

109TH CONGRESS  
2D SESSION

# H. R. 6050

To amend the Trade Act of 1974 to require the President to make a determination that a fundamental international payments problem exists and to proclaim a temporary import surcharge whenever the United States current account deficit exceeds 2 percent of the United States Gross Domestic Product.

---

## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 8, 2006

Mr. MICHAUD introduced the following bill; which was referred to the  
Committee on Ways and Means

---

## A BILL

To amend the Trade Act of 1974 to require the President to make a determination that a fundamental international payments problem exists and to proclaim a temporary import surcharge whenever the United States current account deficit exceeds 2 percent of the United States Gross Domestic Product.

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 Act  
5       of 2006”.

1 **SEC. 2. FINDINGS OF CONGRESS.**

2 Congress makes the following findings:

3 (1) Since 1997, the United States current ac-  
4 count deficit, the broadest measure of United States  
5 international trade, has grown substantially, both  
6 absolutely and relative to gross domestic product  
7 (GDP), increasing from \$140,400,000,000 in 1997  
8 (1.7 percent of GDP) to \$791,000,000,000 in 2005  
9 (6.3 percent of GDP).

10 (2) Strong manufacturing and agricultural sec-  
11 tors are important to nurturing and sustaining the  
12 health and security of the Nation's economy. The  
13 persistent current account deficit weakens United  
14 States manufacturing and agriculture and causes  
15 the loss of United States jobs. It can be estimated  
16 that the 2005 merchandise trade deficit cost the  
17 United States up to 15,000,000 jobs.

18 (3) The direction and trend of the current ac-  
19 count deficit is unsustainable in the long run and  
20 needs immediate corrective action.

21 (4) It is critical to the Nation's economic future  
22 that the current account deficit be addressed by  
23 adopting statutory changes that will eliminate some  
24 of the causes of the trade deficit and will begin to  
25 move the Nation to a positive trade balance.

1 **SEC. 3. MANDATORY PRESIDENTIAL ACTION WHENEVER**  
 2 **THE UNITED STATES CURRENT ACCOUNT**  
 3 **DEFICIT EXCEEDS 2 PERCENT OF THE**  
 4 **UNITED STATES GROSS DOMESTIC PRODUCT.**

5 Section 122 of the Trade Act of 1974 (19 U.S.C.  
 6 2132) is amended—

7 (1) by redesignating subsections (c) through (h)  
 8 as (d) through (i), respectively; and

9 (2) by inserting after subsection (b) the fol-  
 10 lowing new subsection (c):

11 “(c) MANDATORY PRESIDENTIAL PROCLAMATION OF  
 12 TEMPORARY IMPORT SURCHARGE WHENEVER THE  
 13 UNITED STATES CURRENT ACCOUNT DEFICIT EXCEEDS  
 14 2 PERCENT OF THE GROSS DOMESTIC PRODUCT.—

15 “(1) IN GENERAL.—Notwithstanding the provi-  
 16 sions of subsections (a) and (b), whenever there is  
 17 a United States current account deficit that exceeds  
 18 2 percent of the gross domestic product, then—

19 “(A) for purposes of subsection (a), the  
 20 President shall determine that fundamental  
 21 international payments problems do exist that  
 22 require special import measures to restrict im-  
 23 ports; and

24 “(B) within 30 days after making that de-  
 25 termination, the President shall proclaim, for  
 26 the period described in paragraph (2), a tem-

porary import surcharge under this subsection in the form of duties (in addition to those already imposed, if any) on articles imported into the United States.

“(2) PERIOD OF SURCHARGE.—The period of the surcharge proclaimed under this subsection is the period beginning on the date on which the surcharge is proclaimed and ending on the date on which there is not a United States current account deficit, or there is a United States current account deficit that does not exceed 1 percent of the gross domestic product.

“(3) AMOUNT OF SURCHARGE.—

“(A) MINIMUM.—The amount of the surcharge proclaimed under this subsection shall be not less than 20 percent ad valorem.

“(B) ADJUSTMENT TO ENSURE PERIOD OF NOT MORE THAN 24 MONTHS.—Subject to subparagraph (A), the amount of the surcharge shall be adequate to ensure that the period in which the surcharge applies (as described in paragraph (2)) is not more than 24 months. Whenever the President determines that the amount of the surcharge is inadequate to ensure that the period in which the surcharge ap-

1           plies is not more than 24 months, the President  
2           shall increase the amount by at least 1 percent.

3           “(4) DATA USED IN MAKING DETERMINA-  
4           TIONS.—Each determination under this subsection  
5           shall be made using the most recently available in-  
6           formation for a 1-year period compiled by the Bu-  
7           reau of Economic Analysis of the Department of  
8           Commerce.

9           “(5) EXCEPTIONS.—

10           “(A) COUNTRY EXEMPTIONS.—Subsection  
11           (e)(2) applies to a surcharge proclaimed under  
12           this subsection to the same extent that it ap-  
13           plies to an import restricting action proclaimed  
14           pursuant to subsection (a).

15           “(B) PRODUCT EXCEPTIONS.—Subsection  
16           (f) applies to a surcharge proclaimed under this  
17           subsection to the same extent that it applies to  
18           an import restricting action proclaimed pursu-  
19           ant to subsection (a).”.

○