

NEWS

CHINA CURRENCY COALITION
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U.S. Industry/Worker Coalition Assails China's Monetary Policy
of Undervaluing Currency

(Washington, DC) (October 13, 2005) – An alliance of industry, agriculture, and worker organizations whose mission is to support U.S. manufacturing by seeking an end to Chinese currency manipulation held a press conference today to keep the spotlight on China's continued policy of undervaluing its currency and to call for the Bush administration and Congress to take aggressive steps to address the issue.

Speakers at the event organized by the China Currency Coalition (CCC) included economists and representatives from business and labor. Their message was clear: China's revaluation of the yuan by 2 percent last July was insignificant and its currency policy continues to result in cheaper Chinese exports.

AFL-CIO Secretary-Treasurer Richard Trumka, a co-chair of the CCC, stated, "American manufacturing workers and their communities continue to bear the brunt of the illegal actions by the Chinese government. The facts are that China violates workers' rights. It gives illegal subsidies to business. It manipulates its currency. The resulting cost to our economy in lost jobs and opportunities is staggering."

Doug Bartlett, the owner of a Midwest manufacturing facility and CCC co-chair, said that the U.S. manufacturing base can survive only through help from the U.S. government. "It is the only chance we have to offset the unfair trade rules being levied by the Chinese government," Bartlett said. "But the U.S. government's recent actions have left me to wonder which side it is on. Why won't the Treasury state strongly and officially what we all know: that 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?" [The Chinese Currency Act of 2005, legislation introduced this year by Reps. Timothy Ryan(D-Ohio) and Duncan Hunter (R-California), would classify currency manipulation as a prohibited export subsidy, subjecting it to World Trade Organization actions.]

A related announcement came from the Department of Commerce, which reported today that the U.S. trade deficit with China increased to \$18.5 billion in August. In the absence of significant appreciation of the yuan, the annual deficit with China will reach \$206 billion, a 27% increase over last year's annual deficit. "Each month, the bilateral trade relationship with China deteriorates, outstripping previous lows," said David A. Hartquist, an international trade attorney

and a CCC spokesman. “We will not see any improvement in the bilateral trade deficit with China unless and until China significantly appreciates its currency.”

Dr. Peter Morici, an economist and professor at the University of Maryland, spoke to the issue of why the trade deficit is so large and why it matters. In his remarks, Morici pointed to currency manipulation as a major contributor to the soaring bilateral trade deficit. “Perhaps the largest single problem is the almost complete absence of meaningful disciplines for exchange rates, which the Bush Administration has chosen not to effectively address,” explained Morici. “The Chinese 2.1 percent revaluation announced July 21 was too small to significantly affect the value of the dollar or have a measurable effect on trade.”

Exacerbating the situation is the fact that China’s official trade data are unreliable, according to Dr. Patrick J. Magrath, Managing Director of Georgetown Economic Services in Washington, D.C. Magrath presented charts and the methodology used to prove that China’s trade data are unreliable and stated that the benign views of the International Monetary Fund and Department of Treasury as to China’s trade surpluses and currency policy have been based on erroneous data.

Richard Trumka heads the labor federation’s Industrial Union Council and is the youngest secretary-treasurer in AFL-CIO history. The American Federation of Labor and Congress of Industrial Organizations (AFL-CIO) is a voluntary federation of 53 national and international labor unions comprising 9 million working women and men from every walk of life. .

Bartlett Manufacturing Company, Inc., with \$10 million sales and approximately 100 employees, has been a pioneer in printed circuit board interconnect services for more than fifty years. In addition to the China Currency Coalition, Bartlett Manufacturing is a member of the United States Business Industry Council (USBIC), an organization formed to champion the interests of America’s domestic family-owned and closely-held firms. Doug Bartlett also serves as President of the United States Printed Circuit Alliance (USPCA), a national organization committed to strengthening the U.S. printed circuit board industry.

David A. Hartquist is an international trade attorney with the Washington, DC law firm Collier Shannon Scott, PLLC.

The complete text of the referenced statements and the charts can be found on at the Press Center on the coalition’s Web site, www.chinacurrencycoalition.org.

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