



FAIR CURRENCY COALITION

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FACT OF THE WEEK (January 5, 2010)

WHAT OTHERS ARE SAYING ON THE CURRENCY ISSUE (PART III)

L. Ronald Scheman, former U.S. Executive Director of the Inter-American Development Bank

Washington Times 12/30/2009 – Free Trade Isn't So Free

While we have little power to induce the Chinese to revalue their currency there are other alternatives to redress the current estimates of an approximate 25 percent undervaluation of the renminbi. Commensurate tariffs on Chinese goods is the logical instrument. Such overriding tariffs should be accepted as fair global policy when faced with controlled currencies that have fallen dramatically out of alignment.

Paul Krugman, Nobel Laureate in Economics and New York Times Columnist

New York Times 12/31/2009 – Chinese New Year

China has become a major financial and trade power. But it doesn't act like other big economies. Instead, it follows a mercantilist policy, keeping its trade surplus artificially high. And in today's depressed world, that policy is, to put it bluntly, predatory.

Dominique Strauss-Kahn, Managing Director of the International Monetary Fund (IMF)

Wall Street Journal 11/18/2009 – China Grapples With Pressure Over Currency Controls

"You have to balance your needs in the short term with the long term," Mr. Strauss-Kahn said. Keeping the currency down may help exports in the short term, he argued, but it imposes other costs. For instance, an undervalued currency encourages companies to invest in ways that may not be viable once the currency rises. "If you have wrong prices, you make wrong decisions, especially concerning investment in the long run," he said.

"It's now time for China, having accumulated a lot of advantages from an undervalued currency, to look more forward to investment and to long-term stability," Mr. Strauss-Kahn added. A stronger currency also would boost the purchasing power of Chinese households, he said, which would support the government's drive to make economic growth less dependent on exports.

Haruhiko Kuroda, Asian Development Bank President

Bloomberg News 11/11/2009 – China's Economy Strengthened in October, Boosting Yuan Calls

"For China, it is necessary and appropriate to allow the currency to be more flexible," Asian Development Bank President Haruhiko Kuroda said in an interview with Bloomberg Television in Singapore yesterday.

Jean-Claude Trichet, President of the European Central Bank

Bloomberg News 11/11/2009 – China's Economy Strengthened in October, Boosting Yuan Calls

European Central Bank President Jean-Claude Trichet said last week a stronger Chinese currency would help the global economy, and the International Monetary Fund has called the yuan "significantly undervalued."

Yoshihiko Noda, Japanese Vice Finance Minister

Bloomberg News 11/11/2009 – China's Economy Strengthened in October, Boosting Yuan Calls

Japanese Vice Finance Minister Yoshihiko Noda told reporters last week it is "desirable for the yuan to be flexible."

Joaquin Almunia, European Union Monetary Affairs Commissioner

Reuters 11/19/2009 -- UPDATE 1-Euro zone to urge China for more flexible FX policy

Top euro zone officials will urge China this month to move towards a more flexible exchange rate policy but it will not be easy to introduce change soon, EU Monetary Affairs Commissioner Joaquin Almunia said on Thursday.

European Central Bank President Jean-Claude Trichet, the chairman of euro zone finance ministers, Jean-Claude Juncker, and Almunia will travel to China at the end of November for talks on exchange rates.

"We will stress to the Chinese authorities the need to introduce a more flexible management of exchange rates," Almunia told reporters on the sidelines of a conference in Brussels.

Jose Manuel Barroso, President of the European Commission

BBC NEWS 11/30/2009 -- China rejects EU currency demand

On Sunday, European Commission President Jose Manuel Barroso had urged China to address the EU's currency concerns.

"Major imbalances because of trade or because of currencies can create problems in the future if they are not fully addressed, he said.