



**American  
Iron and Steel  
Institute**

**Steelgram**

Immediate Attention Requested

**April 15, 2010**

**To: Members of the Senate & House Steel Caucuses  
Senate & House staff assigned to steel and/or trade issues**

**PLEASE COSPONSOR AND PASS LEGISLATION THAT PROVIDES FOR AN  
EFFECTIVE TRADE REMEDY TOOL TO DEAL WITH CURRENCY MANIPULATION**

**Background:** Domestic manufacturers and their workers can compete with anyone in the world on a level playing field, but we cannot compete against governments. While the United States plays by the rules and adheres to its WTO obligations, some of our trading partners do not. Foreign countries engage in currency manipulation when they effectively prevent market forces from determining the value of their currency. This practice allows those foreign countries to artificially make their exports cheaper and their imports more expensive in terms of their own currency, thereby putting American goods and services at an unfair competitive disadvantage. The result is the build-up of large reserves of foreign currencies that can be used to acquire foreign assets with what amounts to “free money.” This mercantilist policy not only subverts real free trade but also adds to the massive imbalances that threaten the global trading system.

Legislation has been introduced in both the House and the Senate that would address the issue of currency manipulation. (H.R. 2378, S. 1027, and S. 3134) The United State’s current trade deficit with China cannot be sustained and failing to address fundamental currency misalignment will only continue to impede our economic recovery and impair the ability of American businesses to increase their production, keep their doors open, and create jobs.

**Situation:** Despite calling China a currency manipulator during his confirmation process, Secretary Geithner has twice declined to designate China as a currency manipulator and has now announced that he will delay making any designation rather than act by the Congressionally-mandated deadline which is today, April 15<sup>th</sup>. Congress should therefore act.

The Congress directed Treasury to issue a report twice a year identifying those countries that manipulate their currencies in order to allow for orderly negotiations to address this unfair trade practice. In the case of China, there is a broad consensus among economists that China is acting to artificially suppress the value of its currency, giving an effective export subsidy to Chinese goods in markets around the world and putting U.S. exports at an unfair competitive disadvantage. Yet, Treasury has repeatedly refused to identify China as a currency manipulator. Acknowledging this consensus view would allow for honest negotiations with the Chinese government to remove this significant impediment to U.S. exports and create needed jobs in this country.

Congress should enact as soon as possible an effective trade remedy tool to deal with this problem of fundamental currency misalignment. American manufacturers and their workers are

being injured by this unfair practice. We cannot continue to give China and other governments a pass on this critical issue.

**Request:** If you haven't already done so, please cosponsor H.R. 2378, S. 1027, or S. 3134 by contacting: Art Hildebrand ([art.hildebrand@mail.house.gov](mailto:art.hildebrand@mail.house.gov)) in Rep. Ryan's office or Brad Grantz ([brad.grantz@mail.house.gov](mailto:brad.grantz@mail.house.gov)) in Rep. Murphy's office to cosponsor H.R. 2378, Peter Kaldes in Senator Stabenow's office ([peter\\_kaldes@stabenow.senate.gov](mailto:peter_kaldes@stabenow.senate.gov)) to cosponsor S. 1027, or Stacy Ettinger in Senator Schumer's office ([stacy\\_ettinger@schumer.senate.gov](mailto:stacy_ettinger@schumer.senate.gov)) to cosponsor S. 3134.

Thank you for your continued efforts on behalf of American manufacturing.

Sincerely,

A handwritten signature in black ink that reads "Thomas J. Gibson". The signature is written in a cursive style with a large, prominent "G" and "S".

Thomas J. Gibson  
President and CEO