

## ABSTRACT

The current issue between China and the United States over currency policy of Yuan exchange rate has given an interesting case to discuss. Yuan undervalued exchange rates to the US dollar tend to increase trade protectionism by the United States. In this case the writer describes, the effect of Yuan undervalued exchange rate on trade protectionism in some points. First, the writer explain that trade protectionist movement in the United States (as measured countervailing duty and anti-dumping under trade legislation in Congress) is automatically related to the real problem of Yuan undervalued exchange rate. Second, the writer explains that the trade protectionist response to Yuan undervalued exchange rates. I argue that the United States movement to anticipate this problem by using export and import policy. Finally the quantity of export and import will influence the economic in the United States. The Yuan undervalued exchange was created unemployment around 9,6 % causing of industry bankruptcy in many companies. Third, the writer explain that conference and congressional voting in House of Representative under the bill H.R. 2378, The Currency Reform for Fair Trade Act, which would try to save the national interest of economic under misaligned currencies causing of Yuan undervalued exchange rates across industries. The exporters and importers industry of the United States agreed to advocate for the legislation of H.R. 2378 aim to achieve their interest by using the government trade protectionist policy. Finally the writer also explain that applying of bill H.R.2378 gives the contribution to the effect on economic sector in the United States.