

**AMENDMENT IN THE NATURE OF A SUBSTITUTE  
TO H.R. 2378  
OFFERED BY MR. LEVIN OF MICHIGAN**

Strike all after the enacting clause and insert the following:

**1 SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Currency Reform for  
3 Fair Trade Act.”

**4 SEC. 2. CLARIFICATION REGARDING DEFINITION OF  
5 COUNTERAVAILABLE SUBSIDY.**

6 (a) **BENEFIT CONFERRED.**—Section 771(5)(E) of  
7 the Tariff Act of 1930 (19 U.S.C. 1677(5)(E)) is amend-  
8 ed—

9 (1) in clause (iii), by striking “and” at the end;

10 (2) in clause (iv), by striking the period at the  
11 end and inserting “, and”; and

12 (3) by inserting after clause (iv) the following  
13 new clause:

14 “(v) in the case in which the currency  
15 of a country in which the subject merchan-  
16 dise is produced is exchanged for foreign  
17 currency obtained from export trans-  
18 actions, and the currency of such country

1 is a fundamentally undervalued currency,  
2 as defined in paragraph (37), the dif-  
3 ference between the amount of the cur-  
4 rency of such country provided and the  
5 amount of the currency of such country  
6 that would have been provided if the real  
7 effective exchange rate of the currency of  
8 such country were not undervalued, as de-  
9 termined pursuant to paragraph (38).”.

10 (b) EXPORT SUBSIDY.—Section 771(5A)(B) of the  
11 Tariff Act of 1930 (19 U.S.C. 1677(5A)(B)) is amended  
12 by adding at the end the following new sentence: “In the  
13 case of a subsidy relating to a fundamentally undervalued  
14 currency, the fact that the subsidy may also be provided  
15 in circumstances not involving export shall not, for that  
16 reason alone, mean that the subsidy cannot be considered  
17 contingent upon export performance.”.

18 (c) DEFINITION OF FUNDAMENTALLY UNDER-  
19 VALUED CURRENCY.—Section 771 of the Tariff Act of  
20 1930 (19 U.S.C. 1677) is amended by adding at the end  
21 the following new paragraph:

22 “(37) FUNDAMENTALLY UNDERVALUED CUR-  
23 RENCY.—The administering authority shall deter-  
24 mine that the currency of a country in which the

1 subject merchandise is produced is a ‘fundamentally  
2 undervalued currency’ if—

3 “(A) the government of the country (in-  
4 cluding any public entity within the territory of  
5 the country) engages in protracted, large-scale  
6 intervention in one or more foreign exchange  
7 markets during part or all of the 18-month pe-  
8 riod that represents the most recent 18 months  
9 for which the information required under para-  
10 graph (38) is reasonably available, but that  
11 does not include any period of time later than  
12 the final month in the period of investigation or  
13 the period of review, as applicable;

14 “(B) the real effective exchange rate of the  
15 currency is undervalued by at least 5 percent,  
16 on average and as calculated under paragraph  
17 (38), relative to the equilibrium real effective  
18 exchange rate for the country’s currency during  
19 the 18-month period;

20 “(C) during the 18-month period, the  
21 country has experienced significant and per-  
22 sistent global current account surpluses; and

23 “(D) during the 18-month period, the for-  
24 eign asset reserves held by the government of  
25 the country exceed—

1 “(i) the amount necessary to repay all  
2 debt obligations of the government falling  
3 due within the coming 12 months;

4 “(ii) 20 percent of the country’s  
5 money supply, using standard measures of  
6 M2; and

7 “(iii) the value of the country’s im-  
8 ports during the previous 4 months.”.

9 (d) DEFINITION OF REAL EFFECTIVE EXCHANGE  
10 RATE UNDERVALUATION.—Section 771 of the Tariff Act  
11 of 1930 (19 U.S.C. 1677), as amended by subsection (c)  
12 of this section, is further amended by adding at the end  
13 the following new paragraph:

14 “(38) REAL EFFECTIVE EXCHANGE RATE  
15 UNDERVALUATION.—The calculation of real effective  
16 exchange rate undervaluation, for purposes of para-  
17 graph (5)(E)(v) and paragraph (37), shall—

18 “(A)(i) rely upon, and where appropriate  
19 be the simple average of, the results yielded  
20 from application of the approaches described in  
21 the guidelines of the International Monetary  
22 Fund’s Consultative Group on Exchange Rate  
23 Issues; or

24 “(ii) if the guidelines of the International  
25 Monetary Fund’s Consultative Group on Ex-

1 change Rate Issues are not available, be based  
2 on generally accepted economic and econometric  
3 techniques and methodologies to measure the  
4 level of undervaluation;

5 “(B) rely upon data that are publicly avail-  
6 able, reliable, and compiled and maintained by  
7 the International Monetary Fund or, if the  
8 International Monetary Fund cannot provide  
9 the data, by other international organizations or  
10 by national governments; and

11 “(C) use inflation-adjusted, trade-weighted  
12 exchange rates.”.

13 **SEC. 3. REPORT ON IMPLEMENTATION OF ACT.**

14 (a) IN GENERAL.—Not later than 9 months after the  
15 date of the enactment of this Act, the Comptroller General  
16 of the United States shall submit to Congress a report  
17 on the implementation of the amendments made by this  
18 Act.

19 (b) MATTERS TO BE INCLUDED.—The report re-  
20 quired by subsection (a) shall include a description of the  
21 extent to which United States industries that have been  
22 materially injured by reason of imports of subject mer-  
23 chandise produced in foreign countries with fundamentally  
24 undervalued currencies have received relief under title VII

1 of the Tariff Act of 1930 (19 U.S.C. 1671 et seq.), as  
2 amended by this Act.

Amend the title so as to read: “A bill to amend title VII of the Tariff Act of 1930 to clarify that countervailing duties may be imposed to address subsidies relating to a fundamentally undervalued currency of any foreign country.”.

