Comments by Doug Bartlett, Co-Chairman, China Currency Coalition
Press Conference, October 13, 2005
National Press Club, Washington D.C.

I am here before you today as a co-chairman of the China Currency Coalition. As a co-chairman along with Rich Trumka, I represent the business owners and investors who want to invest in the future of American society and the American working families. I am here to tell you that the future of that society and those workers, under our current system of trade, is not a bright one.

I am also here before you as the owner of a manufacturing facility that is now in its 53rd year. Over the years, we were able to grow our business to a $20 million manufacturing facility in 2000 employing over 250 people. Today we are an $8 million facility employing less than 70 people. After 50 years, did we forget how to be competitive? What happened? The China price!

I am here before you as a member of the Government Relations Committee of the IPC, the governing organization for electronics in the United States. This organization oversees an industry that is high technology, key to our military power and at the heart of our homeland security. Let me share some of the industry numbers with you.

In 2000, the U.S. produced $10 billion of printed circuit boards. In 2004 we manufactured less than $4 billion domestically. This is a loss of over 60% in 4 short years. The trend continues this year with no sign of letting up.

In 2000, the U.S. circuit board industry, a high technology industry, employed 78,000 people. Today it employs less than half that number, a loss of forty thousand high tech-high paying manufacturing jobs. The trend continues this year with no signs of letting up. What happened to this industry? The investors moved the factories to China to produce at the China price.

This is not what free trade promised us. Our industry has watched company after company pack up their investments, technology and factories and move to China. They have left behind well-trained productive workers looking for new and better opportunities that seem to be more and more difficult to find.

In December of last year, the National Academies conducted a conference that was in part called by the military to determine that state of the printed circuit board industry, and in effect, the whole electronics industry in this country. I was at that conference and listened to industry experts report that there has been no significant investment in the circuit board industry in the last four years. Further, in their opinion, the domestic circuit board industry within five years would not be able to meet the advancing needs of the military in a volume sufficient for national defense and homeland security.

The electronics industry is not alone. The problems we face are also being felt by the steel industry, auto parts, plastics, the list goes on and on from one end of our country to another. Industry after industry reels from the effects of Chinese currency manipulation.

My company, my industry, and the industries of all of the members of the China Currency Coalition, investors and workers alike, are trying to compete in an international trading system that is broken. This system enforces rules upon us that are not enforced upon our competitors. Among others but most specifically, the Chinese government effectively pegs the value of its currency against our dollar. This gives the Chinese currency a 40% advantage and results in the China price.

It is obvious to anyone manufacturing in the world market that the price fix is on with China. In the past I have used the analogy of the 100-yard dash. The American manufacturers begin at the starting line and the Chinese manufacturers start at the 40-yard line due to an undervalued yuan. They win the race and we are told by our leaders to try harder, to be more innovative and to become more efficient. Our investors are blamed for being short-sighted, and our workers are blamed for their inefficiencies. Most recently the Chinese saw the problem caused by their unjust action and adjusted their currency by 2%. Their runners now start on the 38-yard line. Our runners continue to look on in disbelief with no hope of any reasonable chance of success.

Recently, Treasury Secretary Snow stated the Chinese needed to act soon to let its currency become more flexible, but his own official reports refuse to identify the yuan as a manipulated currency. Undersecretary Adams has expressed concern that the IMF has not enforced its own rules about countries maintaining artificially cheap currencies yet, China, the most obvious violator of all, has not been officially cited by his own department. Should I wait for the Chinese to take action? Should I wait for the IMF to see the errors in its ways?

No sir, I am counting on the United States Government for help. It is the only chance we have to offset the unfair trade rules being levied by the Chinese government. But the U.S. Government's recent actions have left me to wonder which side they are on. Why won't the Treasury state strongly and officially what we all know, the Chinese are manipulating their currency? Why won't our government bring forth strong legislation like the Hunter-Ryan bill that gives American investors and workers a real opportunity to fight the unjust actions of our trading partner?

Actions need to be taken by our government to first recognize then offset the advantages given to Chinese manufacturers through unlawful Chinese currency manipulation. Unless action is taken soon, investors desiring to advance the American society will be totally replaced by multinational investors who place profit above any sense of national or social responsibility.

Contact information:

Doug Bartlett, Bartlett Mfg. Co, Inc.
225 N. First St., Cary, IL 60013
846-639-2102

John Kania, Govt Relations, IPC
JKania@ipc.org

NEW YORK, Sept. 28 (Xinhuanet) -- Hongkong and Shanghai Banking Corporation Limited (HSBC) Chairman Vincent H.C. Cheng said Wednesday that China's currency should maintain a gradual change considering the unprecedented transformation the country is undergoing.

The country's gradual change of currency policy with an emphasis on monetary and economic stability is in the interests of both China and the global economy, Cheng said in a lecture during a conference held in New York concerning China's financial markets.

Much of the negative sentiment towards China's currency policy is based on misunderstanding, Cheng said, referring to the existence of US trade deficits with China since the mid-1970s.

There is no relation between the value of China's currency, the Renminbi (RMB), or the people's money, and the US deficits, he said.

Such deficits are actually a reflection of "long-term trends in the development of global trade and the structure of the US economy" rather than the value of the RMB, he said.

Close to 60 percent of the exports from China to the United States are produced by companies in China that are, in whole or inpart, foreign-owned, said the bank's chief.

Simple math confirms that the US trade imbalance is not a result of some unseen currency manipulation in Beijing, but largely due to US companies, he said.

Considering China's unprecedented transformation both in terms of scale and complexity, its currency policy should maintain a gradual change with an emphasis on monetary and economic stability,he said.

Cheng warned increased pressure to prematurely open itself a free-floating currency will only complicate the situation even further.

Established in Hong Kong and Shanghai in 1865, the HSBC is the founding member of the HSBC Group, one of the world's largest banking and financial services organizations.

(Source: English Site of Kuching)

Item Number 3:

US happy with China yuan moves, wants more
Wednesday,October 12,2005 Posted: 16:24 BJT(0824 GMT) China Daily/Reuters

BEIJING, Sept. 29 -- The United States is pleased with China's currency steps but wants Beijing to move faster toward a free-floating yuan, US Treasury Secretary John Snow said on Wednesday.

Speaking on CNBC television, he said the Treasury's special envoy to China, Olin Wethington, would be stepping down and returning to private life and there would be an announcement soon relating to the diplomatic dialogue with Beijing.

Wethington, assistant secretary for international affairs at the Treasury in 1991-92, was appointed in May to be a direct conduit between the United States and Beijing on exchange rates and financial markets. He was charged with consulting with Asian governments, the Group of Seven wealthy countries and the International Monetary Fund on China issues.

Snow called Beijing's July shift away from a direct peg to the US dollar "a historic step."

"They also did a modest revaluation at that time and they expressed a commitment to allowing the yuan to move in accordance with demand and supply. That's precisely what they should do -- they should let their currency reflect underlying market forces," he said.

"It's going to take some time for them to implement that decision. I am confident they will. We're urging them to move faster," he added.

When asked about US interest rates, Snow said rates would stay low as long as US inflation stayed in check.

"I think as long as we keep inflation down -- and we're doing a good job with that -- we'll see lower interest rates because interest rates tend over time to reflect inflation," he said.

(Source: China Daily/Reuters)

(Source: English Site of Kuching)

Item No. 4

Chemical maker plans ambitious expansion
Wednesday,October 12,2005 Posted: 11:44 BJT(0344 GMT) China Daily

BEIJING, Sept. 28 -- BASF, the world's top chemical company by sales, aims to achieve 10 per cent of its global chemical sales and earnings in China by 2010, from the current level of 5 per cent, it said yesterday.

The chemical company plans to invest about 20 per cent of its group capital expenditure in Asia over the next few years, which means that an additional 1 billion euros (US$1.2 billion) will be poured into the Asian market, much of which will arrive in China.

"We are convinced that China will remain the growth engine for Asia overall and for the chemical industry in particular," Andreas Kreimeyer, member of BASF's board of executive directors responsible for Asia Pacific, said yesterday at a press conference.

That was held one day before the opening ceremony of the firm's largest single investment in