

112TH CONGRESS  
1ST SESSION

# H. R. 1603

To establish the Emergency Trade Deficit Commission, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 15, 2011

Mr. DEFAZIO (for himself, Mr. MICHAUD, Ms. SUTTON, Mr. JONES, Mr. CONYERS, Mr. FILNER, Mr. GRIJALVA, and Ms. SLAUGHTER) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To establish the Emergency Trade Deficit Commission, 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. FINDINGS.**

4 Congress makes the following findings:

5 (1) The United States has run persistent trade  
6 deficits since 1978, and many of the trade deficits  
7 since 2000 have been especially large.

8 (2) The United States trade deficit rose from  
9 \$374,900,000,000 in 2009 to \$497,800,000,000 in  
10 2010, an increase of 33 percent.

1           (3) Many of the trade deficits are structural—  
2           that is, with the same countries, year after year. In  
3           2010, the United States continued to have signifi-  
4           cant merchandise trade deficits with the People’s  
5           Republic of China (\$273,100,000,000), the Euro-  
6           pean Union (\$79,800,000,000), Japan  
7           (\$59,800,000,000), and Mexico (\$66,300,000,000),  
8           notwithstanding the overall decline in the United  
9           States trade deficit. In fact, in 2010, China ac-  
10          counted for 42 percent of the United States mer-  
11          chandise trade deficit.

12          (4) While the United States has one of the  
13          most open borders and economies in the world, the  
14          United States faces significant tariff and nontariff  
15          trade barriers with its trading partners.

16 **SEC. 2. ESTABLISHMENT OF COMMISSION.**

17          (a) **ESTABLISHMENT.**—There is established a com-  
18          mission to be known as the Emergency Trade Deficit  
19          Commission (in this Act referred to as the “Commis-  
20          sion”).

21          (b) **MEMBERSHIP OF COMMISSION.**—

22                  (1) **COMPOSITION.**—The Commission shall be  
23          composed of 11 members, of whom—

24                          (A) three persons shall be appointed by the  
25          President, of whom one shall be appointed to

1 represent labor interests, one shall be appointed  
2 to represent small businesses, and one shall be  
3 appointed to represent manufacturing interests;

4 (B) two persons shall be appointed by the  
5 President pro tempore of the Senate upon the  
6 recommendation of the majority leader of the  
7 Senate, after consultation with the Chairman of  
8 the Committee on Finance of the Senate;

9 (C) two persons shall be appointed by the  
10 President pro tempore of the Senate upon the  
11 recommendation of the minority leader of the  
12 Senate, after consultation with the ranking mi-  
13 nority member of the Committee on Finance of  
14 the Senate;

15 (D) two persons shall be appointed by the  
16 Speaker of the House of Representatives, after  
17 consultation with the Chairman of the Com-  
18 mittee on Ways and Means of the House of  
19 Representatives; and

20 (E) two persons shall be appointed by the  
21 minority leader of the House of Representa-  
22 tives, after consultation with the ranking minor-  
23 ity member of the Committee on Ways and  
24 Means of the House of Representatives.

25 (2) QUALIFICATIONS OF MEMBERS.—

1 (A) PRESIDENTIAL APPOINTMENTS.—Of  
2 the persons appointed under paragraph (1)(A),  
3 not more than one may be an officer, employee,  
4 or paid consultant of the executive branch.

5 (B) OTHER APPOINTMENTS.—Persons ap-  
6 pointed under subparagraph (B), (C), (D), or  
7 (E) of paragraph (1) shall be persons who—

8 (i) have expertise in economics, inter-  
9 national trade, manufacturing, labor, envi-  
10 ronment, or business, or have other perti-  
11 nent qualifications or experience; and

12 (ii) are not officers or employees of  
13 the United States.

14 (C) OTHER CONSIDERATIONS.—In appoint-  
15 ing members of the Commission, every effort  
16 shall be made to ensure that the members—

17 (i) are representative of a broad cross-  
18 section of economic and trade perspectives  
19 within the United States; and

20 (ii) provide fresh insights in to identi-  
21 fying the causes and consequences of the  
22 United States trade deficit and developing  
23 recommendations to address structural  
24 trade imbalances.

25 (c) PERIOD OF APPOINTMENT; VACANCIES.—

1           (1) IN GENERAL.—Members shall be appointed  
2           not later than 60 days after the date of the enact-  
3           ment of this Act and the appointment shall be for  
4           the life of the Commission.

5           (2) VACANCIES.—Any vacancy in the Commis-  
6           sion shall not affect its powers, but shall be filled in  
7           the same manner as the original appointment was  
8           made.

9           (d) INITIAL MEETING.—Not later than 30 days after  
10          the date on which all members of the Commission have  
11          been appointed, the Commission shall hold its first meet-  
12          ing.

13          (e) MEETINGS.—The Commission shall meet at the  
14          call of the Chairperson.

15          (f) CHAIRPERSON AND VICE CHAIRPERSON.—The  
16          members of the Commission shall elect a chairperson and  
17          vice chairperson from among the members of the Commis-  
18          sion.

19          (g) QUORUM.—A majority of the members of the  
20          Commission shall constitute a quorum for the transaction  
21          of business.

22          (h) VOTING.—Each member of the Commission shall  
23          be entitled to one vote, which shall be equal to the vote  
24          of every other member of the Commission.

1 **SEC. 3. DUTIES OF THE COMMISSION.**

2 (a) IN GENERAL.—The Commission shall be respon-  
3 sible for examining the nature, causes, and consequences  
4 of the United States trade deficit and providing rec-  
5 ommendations on how to address and reduce structural  
6 trade imbalances, including with respect to the United  
7 States merchandise trade deficit, in order to promote sus-  
8 tainable economic growth that provides broad-based in-  
9 come and employment gains.

10 (b) CAUSES OF U.S. TRADE DEFICIT.—In examining  
11 the causes of the United States trade deficit, the Commis-  
12 sion shall, among other things—

13 (1) identify and assess the impact of macro-  
14 economic factors, including currency practices, for-  
15 eign government purchases of United States assets,  
16 and savings and investment rates, including savings  
17 rates of foreign state-owned enterprises, on United  
18 States bilateral trade imbalances and global trade  
19 imbalances;

20 (2) with respect to countries with which the  
21 United States has significant, persistent sectoral or  
22 bilateral trade deficits, assess with respect to the  
23 magnitude and composition of such trade deficits—

24 (A) the impact of tariff and nontariff bar-  
25 riers maintained by such countries and the lack

1 of reciprocal market access as a result of such  
2 barriers;

3 (B) the impact of investment, offset, and  
4 technology transfer requirements by such coun-  
5 tries;

6 (C) any impact due to the failure of such  
7 countries to adhere to internationally recognized  
8 labor standards, including the extent to which  
9 such failure affects conditions of competition  
10 with the United States or the ability of con-  
11 sumers in such countries to buy United States  
12 goods and services;

13 (D) any impact due to differences in levels  
14 of environmental protection and enforcement of  
15 environmental laws between such countries and  
16 the United States, including the extent to which  
17 such differences affect conditions of competition  
18 with the United States;

19 (E) policies maintained by such countries  
20 that assist manufacturers in such countries, in-  
21 cluding the impact of such policies on manufac-  
22 turers in the United States; and

23 (F) the impact of border tax adjustments  
24 by such countries;

1           (3) examine the impact of free trade agree-  
2           ments on the United States trade deficit;

3           (4) examine the impact of investment flows  
4           both into and out of the United States on the trade  
5           deficit, including—

6                   (A) the impact of United States outbound  
7                   investment on the United States trade deficit  
8                   and on standards of living and production in  
9                   the United States;

10                   (B) the impact that the relocation of pro-  
11                   duction facilities overseas has on the United  
12                   States trade deficit, including by reviewing  
13                   major domestic plant closures over an appro-  
14                   priate representative period to determine how  
15                   much production terminated from such closures  
16                   was relocated offshore;

17                   (C) the impact of foreign direct investment  
18                   in the United States on the United States trade  
19                   deficit and on standards of living and produc-  
20                   tion in the United States; and

21                   (D) the impact of United States bilateral  
22                   investment treaties, including bilateral invest-  
23                   ment treaties under negotiation, on the United  
24                   States trade deficit;



1           (5) examine the role and impact of imports of  
2 oil and other energy products on the United States  
3 trade deficit; and

4           (6) assess the extent to which United States  
5 foreign policy interests influence United States eco-  
6 nomic and trade policies.

7       (c) CONSEQUENCES OF U.S. TRADE DEFICIT.—In  
8 examining the consequences of the United States trade  
9 deficit, the Commission shall, among other things—

10           (1) identify and, to the extent practicable,  
11 quantify the impact of the trade deficit on the over-  
12 all domestic economy, and, with respect to different  
13 sectors of the economy, on manufacturing capacity,  
14 on the number and quality of jobs, on wages, and  
15 on health, safety, and environmental standards;

16           (2) assess the effects the trade deficits in the  
17 areas of manufacturing and technology have on de-  
18 fense production and innovation capabilities of the  
19 United States; and

20           (3) assess the impact of significant, persistent  
21 trade deficits, including sectoral and bilateral trade  
22 deficits, on United States economic growth.

23       (d) RECOMMENDATIONS.—In making recommenda-  
24 tions, the Commission shall, among other things—

1           (1) identify specific strategies for achieving im-  
2           proved trade balances with those countries with  
3           which the United States has significant, persistent  
4           sectoral or bilateral trade deficits;

5           (2) identify United States trade policy tools in-  
6           cluding enforcement mechanisms that can be more  
7           effectively used to address the underlying causes of  
8           structural trade deficits;

9           (3) identify domestic and trade policies that can  
10          enhance the competitiveness of United States manu-  
11          facturers domestically and globally, including those  
12          policies of the United States and other countries  
13          that have been successful in promoting competitive-  
14          ness;

15          (4) address ways to improve the coordination  
16          and accountability of Federal departments and agen-  
17          cies relating to trade; and

18          (5) examine ways to improve the adequacy of  
19          the collection and reporting of trade data, including  
20          identifying and developing additional databases and  
21          economic measurements that may be needed to prop-  
22          erly assess the causes and consequences of the  
23          United States trade deficit.

1 **SEC. 4. REPORT.**

2 (a) REPORT.—Not later than 16 months after the  
3 date of the enactment of this Act, the Commission shall  
4 submit to the President and the Committee on Ways and  
5 Means of the House of Representatives and the Committee  
6 on Finance of the Senate a report that contains—

7 (1) the findings and conclusions of the Commis-  
8 sion described in section 3; and

9 (2) any recommendations for administrative  
10 and legislative actions as the Commission considers  
11 necessary.

12 (b) SEPARATE VIEWS.—Any member of the Commis-  
13 sion may submit additional findings and recommendations  
14 as part of the report.

15 **SEC. 5. POWERS OF COMMISSION.**

16 (a) HEARINGS.—The Commission may hold such  
17 hearings, sit and act at such times and places, take such  
18 testimony, and receive such evidence as the Commission  
19 considers advisable to carry out this Act. The Commission  
20 shall hold at least seven public hearings, one or more in  
21 Washington, DC, and four in different regions of the  
22 United States.

23 (b) INFORMATION FROM FEDERAL AGENCIES.—The  
24 Commission may secure directly from any Federal depart-  
25 ment or agency such information as the Commission con-  
26 siders necessary to carry out this Act. Upon request of

1 the Chairperson of the Commission, the head of such de-  
2 partment or agency shall furnish such information to the  
3 Commission.

4 (c) **POSTAL SERVICES.**—The Commission may use  
5 the United States mails in the same manner and under  
6 the same conditions as other Federal departments and  
7 agencies.

8 **SEC. 6. COMMISSION PERSONNEL MATTERS.**

9 (a) **COMPENSATION OF MEMBERS.**—Each member of  
10 the Commission who is not an officer or employee of the  
11 Federal Government shall be compensated at a rate equal  
12 to the daily equivalent of the annual rate of basic pay pre-  
13 scribed for level IV of the Executive Schedule under sec-  
14 tion 5315 of title 5, United States Code, for each day (in-  
15 cluding travel time) during which such member is engaged  
16 in the performance of the duties of the Commission. All  
17 members of the Commission who are officers or employees  
18 of the United States shall serve without compensation in  
19 addition to that received for their services as officers or  
20 employees of the United States.

21 (b) **TRAVEL EXPENSES.**—The members of the Com-  
22 mission shall be allowed travel expenses, including per  
23 diem in lieu of subsistence, at rates authorized for employ-  
24 ees of agencies under subchapter I of chapter 57 of title  
25 5, United States Code, while away from their homes or

1 regular places of business in the performance of duties of  
2 the Commission.

3 (c) STAFF.—

4 (1) IN GENERAL.—The Chairperson of the  
5 Commission may, without regard to the civil service  
6 laws and regulations, appoint and terminate an execu-  
7 tive director and such other additional personnel as  
8 may be necessary to enable the Commission to per-  
9 form its duties. The employment of an executive di-  
10 rector shall be subject to confirmation by the Com-  
11 mission.

12 (2) COMPENSATION.—The Chairperson of the  
13 Commission may fix the compensation of the execu-  
14 tive director and other personnel without regard to  
15 the provisions of chapter 51 and subchapter III of  
16 chapter 53 of title 5, United States Code, relating  
17 to classification of positions and General Schedule  
18 pay rates, except that the rate of pay for the execu-  
19 tive director and other personnel may not exceed the  
20 rate payable for level V of the Executive Schedule  
21 under section 5316 of such title.

22 (d) DETAIL OF GOVERNMENT EMPLOYEES.—Any  
23 Federal Government employee may be detailed to the  
24 Commission without reimbursement, and such detail shall

1 be without interruption or loss of civil service status or  
2 privilege.

3 (e) **PROCUREMENT OF TEMPORARY AND INTERMIT-**  
4 **TENT SERVICES.**—The Chairperson of the Commission  
5 may procure temporary and intermittent services under  
6 section 3109(b) of title 5, United States Code, at rates  
7 for individuals which do not exceed the daily equivalent  
8 of the annual rate of basic pay prescribed for level V of  
9 the Executive Schedule under section 5316 of such title.

10 **SEC. 7. AUTHORIZATION OF APPROPRIATIONS; GAO AUDIT.**

11 (a) **IN GENERAL.**—There are authorized to be appro-  
12 priated \$2,000,000 to the Commission to carry out this  
13 Act.

14 (b) **GAO AUDIT.**—Not later than 6 months after the  
15 date on which the Commission terminates, the Comptroller  
16 General of the United States shall complete an audit of  
17 the financial books and records of the Commission and  
18 shall submit a report on the audit to the President and  
19 the Congress.

20 **SEC. 8. TERMINATION OF COMMISSION.**

21 The Commission shall terminate 30 days after the  
22 date on which the Commission submits its report under  
23 section 4(a).

1 **SEC. 9. MORATORIUM ON FREE TRADE AGREEMENTS.**

2       The President shall not submit to the Congress any  
3 free trade agreement, or any legislation implementing a  
4 free trade agreement, until the report of the Commission  
5 has been delivered to the Congress and the President  
6 under section 4(a).

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