

June 24, 2011

The Honorable Harry Reid
Majority Leader
U.S. Senate
Washington, D.C. 20510

The Honorable Mitch McConnell
Minority Leader
U.S. Senate
Washington, D.C. 20510

Dear Leaders Reid and McConnell:

Like Congress and the Administration, we agree that China needs a yuan exchange rate that responds to trade flows and that China should move steadily towards a market-determined exchange rate. In addition to continuing U.S. government efforts, our organizations support strong, coordinated and enhanced multilateral pressure through multiple international organizations such as the G-20 and APEC to achieve concrete progress on China's currency and exchange rate policies.

Unilateral legislation on this issue would be counterproductive not only to the goals related to China's exchange rate that we all share, but also to our nation's broader goals of addressing the many and growing challenges that we face in China, including inadequate protection of intellectual property, restrictions on market access, the need for financial services liberalization, restrictions on the export of commodities such as rare earths, discriminatory indigenous innovation and other industrial policies. Above all, such legislation would do more harm than good to job creation and economic growth at a time when the United States dearly needs both.

Legislation which would seek to increase tariffs on imports from China is unlikely to incentivize China to move expeditiously to modify its exchange policies. Rather, it would likely have the opposite effect and could engender retaliation against U.S. exports into the Chinese market – currently the fastest-growing market for U.S. exports. Counterproductive tariff legislation would not get us closer to the goal of a market-driven exchange rate and would shift the focus away from the core issue of China's currency and onto U.S. unilateral action.

Moreover, it is doubtful that U.S. action to countervail undervalued currency could meet the WTO's standards for the application of countervailing duties (CVDs). Any legislation that requires the Commerce Department to estimate the "true" exchange rate would create a process that will be highly subjective and potentially politicized.

We urge you to oppose currency legislation and instead work with and vigorously call on the Administration to develop a robust bilateral and multilateral approach to achieve tangible results not only on China's exchange-rate policies, but also on other Chinese policies that are harming American economic interests.

Sincerely,

Advanced Medical Technology Association
(AdvaMed)
Aerospace Industries Association
Agriculture Transportation Coalition
American Apparel & Footwear Association (AAFA)
American Association of Exporters and Importers
(AAEI)
American Chamber of Commerce in China
American Chamber of Commerce in Shanghai
American Chamber of Commerce in South China
American Chamber of Commerce in Southwest
China
American Chemistry Council
American Meat Institute
American Soybean Association
Business Roundtable

Coalition of New England Companies for Trade
(CONNECT)
Coalition of Service Industries
Columbia River Customs Brokers and Freight
Forwarders Association
Consumer Electronics Association
Customs Brokers and Forwarders Associations of
Northern California
Customs Brokers and International Freight
Forwarders Association of Washington State
(CBIFFAWS)
Distilled Spirits Council of the United States
Emergency Committee for American Trade (ECAT)
Fashion Accessories Shippers Association (FASA)
Financial Services Forum
Financial Services Roundtable

Footwear Distributors and Retailers of America
Los Angeles Customs Brokers and Freight
Forwarders Association
National Cattlemen's Beef Association
National Customs Brokers and Forwarders
Association of America
National Fisheries Institute
National Foreign Trade Council
National Retail Federation
Outdoor Industry Association
Pacific Coast Council of Customs Brokers and
Freight Forwarders (PCC)
Retail Industry Leaders Association

Securities Industry and Financial Markets
Association (SIFMA)
Sporting Goods Manufacturers Association
TechAmerica
Toy Industry Association
Travel Goods Association (TGA)
United States Association of Importers of Textiles
and Apparel (USA-ITA)
U.S. Chamber of Commerce
US-China Business Council
U.S. Council for International Business
USA Poultry & Egg Export Council
Washington State China Relations Council