



## Lawmakers renew call to pressure China on currency value

By Vicki Needham - 01/31/12 01:30 PM ET

Congressional lawmakers renewed their calls on Tuesday to apply more pressure on China to raise the value of its currency, even as a bipartisan Senate-passed bill languishes in the House.

House Ways and Means Chairman Dave Camp (R-Mich.) and Senate Finance Chairman Max Baucus (D-Mont.) called on the Obama administration to ramp up their efforts to convince China to let its currency rise during talks at the World Trade Organization (WTO) symposium in March.

[Camp and Baucus sent a letter](#) to Treasury Secretary Timothy Geithner and U.S. Trade Representative Ron Kirk, arguing that China has actively blocked currency undervaluation discussions at the WTO and the practice is costing U.S. jobs.

"China continues to undervalue its currency, providing an unfair advantage to Chinese exporters and harming U.S. manufacturers and their workers," Camp and Baucus wrote.

"China will not end its currency undervaluation unless the U.S. seizes opportunities like this to insist it does," they said.

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U.S. officials have tried to use every available forum to discuss China's trade practices with Chinese officials.

Specifically, the lawmakers said they support ongoing efforts at the WTO to understand the effects on trade of exchange rate policies.

China's currency, the yuan, is undervalued relative to the dollar by as much as 23 percent, according to a recent analysis by the International Monetary Fund.

Unfair trade practices have added \$200 billion to the U.S. trade deficit since 2001, Camp and Baucus said.

"Addressing China's currency policy in a multilateral manner holds the greatest promise for an effective and meaningful solution," they wrote.

They said the administration's efforts at the Group of 20 talks helped develop an international consensus about China's need to rebalance its economy and allow its currency to more accurately reflect the market.

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Sen. Orrin Hatch (R-Utah) also sent a letter to Geithner and Kirk on Jan. 18 suggesting that the United States and like-minded trading partners team up to apply more pressure on China to improve its trade practices and more quickly revalue its currency.

Earlier on Tuesday, [the Alliance for American Manufacturing released a series of three reports](#) showing that the U.S. auto supply chain has lost more than 400,000 jobs since 2000 and that another 1.6 million jobs are at risk unless China's illegal trading practices are curtailed.

"Taken together, these three reports show beyond a shadow of a doubt that China's blatant use of illegal government subsidies and a web of predatory trade practices on a massive scale are undercutting companies in the U.S. auto supply chain," said Scott Paul, executive director of the AAM.

"It's essential that federal action be taken to challenge these abuses before they completely undermine the job recovery under way in the U.S. auto industry," Paul said.

The call comes as a Senate-passed bill that would punish China for continued unfair trade practices remains stalled in the House.

The measure has bipartisan support, but dozens of business groups have argued that legislation pressuring China to accelerate the value of its currency would likely have the opposite effect and result in a retaliation against U.S. exports — the reason why Geithner has taken a tack of pushing for the gradual increase.

The Senate bill would require the Commerce Department to investigate any country undervaluing its currency and deem the practice as a government subsidy under U.S. law. Affected U.S. companies would then be allowed to seek retaliatory tariffs on goods imported from the country.

The Treasury Department also would be able to take actions against countries with undervalued currency if the problems aren't corrected within a specific period of time.

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The US can choose to have whatever valued currency it wants -- this complaining to China is pointless political gamesmanship.

The RMB is going to increase in value anyways, the US federal government has employees based in China -- advertise that the US is now accepting a 5:1 exchange rate and just watch as hundreds of millions of RMB begin flowing into our treasury.

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