



July 31, 2007

The Honorable Christopher Dodd  
Chairman  
Committee on Banking  
United States Senate  
Washington, DC 20510

The Honorable Richard Shelby  
Ranking Member  
Committee on Banking  
United States Senate  
Washington, DC 20510

Dear Chairman Dodd and Ranking Member Shelby:

On behalf of the Board of Directors of Consumers for World Trade (CWT), I am writing to express our concerns over S. 1677, the "Currency Reform and Financial Markets Access Act of 2007" scheduled for a markup before your Committee on August 1, 2007. We urge you to oppose two amendments filed by Senator Bunning (R-KY) that propose major changes to trade remedies laws. These amendments would require on the Department of Commerce to recalculate anti-dumping margins in regards to imports from a country whose currency the Treasury Department has determined is misaligned and also require that the Department of Commerce (DOC) to apply countervailing duty law against non-market economies, such as China. These proposed changes to trade remedies law have the potential to increase prices on the necessities of life purchase by millions of consumers, notably the neediest of Americans, while also potentially exposing the U.S. to a World Trade Organization challenge.

We recognize that U.S. trade remedies law is designed to protect domestic U.S. manufacturers from unfair foreign subsidies through higher duties placed on these foreign goods. However, those remedies must be applied in a way that conforms to U.S. obligations under international trade rules. In addition, it must be recognized that the import taxes imposed in these cases are frequently passed on to consumers through higher prices. Were S. 1677 to essentially allow petitioners in these cases two bites at the apple, the result would be that consumers would very likely pay a grossly inflated price. Over the past decade, a wide variety of consumer products have been sourced from non-market economies such as China and Vietnam. These imported products have allowed the neediest of Americans to afford a variety goods for their families. In the event that both anti-dumping and countervailing duties are applied to the same imported product without correcting the double-counting problem, the resulting increase in price paid by U.S. consumers could erode these benefits through an unwarranted trade tax imposed on many hard working Americans.

Finally, we understand that Senator Hagel (R-NE) may be offering two amendments. The first would eliminate the language establishing Congressional determination of currency manipulation – a decision properly left to the Secretary of Treasury. The second would expand the President's waiver authority to refrain from initiating action based on economic or national security grounds. We urge you to support the Hagel amendments.

We thank you for providing us with the opportunity to provide you with our comments on S. 1677.

Sincerely,

Robin Lanier  
Executive Director

CC: Committee on Banking Members

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