NEWS

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

FOR IMMEDIATE RELEASE
Contact: Skip Hartquist 202.342.8450
dhartquist@kelleydrye.com
Amanda Eidshaug 202.342.8426
aeidshaug@kelleydrye.com
Kate Stoddard 202.342.8610
cstoddard@kelleydrye.com

China Currency Coalition Congratulates President–Elect Obama And Urges Quick Passage in the Next Congress of Trade Legislation to Offset Injurious Currency Undervaluation by China and Other Countries

(Washington, D.C.) (November 5, 2008) – The China Currency Coalition ("CCC"), whose members represent a broad cross-section of American manufacturers, producers, farmers, and unions, today congratulated President-Elect Barack Obama on his historic victory yesterday and expressed the hope that with his leadership the economy and national security of the United States will be strengthened.

As part of this process, the CCC urged in a letter (available at www.chinacurrencycoalition.org) by its Co-Chairmen, Doug Bartlett and Richard L. Trumka, that the 111th Congress pass and President Obama sign bipartisan trade legislation in early 2009 that allows affected American industries to offset with countervailing or antidumping duties unfairly priced, injurious imports from China or any other country that supports exports by means of enforced undervaluation and fundamental misalignment of its currency. This approach is incorporated in the Bunning-Stabenow-Bayh bill, S. 796, The Fair Currency Act of 2007, which has ten co-sponsors including President-Elect Obama. It also is embodied in companion legislation by Congressmen Tim Ryan (D-OH) and Duncan Hunter (R-CA), H.R. 2942, The Currency Reform for Fair Trade Act of 2007, which has 77 co-sponsors.

The CCC estimates that, despite a nominal appreciation of approximately 17 percent since July 2005, China's renminbi remains substantially undervalued against the U.S. dollar – by 35 percent in real terms. As a result, China has amassed enormous foreign exchange reserves in excess of $2 trillion and has had in recent years an annual trade surplus with the United States of roughly $250 billion. In an attempt to remain competitive with China, other countries have similarly undervalued their currencies.

"It would be difficult to overstate how critical market-driven exchange rates are to U.S. commerce and global trade," commented Bartlett. "By fundamentally misaligning and undervaluing the renminbi, the Chinese government has been creating extremely dangerous imbalances that severely undercut U.S. manufacturers' ability to compete with Chinese products in the United States as well as in third countries and that often shut U.S. exports out of China. This arrangement obviously is not sustainable for the United States, especially in this time of worldwide financial and economic turmoil. It seriously weakens our economy and undermines our national security. If we are to recover from the current economic crisis, we must be able to manufacture products here, provide good jobs for Americans, and create wealth at home – not send it overseas."

Added Trumka, "President-Elect Obama knows from his campaigning across the United States how many Americans and their families are suffering due to cheap imports from China and other countries that undervalue their currencies. It is time to put a stop to these unfair trade practices that have resulted in millions of skilled jobs going abroad. The Bush Administration's policy of simply talking with China has not worked. Our country cannot afford to continue this way. We need action not words. Prompt passage of effective legislation is vitally important."

Observed David Hartquist, the CCC's legal counsel, "Both S. 796 and H.R. 2942 recognize the hybrid nature of undervalued exchange-rate misalignment as a monetary measure that has adverse consequences for international trade. China's protracted, large-scale interventions in the exchange markets have resulted in injurious imports into the United States of subsidized Chinese-made products and in a formidable non-tariff barrier to exports from the United States to China. Legislation like S. 796 and H.R. 2942 underscores that the United States and its workers, companies, and farmers expect China to uphold its international legal obligations at the World Trade Organization and at the International Monetary Fund."

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.

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. Additional information on the coalition can be found on its Web site: www.chinacurrencycoalition.org.

-End-