mr. COBLE, Mr. COHEN, Mr. CONNOLLY of Virginia, Mr. CONYERS, Mr. COSTELLO, Mr. COURTNEY, Mr. CRAVAACK, Mr. CRITZ, Mr. DAVIS of Illinois, Mr. DEFazio, Ms. DELAURO, Mr. DINGELL, Mr. DONNELLY of Indiana, Mr. DOYLE, Mr. ELLISON, Mr. FILNER, Mr. FRANK of Massachusetts, Mr. GARAMENDI, Mr. GENE GREEN of Texas, Mr. GRIJALVA, Mr. HIGGINS, Mr. HINCHEY, Mr. HOLDEN, Mr. HOLT, Mr. HUNTER, Mr. JOHNSON of Georgia, Mr. JONES, Ms. KAPTUR, Mr. KILDEE, Mr. KISSELL, Mr. KUCINICH, Mr. LARSON of Connecticut, Mr. LATOURETTE, Mr. LEWIS of Georgia, Mr. LIPINSKI, Mr. LOEBSACK, Mr. MANZULLO, Mr. MCHENRY, Ms. MCCOLLUM, Mr. MCCOTTER, Mr. MCDERMOTT, Mr. MCGOVERN, Mr. MCKINLEY, Mr. MICHAUD, Mrs. MILLER of Michigan, Mr. GEORGE MILLER of California, Mr. MURPHY of Connecticut, Mr. MURPHY of Pennsylvania, Mrs. MYRICK, Mr. NEAL, Ms. NORTON, Mr. PALLONE, Mr. PASCRELL, Mr. PETERS, Mr. PETRI, Ms. PINGREE of Maine, Mr. PLATTS, Mr. ROGERS of Kentucky, Mr. ROGERS of Alabama, Mr. ROHRABACHER, Ms. ROYBAL-ALLARD, Mr. RUSH, Mr. RYAN of Ohio, Ms. LINDA T. SÁNCHEZ of California, Mr. SENSENBRENNER, Ms. SCHAKOWSKY, Mr. SHULER, Mr. SHUSTER, Ms. SLAUGHTER, Mr. STUTZMAN, Mr. STARK, Ms. SUTTON, Mr. THOMPSON of California, Mr. TIERNEY, Mr. TONKO, Mr. TOWNS, Mr. TURNER, Mr. VISCIOSKY, Mr. WELCH, Mr. WOLF, and Ms. WOOLSEY) introduced the following bill; which was referred to the Committee on Ways and Means

1 as defined in paragraph (37), the dif-
2 ference between the amount of the cur-
3 rency of such country provided and the
4 amount of the currency of such country
5 that would have been provided if the real
6 effective exchange rate of the currency of
7 such country were not undervalued, as de-
8 termined pursuant to paragraph (38).”.

9 (b) EXPORT SUBSIDY.—Section 771(5A)(B) of the
10 Tariff Act of 1930 (19 U.S.C. 1677(5A)(B)) is amended
11 by adding at the end the following new sentence: “In the
12 case of a subsidy relating to a fundamentally undervalued
13 currency, the fact that the subsidy may also be provided
14 in circumstances not involving export shall not, for that
15 reason alone, mean that the subsidy cannot be considered
16 contingent upon export performance.”.

17 (c) DEFINITION OF FUNDAMENTALLY UNDER-
18 VALUED CURRENCY.—Section 771 of the Tariff Act of
19 1930 (19 U.S.C. 1677) is amended by adding at the end
20 the following new paragraph:

21 “(37) FUNDAMENTALLY UNDERVALUED CUR-
22 RENCY.—The administering authority shall deter-
23 mine that the currency of a country in which the
24 subject merchandise is produced is a ‘fundamentally
25 undervalued currency’ if—

1 “(i) the amount necessary to repay all
2 debt obligations of the government falling
3 due within the coming 12 months;

4 “(ii) 20 percent of the country’s
5 money supply, using standard measures of
6 M2; and

7 “(iii) the value of the country’s im-
8 ports during the previous 4 months.”.

9 (d) DEFINITION OF REAL EFFECTIVE EXCHANGE
10 RATE UNDERVALUATION.—Section 771 of the Tariff Act
11 of 1930 (19 U.S.C. 1677), as amended by subsection (c)
12 of this section, is further amended by adding at the end
13 the following new paragraph:

14 “(38) REAL EFFECTIVE EXCHANGE RATE
15 UNDERVALUATION.—The calculation of real effective
16 exchange rate undervaluation, for purposes of para-
17 graph (5)(E)(v) and paragraph (37), shall—

18 “(A)(i) rely upon, and where appropriate
19 be the simple average of, the results yielded
20 from application of the approaches described in
21 the guidelines of the International Monetary
22 Fund’s Consultative Group on Exchange Rate
23 Issues; or

24 “(ii) if the guidelines of the International
25 Monetary Fund’s Consultative Group on Ex-

1 of the Tariff Act of 1930 (19 U.S.C. 1671 et seq.), as
2 amended by this Act.

3 **SEC. 4. APPLICATION TO GOODS FROM CANADA AND MEX-**
4 **ICO.**

5 Pursuant to article 1902 of the North American Free
6 Trade Agreement and section 408 of the North American
7 Free Trade Agreement Implementation Act of 1993 (19
8 U.S.C. 3438), the amendments made by section 2 of this
9 Act shall apply to goods from Canada and Mexico.

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