



May 18, 2009

United States House of Representatives
Washington, DC 20515

Dear Representative:

On behalf of the National Council of Textile Organizations (NCTO) I write to urge you to cosponsor H.R. 2378, the Currency Reform for Fair Trade Act of 2009. This important bill will finally allow U.S. companies to fight back against foreign governments that misalign their currency in order to gain unfair competitive advantages against U.S. producers and their workers. Misalignment of foreign currencies hurts U.S. producers in two major ways: first, a misaligned currency acts as a subsidy that effectively reduces prices on exports and secondly, it functions as an added tariff on imports. Either way, U.S. producers lose ó they lose orders, they have to shut plants and lay off workers. Currency misalignment is the most significant unfair trade practice and it has cost U.S. manufacturing and the U.S. textile industry dearly ó over one quarter of all manufacturing jobs in the U.S. have been lost during the last eight years.

H.R. 2378 seeks to level the playing field between countries like the United States that have a long history of playing by the rules and those who view currency misalignment as a strategy to gain competitive advantages over other countries by quashing global competition amongst industries. The legislation accomplishes this by ensuring that World Trade Organization (WTO)-consistent remedies are available to U.S. industry. It directs the U.S. Department of Commerce to measure whether a country's currency is fundamentally misaligned; clarifies that any foreign government's undervaluation of its currency can be offset by countervailing or antidumping duties; and directs the U.S. Department of Commerce to treat currency undervaluation as a prohibited export-contingent subsidy. It is important to underscore that special care has been taken to make the provisions of the Currency Reform for Fair Trade Act consistent with the rights and obligations of the United States in accordance with the WTO's relevant agreements and provisions.

Misalignment of foreign currency severely impacts the entire U.S. industrial base. Since currency misalignment became a major issue in the early part of this decade, U.S. manufacturing jobs losses have steadily accelerated. At the same time, China for example used its currency to help increase its manufacturing exports to the U.S. by over \$250 billion. The textile industry has not been spared. For example, China uses its currency as an economic weapon to keep its export prices low, the result has been that U.S. textile jobs suffer. Over the last eight years, textile and apparel exports from China have increased by \$26 billion, a 433 percent increase. And since 1999, the U.S. textile industry has lost nearly 750,000 jobs, a 63 percent decline.

Recently, China increased export subsidies on textile and apparel products bound for the U.S for the sixth time over the last 12 months. It continues to undervalue its currency by as much as 40 percent. These two factors on top of the 63 subsidies that the country provides to its textile

industry put U.S. textile manufacturers at a severe competitive disadvantage. The textile industry has lost over 30,000 jobs in 2009, many as a result of the government's unwillingness to level the playing field amongst our nation's major trading partners.

Cosponsoring H.R.2378 will send a strong message to the Obama Administration that these practices must be stopped so that U.S. manufacturing may begin rebuilding itself within our borders. If you or your staff has questions regarding the legislation please contact Sarah F. Pierce at (202) 822-8026 or Spierce@ncto.org. To cosponsor the bill, please contact the chief sponsors ó Rep. Ryan (D-OH) or Rep. Murphy (R-PA).

Sincerely,

Wally Darneille, Plains Cotton Cooperative Association
Chairman