

109TH CONGRESS  
1ST SESSION

# H. R. 3157

To require certain actions to be taken against countries that manipulate their currencies, and for other purposes.

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IN THE HOUSE OF REPRESENTATIVES

JUNE 30, 2005

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

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## A BILL

To require certain actions to be taken against countries that manipulate their currencies, and for other purposes.

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 Manipulation  
5 Prevention Act”.

6 **SEC. 2. FINDINGS.**

7 The Congress finds as follows:

8 (1) Products produced in a foreign country can  
9 be produced or assembled with lower input costs  
10 through the intervention by the government of that

1 country in international currency markets, in order  
2 to maintain its own currency at artificially low valu-  
3 ations.

4 (2) This practice, in effect, subsidizes the ex-  
5 ports of such a country while erecting a cost barrier  
6 to goods imported into that country.

7 (3) The United States has the authority under  
8 current law to redress practices by other countries  
9 that decrease market opportunities for United States  
10 exports or otherwise distort trade, including cur-  
11 rency manipulation.

12 (4) Misalignments in currency caused by gov-  
13 ernment policies intended to maintain an unfair  
14 trade advantage nullify and impair trade conces-  
15 sions.

16 (5) A country is considered to be manipulating  
17 its currency to obtain an unfair trade advantage if—

18 (A) its currency manipulation has a sub-  
19 sidy-like effect;

20 (B) its currency manipulation constitutes a  
21 nullification and impairment of the benefits of  
22 the GATT 1994; or

23 (C) its currency manipulation results in a  
24 contravention of the intention of the GATT  
25 1994.

1           (6) The International Monetary Fund also pro-  
2           hibits the use of currency manipulation as a method  
3           of gaining unfair trade advantage. The International  
4           Monetary Fund defines such manipulation as large-  
5           scale and protracted intervention in one direction to  
6           gain an unfair trade advantage.

7           (7) Article XV of the GATT 1994 and the  
8           Agreement on Subsidies and Countervailing Meas-  
9           ures both suggest that currency manipulation in  
10          order to gain an unfair trading advantage would vio-  
11          late the intent of those agreements.

12          (8) Sections 301 through 309 of the Trade Act  
13          of 1974 provide the authority under United States  
14          law to take retaliatory action, including import re-  
15          strictions, to enforce the rights of the United States  
16          against any unjustifiable, unreasonable, or discrimi-  
17          natory practice or policy of a country that burdens  
18          or restricts United States commerce.

19          (9) Section 3004 of the Omnibus Trade and  
20          Competitiveness Act of 1988 (22 U.S.C. 5304) re-  
21          quires the Secretary of the Treasury to undertake  
22          multilateral or bilateral negotiations if it is found  
23          that a country is manipulating its currency, and Ar-  
24          ticle IV of the Articles of Agreement of the Inter-

1 national Monetary Fund prohibits currency manipu-  
2 lation.

3 **SEC. 3. TRADE NEGOTIATING OBJECTIVE.**

4 Section 2102(b) of the Trade Act of 2002 (19 U.S.C.  
5 3802(b)) is amended by adding at the end the following:

6 “(18) EXCHANGE RATE POLICY.—The principal  
7 negotiating objective of the United States with re-  
8 spect to currency exchange rates is to ensure that  
9 governmental intervention in currency markets to  
10 stabilize short-term disruptive market conditions is  
11 of limited duration and is carried out in consultation  
12 with countries with major trading partners.”.

13 **SEC. 4. REPORT ON CURRENCY MANIPULATION.**

14 The Secretary of Commerce shall, not later than 6  
15 months after the date of the enactment of this Act, and  
16 not later than the end of each 6-month period thereafter,  
17 submit to the Congress, the President, the United States  
18 Trade Representative, and the Secretary of the Treasury,  
19 a report—

20 (1) describing actions by foreign governments  
21 to manipulate the currencies of their countries in  
22 order to increase exports from those countries to the  
23 United States or to limit imports of United States  
24 products into those countries, and describing the ex-  
25 tent of such currency manipulation;

1 (2) analyzing whether, and to what extent—

2 (A) currency manipulation described under  
3 paragraph (1) affects the manufacturing sector  
4 in the United States; and

5 (B) reduction of the manipulation and of  
6 the accumulation of United States dollars by  
7 foreign governments might affect United States  
8 monetary policy; and

9 (3) setting forth all remedies against such cur-  
10 rency manipulation that are available under applica-  
11 ble trade agreements and international institutions  
12 such as the World Trade Organization and the  
13 International Monetary Fund.

14 **SEC. 5. PROCEEDINGS.**

15 (a) ACTION BY THE PRESIDENT.—In any case in  
16 which the Secretary of Commerce, in a report under sec-  
17 tion 3, identifies a government of a foreign country that  
18 is manipulating the currency of that country, the Presi-  
19 dent, within 45 days after the report is issued, shall ini-  
20 tiate negotiations with that country for the purpose of  
21 ending the currency manipulation. If the President, within  
22 90 days after the report under section 3 is issued, is un-  
23 able to reach an agreement with that country to end the  
24 currency manipulation, the President shall take the nec-  
25 essary steps to initiate proceedings under the applicable

1 trade agreements or under the auspices of the World  
2 Trade Organization or other applicable international insti-  
3 tutions, and under applicable United States law, including  
4 section 301 of the Trade Act of 1974, against that country  
5 on account of that currency manipulation.

6 (b) COMPENSATION.—

7 (1) IN GENERAL.—In the course of, or in addi-  
8 tion to, action taken under subsection (a) with re-  
9 spect to a country, the President shall seek com-  
10 pensation from that country equivalent to the dam-  
11 ages incurred by United States manufacturers and  
12 other adversely affected parties in the United States  
13 on account of the currency manipulation of that  
14 country. The President is not required to seek such  
15 compensation if he determines that to do so would  
16 not be in the national interests of the United States.

17 (2) REPORT IF COMPENSATION NOT SOUGHT.—

18 In any case in which the President does not seek  
19 compensation under paragraph (1), the President  
20 shall transmit to the Committee on Energy and  
21 Commerce and the Committee on Ways and Means  
22 of the House of Representatives, and to the Com-  
23 mittee on Commerce, Science and Transportation  
24 and the Committee on Finance of the Senate, a de-

1       tailed explanation of the President’s determination  
2       of national interest.

3 **SEC. 6. DEFINITIONS.**

4       In this Act—

5           (1) CURRENCY MANIPULATION.—The term  
6       “currency manipulation” means—

7           (A) manipulation of exchange rates by a  
8           country in order to gain an unfair competitive  
9           advantage as stated in Article IV of the Articles  
10          of Agreement of the International Monetary  
11          Fund;

12          (B) sustained currency intervention by a  
13          country in one direction, through mandatory  
14          foreign exchange sales at a country’s central  
15          bank at a fixed exchange rate;

16          (C) protracted, large scale intervention in  
17          global currency markets in one direction, by  
18          buying or selling United States dollars, to  
19          weaken or strengthen a currency; or

20          (D) other mechanisms used by a country  
21          to maintain its currency at at fixed exchange  
22          rate relative to the currency of another country.

23           (2) GATT 1994.—The term “GATT 1994” has  
24       the meaning given that term in section 2 of the Uru-  
25       guay Round Agreements Act (19 U.S.C. 3501).

1           (3) AGREEMENT ON SUBSIDIES AND COUNTER-  
2           VAILING MEASURES.—The term “Agreement on Sub-  
3           sidies and Countervailing Measures” means the  
4           Agreement on Subsidies and Countervailing Meas-  
5           ures referred to in section 101(d)(12) of the Uru-  
6           guay Round Agreements Act (19 U.S.C. 3511(12)).

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