

109TH CONGRESS  
2D SESSION

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To achieve balance in the foreign trade of the United States, through a market-based system of tradable certificates, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

Mr. DORGAN (for himself and Mr. FEINGOLD) introduced the following bill;  
which was read twice and referred to the Committee on

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**A BILL**

To achieve balance in the foreign trade of the United States,  
through a market-based system of tradable certificates,  
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 “Balanced Trade Res-  
5 toration Act of 2006”.

6 **SEC. 2. FINDINGS.**

7 Congress makes the following findings:

8 (1) Since the 1990s, the United States has ex-  
9 perience record trade deficits that has made the

1 United States the largest debtor country in the  
2 world.

3 (2) In 2005, the merchandise trade deficit of  
4 the United States was a record \$767,000,000,000,  
5 and in 2006, the merchandise trade deficit of the  
6 United States is projected to surpass the record set  
7 in 2005.

8 (3) The surging trade deficits could soon create  
9 a balance of payments crisis for the United States,  
10 which could wreak havoc with the economy of the  
11 United States.

12 (4) Article XII of the General Agreement on  
13 Tariff and Trade (GATT 1994), annexed to the  
14 Agreement Establishing the World Trade Organiza-  
15 tion entered into on April 15, 1994, permits any  
16 member country to restrict the quantity or value of  
17 imports in order to safeguard the external financial  
18 position and the balance of payments of the member  
19 country.

20 (5) In accordance with Article XII of the GATT  
21 1994, the United States should take steps to restore  
22 balance to its merchandise trade, and safeguard its  
23 external financial position and its balance of pay-  
24 ments.

1           (6) The imposition of import restrictions should  
2       be phased in to allow the economy of the United  
3       States to absorb the impact of import restrictions  
4       with minimal disruption.

5   **SEC. 3. DEFINITIONS.**

6       In this Act:

7           (1) **BALANCED TRADE CERTIFICATE; CERTIFI-**  
8       **CATE.**—The terms “Balanced Trade Certificate”  
9       and “Certificate” mean a certificate issued pursuant  
10      to section 4 that provides the holder of the certifi-  
11      cate with a license to import into the United States  
12      a good with an appraised value that is equal to or  
13      less than the face value of the certificate.

14          (2) **DEPARTMENT.**—The term “Department”  
15      means the Department of Commerce.

16          (3) **OIL OR GAS.**—The term “oil or gas” means  
17      any good classifiable under—

18           (A) heading 2709 of the Harmonized Tar-  
19      iff Schedule of the United States (relating to  
20      petroleum oils and oils obtained from bitu-  
21      minous minerals, crude);

22           (B) heading 2710 of the Harmonized Tar-  
23      iff Schedule of the United States (relating to  
24      petroleum oils and oils obtained from bitu-  
25      minous minerals, other than crude); and

1 (C) heading 2711 of the Harmonized Tar-  
2 iff Schedule of the United States (relating to  
3 light oils and preparations).

4 (4) PROGRAM.—The term “Program” means  
5 the Balanced Trade Certificate Program established  
6 under section 4.

7 (5) SECRETARY.—The term “Secretary” means  
8 the Secretary of Commerce.

9 **SEC. 4. ESTABLISHMENT OF BALANCED TRADE PROGRAM.**

10 (a) IN GENERAL.—Not later than 180 days after the  
11 date of the enactment of this Act, the Secretary shall, in  
12 cooperation with the Secretary of Homeland Security, es-  
13 tablish a Balanced Trade Certificate Program within the  
14 International Trade Administration of the Department.  
15 The purpose of the Program is to create gradually balance  
16 between the dollar value of goods imported into the United  
17 States and goods exported from the United States.

18 (b) REGULATORY AUTHORITY.—The Secretary, in  
19 cooperation with the Secretary of Homeland Security,  
20 shall promulgate regulations in accordance with section 5  
21 that provide for—

- 22 (1) issuing Certificates to exporters;  
23 (2) collecting Certificates from importers;  
24 (3) valuing the Certificates issued and collected;  
25 and

1 (4) trading Certificates.

2 **SEC. 5. OPERATION OF THE PROGRAM.**

3 (a) EXPORTERS.—

4 (1) ISSUANCE OF CERTIFICATES.—The Pro-  
5 gram established under section 4 shall provide for  
6 the issuance of a Certificate to any person who ex-  
7 ports a good from the United States with a face  
8 value equivalent to a multiple of the appraised value  
9 of the good determined pursuant to paragraph (2).

10 (2) VALUE OF BALANCED TRADE CERTIFI-  
11 CATES.—

12 (A) DETERMINATION OF VALUE.—The  
13 Secretary shall establish a system for the valu-  
14 ation of Certificates. To the extent practicable,  
15 the value of a Certificate shall be based upon  
16 the appraised value declared on the shipper's  
17 export declaration (SED), in accordance with  
18 subparagraph (B);

19 (B) SYSTEM OF VALUATION.—The value of  
20 a Certificate shall be determined in accordance  
21 with the following table:

**If a Certificate is issued:****The face value of the Certificate is an amount equal to:**

During the first year the Program is in operation	140% of the appraised value of the good exported.
During the second year the Program is in operation	130% of the appraised value of the good exported.
During the third year the Program is in operation	120% of the appraised value of the good exported.
During the fourth year the Program is in operation	110% of the appraised value of the good exported.
After the fourth year the Program is in operation	100% of the appraised value of the good exported

## 1 (b) IMPORTERS.—

2 (1) SUBMISSION REQUIREMENT.—Except as de-  
3 scribed in paragraph (5), any person who imports a  
4 good into the United States shall submit to the Sec-  
5 retary of Homeland Security, not later than 90 days  
6 after the date on which the good enters the United  
7 States, a Certificate with an aggregate face value  
8 equal to or greater than the appraised value of the  
9 good imported pursuant to paragraph (2).

10 (2) VALUATION OF IMPORTED GOODS.—The  
11 Secretary shall establish a method for the valuation  
12 of goods imported into the United States. The meth-  
13 od may include the use of the declared dollar value  
14 of the goods on the Entry Summary (United States  
15 Customs and Border Protection Form 7501).

16 (3) COLLECTION OF CERTIFICATES.—The Sec-  
17 retary shall establish a system for the collection of  
18 Certificates submitted by importers to the Secretary  
19 of Homeland Security.

1           (4) PENALTY FOR FAILURE TO SUPPLY CER-  
2           TIFICATES.—If a person imports a good into the  
3           United States and fails to submit a Certificate with  
4           an aggregate face value equal to, or greater than,  
5           the value of the good imported as required by para-  
6           graph (1), the Secretary of Homeland Security  
7           shall—

8                   (A) suspend the person from importing  
9                   any good until such time as a Certificate re-  
10                  quired by paragraph (1) is submitted; and

11                   (B) impose a penalty equal to 3 times the  
12                  appraised value of the good imported.

13           (5) EXCEPTION FOR OIL OR GAS.—

14                   (A) ADJUSTMENT PERIOD.—During the  
15                  period that begins on the date of the enactment  
16                  of this Act and ends 5 years after such date,  
17                  paragraph (1) shall not apply to a person who  
18                  imports oil or gas into the United States.

19                   (B) GRADUAL VALUATION.—At the end of  
20                  the period described in subparagraph (A), any  
21                  person who imports oil or gas into the United  
22                  States shall submit to the Secretary of Home-  
23                  land Security, not later than 90 days after the  
24                  date on which the oil or gas enters the United  
25                  States, a Certificate with an aggregate face

1 value equal to, or greater than, the appraised  
 2 value of the oil or gas imported pursuant to  
 3 paragraph (2), adjusted in accordance with the  
 4 following table:

<b>If the oil or gas is imported:</b>	<b>The aggregate face value of the Certificate required to import the oil or gas is:</b>
During the sixth year the Program is in operation	60% of the appraised value of the oil or gas imported.
During the seventh year the Program is in operation	70% of the appraised value of the oil or gas imported.
During the eighth year the Program is in operation	80% of the appraised value of the oil or gas imported.
During the ninth year the Program is in operation	90% of the appraised value of the oil or gas imported.
After the ninth year the Program is in operation	100% of the appraised value of the oil or gas imported.

5 (c) MANAGEMENT OF CERTIFICATES.—

6 (1) CERTIFICATES REMOVED FROM CIRCULA-  
 7 TION.—Upon the receipt of a Certificate from a per-  
 8 son importing a good, the Secretary of Homeland  
 9 Security, in cooperation with the Secretary, shall  
 10 permanently remove the Certificate from circulation.

11 (2) TRANSFERABILITY AND LIMITATION ON VA-  
 12 LIDITY OF CERTIFICATES.—A Certificate issued pur-  
 13 suant to this Act shall be—

14 (A) fully transferable; and

15 (B) valid for 365 days from the date the  
 16 Certificate is issued.