

September 29, 2010

Today, Peter DeFazio (D-Springfield) voted in favor of H.R. 2378, the Currency Reform for Fair Trade Act, to protect American workers and U.S. industries. China suppresses the value of its currency, making China's exports cheaper than they would be if China allowed its currency to be set by the market. The bill, which passed the U.S. House of Representatives by an overwhelming 348-79 vote, closes a loophole in trade law that has allowed Democratic and Republican administrations to avoid cracking down on China's illegal currency manipulation that favors Chinese exports and harms American workers.

"This and past administrations have resisted any action because they fear a trade war with China," DeFazio said. "But the truth is we are already in a trade war, we are not fighting back, and the American economy is getting pummeled by the Chinese."

Independent economists estimate that trade with China has cost the U.S. 3.5 million jobs. A reevaluation of China's currency by 20% would create an estimated 300,000 to 700,000 jobs.

Existing U.S. trade law allows the Department of Commerce to decline taking action on China's illegal activity if the Department believes the illegal activity benefits some Americans, such as American tourists in China. The legislation passed by the House and supported by DeFazio would eliminate this nonsensical loophole and directs the administration to weigh the "benefit" of China's currency manipulation with its devastating impacts to American workers and on the U.S. economy.

"I have been fighting weak-kneed Democratic and Republican administrations for a decade to get them to stand up to China and their illegally subsidized exports that are putting millions of middle-class Americans in unemployment lines. Congress is finally taking action," said DeFazio. "We need jobs and we need them now. This administration needs to wake up, take off the kid gloves, and start doing what's right for hard-working American families."

When Republicans took control of both Houses of Congress in January, 1995 the U.S. trade deficit with China was \$29 billion. In 2006, the last year Congress was controlled by a

Republican majority, the trade deficit with China was \$234 billion. Republican trade policies from 1995-2006 resulted in an 806% increase in our trade deficit with China.