NEWS

CHINA CURRENCY COALITION
WASHINGTON, D.C.
chinacurrencycoalition.org

FOR IMMEDIATE RELEASE

Contact: Skip Hartquist 202.342.8450
dhartquist@kelleydrye.com
Angela Brown 202.403.0609
angela.brown@sightlinemarketing.com

China Currency Coalition Encourages Inclusion in Trade Bill of Provision to Address Substantial Undervaluation of China's Renminbi

(Washington, D.C.) (July 28, 2008) – The China Currency Coalition ("CCC") today underscored its view that H.R. 6530, the Trade Enforcement Act of 2008, needs to be strengthened by the addition of language that would treat injurious currency depreciation by China or any other U.S. trading partner as a countervailable subsidy and actionable dumping. While appreciative of the efforts by the bill's authors, House Ways and Means Committee Chairman Charles B. Rangel and Ways and Means Subcommittee on Trade Chairman Sander M. Levin, to bolster enforcement of U.S. trade laws in other ways, the CCC believes that the continuing undervaluation of China's renminbi and of other countries' currencies is a major, overriding trade issue that urgently requires immediate, remedial steps to be taken.

Commented Richard L. Trumka, co-chair of the coalition and Secretary-Treasurer of the AFL-CIO, "China's manipulation of its currency since 1994 has taken an enormous and increasingly damaging toll on U.S. working families and manufacturing. It undermines the U.S. economy and our national security. The U.S. government stands by as China persists year after year with this policy. The situation simply becomes worse as we trade jobs and dollars for airplane parts and debt, and the nation continues to lose more and more of its critical manufacturing base. American workers and their families expect better of our government. The time for action is long overdue. We demand an end to the Chinese government's enforced undervaluation of the renminbi."

Added Doug Bartlett, co-chair of the coalition, owner of Bartlett Manufacturing Company, Inc., in Cary, Illinois, and Chairman of the U.S. Business and Industry Council, "Tolerance of China's unfair trade practices by the U.S. government is creating an impossible situation for domestic U.S. manufacturers. No matter how efficient and innovative we are and no matter how hard we work, we cannot overcome the enormous subsidy provided by currency manipulation. Inaction by the Congress and the Executive Branch also creates a strong incentive for other countries to follow China's lead in competitively undervaluing their currencies, in self-defense if nothing else. The result is a series of severe global economic imbalances that are unsustainable and dangerous for the United States and for the world economy. China's trade surplus with the United States is now approximately a quarter of a trillion dollars annually, and China's foreign reserves – even after its many sizable, ongoing investments abroad to secure raw materials and technology – are estimated by the CCC to be in the range of at least $1.8 - $2 trillion and growing rapidly. These alarming numbers make clear that China's leaders are simply unwilling to allow self-correcting market forces to value the renminbi, which the CCC has calculated to be 30 percent or more relative to the U.S. dollar. If the U.S. government really believes in free trade, then it must make sure that there is free trade in currencies."

David Hartquist, the CCC's legal counsel, observed, "Competitive currency depreciation should be seen as the hybrid that it is, a monetary measure that has severe repercussions on international trade and investment. As China recently acknowledged, the World Trade Organization is an appropriate forum to discuss the trade and macroeconomic effects of exchange-rate policy. The history and Articles of the General Agreement on Tariffs and Trade confirm this conclusion. In the CCC's judgment, it is imperative that provision be made in H.R. 6530 for the imposition of either countervailing duties or antidumping duties against injurious imports that benefit from an exporting country's fundamentally misaligned, undervalued currency. In the CCC's view, such relief for U.S. companies and workers would be consistent with the international legal obligations of the United States, would be beneficial for the U.S. economy and national security, and would serve as an unambiguous statement to China and any other country that engages in undervaluing its currency that such mercantilist behavior is unacceptable."

The China Currency Coalition is co-chaired by Richard L. Trumka, Secretary-Treasurer of the AFL-CIO, and by Doug Bartlett, owner of Bartlett Manufacturing Company, Inc., in Cary, Illinois, and Chairman of the U.S. Business and Industry Council. David A. Hartquist is Senior Partner and Chairman of the International Trade Practice Group at Kelley Drye & Warren LLP in Washington, D.C.

About the China Currency Coalition

The China Currency Coalition is an alliance of industry, agriculture, services, and worker organizations whose mission is to support U.S. manufacturing and production by seeking an end to Chinese currency undervaluation. The CCC does not endorse candidates for public office. Additional information on the coalition can be found on its Web site: www.chinacurrencycoalition.org.

-End-