113TH CONGRESS
2D SESSION S. _____

IN THE SENATE OF THE UNITED STATES

A BILL
To achieve balance in the foreign trade of the United States, through a system of Import Certificates.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE

This Act may be cited as the "Balanced Trade Restoration Act of 2014."

SEC. 2. FINDINGS

Congress makes the following findings:

(1) From 1894 through 1970, the United States had a positive merchandise balance of trade every year except one (1936); since 1976 the United States has had a merchandise trade deficit every year, trending steadily higher. Since the 1990s, the United States has experienced record trade deficits that are unsustainable and have made the United States the largest debtor country in the world.

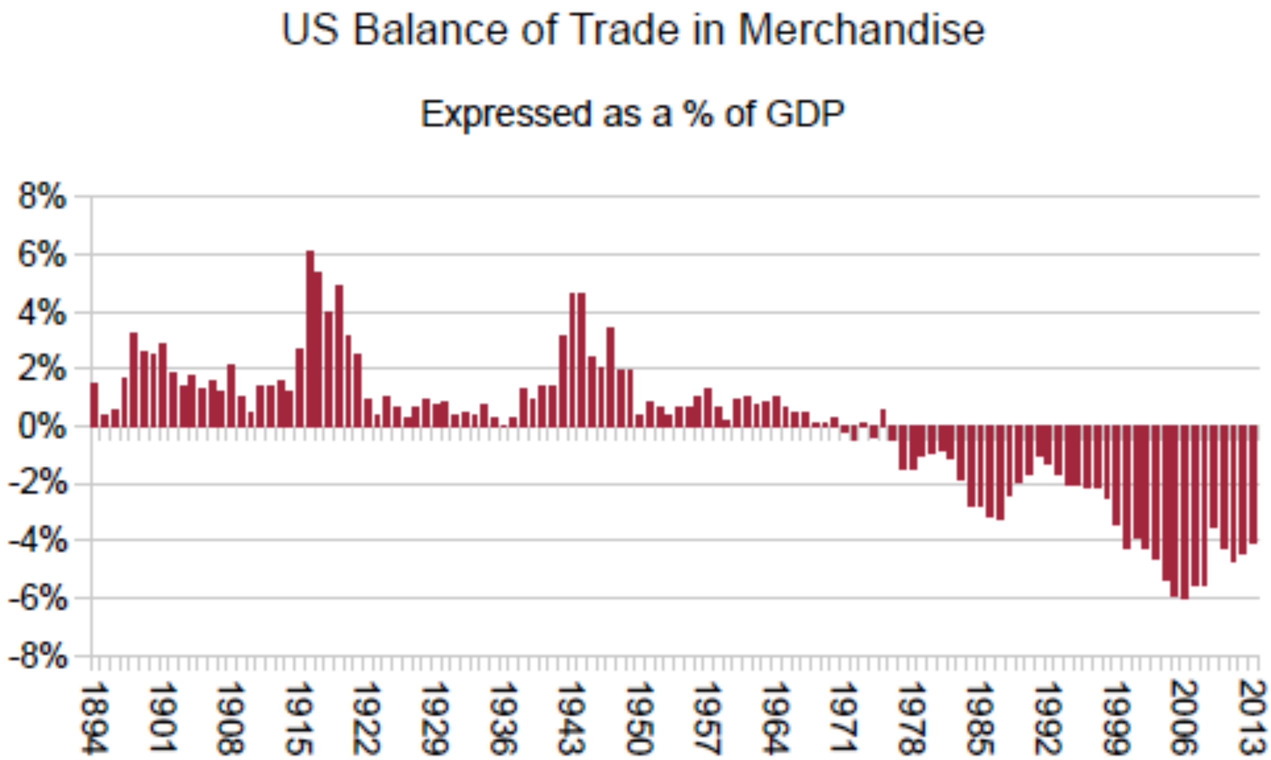
(2) In 2013, the balance of payments deficit on the goods trade of the United States was over $688 Billion, and has averaged over $700 Billion for the last 10 years.

(3) These merchandise trade deficits represent a flood of imports displacing American manufacturing capacity and employment. The Bureau of Labor Statistics reports that total US employment in manufacturing has fallen from a peak of 19,553,000 in 1979 to 12,079,000 in March 2014, a drop of over 38% even as population increased. These losses to the manufacturing sector, and the consequent increasing dependence on imports, creates huge trade deficits as in the Chart below. It also weakens our national security by undermining our defense manufacturing base. These losses to the manufacturing sector also undermine the economic well-being of our citizenry, because manufacturing has the most value-added effect of all sectors, and its deterioration has caused wage stagnation to ripple through most other sectors of the American economy.

(4) The surging trade deficits could soon create a balance of payments crisis for the United States, which could wreak havoc with the economy of the United States.

5) Article XII of the General Agreement on Tariff and Trade (GATT 1994), annexed to the Agreement Establishing the World Trade Organization entered into on April 15, 1994,

permits any member country to restrict the quantity or value of imports in order to safeguard the external financial position and the balance of payments of the member country.



(6) In the spirit of Article XII of the GATT 1994, but under no circumstances contingent on any supranational adjudication of the matter, the United States will take steps to restore balance to its merchandise trade, and safeguard its external financial position and its balance of payments.

(7) The imposition of import restrictions should be phased in to allow the economy of the United States to absorb the impact of import restrictions with minimal disruption.

SEC. 3. DEFINITIONS

In this Act:

(1) IMPORT CERTIFICATE; CERTIFICATE

The terms “Import Certificate“ and “Certificate” shall mean a certificate issued pursuant to section 4 that provides the holder of the certificate with a license to import into the United States a good with an appraised value that is equal to or less than the face value of the certificate.

(2) COMMISSIONER

The term "Commissioner" shall mean the Commissioner of the United States Customs and Border Protection.

(3) OIL OR GAS

The term “oil or gas” shall mean any good classifiable under

(A) heading 2709 of the Harmonized Tariff Schedule of the United States (relating to petroleum oils and oils obtained from bituminous minerals, crude);

(B) heading 2710 of the Harmonized Tariff Schedule of the United States (relating to petroleum oils and oils obtained from bituminous minerals, other than crude); and

(C) heading 2711 of the Harmonized Tariff Schedule of the United States (relating to light oils and preparations).

(4) STRATEGIC RESOURCE

The term "Strategic Resource" shall mean any rare earth or other raw material, not obtainable in sufficient quantities from domestic sources, necessary for inputs into domestic manufactures.

(5) PROGRAM

The term “Program” shall mean the Balanced Trade Import Certificate Program established under section 4.

(6) ALLOWED IMPORTS

The term "Allowed Imports" shall mean the value of imported goods to be allowed into the United States during any given year.

SEC. 4. ESTABLISHMENT OF BALANCED TRADE IMPORT CERTIFICATE PROGRAM

(1) IN GENERAL

Not later than 180 days after the date of the enactment of this Act, the Commissioner shall establish a Balanced Trade Import Certificate Program.

(2) REGULATORY AUTHORITY

(A) The Commissioner shall promulgate regulations in accordance with section 5 that provide for:

1. Determining the maximum total face value of Certificates that may be issued, pursuant to Sec. 5 (1) (A);

2. Determining the valuation of imports allowed by these Certificates;

3. Issuing Certificates to importers; and

4. Collecting Certificates from importers.

(3) FACILITY AND STAFF

(A) The Commissioner shall plan and execute the establishment of facilities and staff adequate to administer the Program, anticipating a Certificate user base of potentially half a million importers. These facilities shall include an Online (internet-based) Import Certificate Management System through which accounts will be kept for the purchase and redemption of Certificates by all persons or entities importing goods into the United States.

SEC. 5. OPERATION OF THE PROGRAM

(1) DETERMINING THE MAXIMUM TOTAL VALUE OF CERTIFICATES THAT MAY BE ISSUED

(A) Taper-Down Period: The Program established under section 4 shall provide for the issuance of Certificates in total face value matching Allowed Imports, which shall be in the following amounts:

During the first year the Program is in operation, the Allowed Imports shall be 90% of the total appraised value of goods imported into the United States during the previous year.

During the second year the Program is in operation, the Allowed Imports shall be 90% of the total appraised value of goods imported into the United States during the previous year.

During the third year the Program is in operation, the Export Percentage shall be 90% of the total appraised value of goods imported into the United States during the previous year.

(B) Continuous Maintenance of Balanced Trade Period: After the Taper-Down period ends, ie, beginning with the fourth year the Program is in operation, the Allowed Imports each year shall be equal to 100% of the total appraised value of the goods exported from the United States during the previous year.

After five years of the Continuous Maintenance of Balanced Trade Period, and at five year intervals thereafter, the Commissioner shall redetermine the Allowed Imports that will be applied in each of those next five years, to be expressed as a percentage of the total appraised value of goods exported from the United States during the previous year. This redetermination shall take account of the actual balance of payments for the United States foreign trade in goods during the previous five years, and the adjustment of the Allowed Imports shall be aimed at achieving an even balance of payments for foreign trade in goods for the next five years.

(C) For the purposes of this Program, the total appraised value of goods imported or exported from the United States during any year shall be the same as that reported in the data compiled by the Foreign Trade Division of the Census bureau of the Department of Commerce.

(2) DETERMINING THE VALUE OF IMPORTS ALLOWED BY THESE CERTIFICATES

(A) The Commissioner shall establish a system for the valuation of imports allowed by redeeming a certificate. The method may include the use of the declared dollar value of the goods on the Entry Summary (United States Customs and Border Protection Form 7501), subject to verification measures the Commissioner shall establish to prevent understatement of these dollar values.

(3) ISSUANCE OF CERTIFICATES

(A) Certificates shall be issued by the United States Customs and Border Protection to any qualified importer, as determined by the Commissioner. Certificates are non-transferable. The Commissioner shall determine the fee for Certificates such that all costs of administering the Program are paid by the fees.

(4) COLLECTING CERTIFICATES FROM IMPORTERS

(A) Except as described in paragraph (6), any person or entity who imports a good into the United States shall submit to the Customs house, as a requirement for clearance through Customs, Certificates with an aggregate face value equal to or greater than the appraised value of the good imported pursuant to paragraph (2).

(5) PENALTY FOR FAILURE TO SUPPLY CERTIFICATES

(A) If a person or entity imports a good into the United States and fails to submit Certificates with an aggregate face value equal to, or greater than, the value of the good imported as required by paragraph (4) (A), the Commissioner shall, before such goods are allowed to clear Customs:

1. impose a penalty equal to 3 times the appraised value of the good imported.

2. require the importer to purchase and redeem Certificates equal to the appraised value of the goods imported. In the event that not enough Certificates remain available according to the Allowed Imports amount set for that year, the Commissioner shall issue Emergency Certificates to the importer for that remaining face value of goods, charging an Emergency Certificate fee at 3 times the normal Certificate fee for that year.

(6) EXCEPTION FOR OIL OR GAS OR STRATEGIC RESOURCES

(A) ADJUSTMENT PERIOD

During the period that begins on the date of the enactment of this Act and ends 5 years after such date, paragraph (1) shall not apply to a person or entity who imports oil or gas or strategic resources into the United States.

(B) GRADUAL VALUATION

At the end of the period described in subparagraph (A), any person or entity who imports oil or gas or strategic resources into the United States shall submit to the Secretary of Homeland Security, not later than 90 days after the date on which the oil or gas or strategic resource enters the United States, a Certificate with an aggregate face value equal to, or greater than, the appraised value of the oil or gas or strategic resource imported pursuant to paragraph (2), adjusted in accordance with the following table:

If the oil or gas or strategic resource is imported, the aggregate face value of the Certificates required to import the oil or gas or strategic resource is:

During the sixth year the Program is in operation, 60% of the appraised value of the oil or gas or strategic resource imported.

During the seventh year the Program is in operation, 70% of the appraised value of the oil or gas or strategic resource imported.

During the eighth year the Program is in operation, 80% of the appraised value of the oil or gas or strategic resource imported.

During the ninth year the Program is in operation, 90% of the appraised value of the oil or gas or strategic resource imported.

After the ninth year the Program is in operation 100% of the appraised value of the oil or gas or strategic resource imported.

(7) VALIDITY OF CERTIFICATES

(A) A Certificate issued pursuant to this Act shall be valid for 365 days from the date the Certificate is issued. Certificates are non-transferable and can only be used by the person or entity to whom the Certificate was issued.

(B) Unused Certificates can be returned by the owner to Customs for full credit any time during the 365 day valid period.