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# FAIR CURRENCY COALITION

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## PRESS STATEMENT

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### **FCC Disappointed in Commerce Dept. Refusal to Investigate China's Undervalued Currency**

#### **Onus on Congress to Reverse Decision**

WASHINGTON, DC – The Fair Currency Coalition (FCC) expressed deep disappointment at the U.S. Commerce Department decision not to investigate whether China's undervalued currency constitutes a countervailable export subsidy. For years, China has massively intervened to keep its currency, the renminbi (RMB), undervalued relative to the U.S. dollar by an estimated 35 to 40 percent. This illegal activity makes Chinese-produced goods and services artificially cheaper compared to their U.S.-produced counterparts.

"Once again Commerce has dropped the ball. Their refusal to act places the onus squarely on Congress to reverse this job-destroying decision. We look forward to working with our friends in the House and Senate to do just that," said FCC Executive Director Charles Blum.

"Although current law empowers the U.S. government to act, both the Obama administration and its Bush predecessor have lacked the political will to stop currency cheats like China from stealing American jobs," Blum continued.

"The Commerce Department's refusal to enforce U.S. CVD law with respect to China's undervalued currency is a significant factor why one American worker in six either is unemployed or underemployed," Blum stressed.

"Congressional action that effectively combats China's undervalued currency will create jobs, reduce foreign debt, boost investment, strengthen industrial capacity, and attract research and development funds for the U.S. economy. That is an economic recipe to avoid the lost decade predicted by many," Blum added.

"One irony of Commerce's refusal to act on China's undervalued currency is that the decision undermines with the National Export Initiative's goal to double U.S. exports in the next five years. Every day China is allowed to illegally subsidize exports and penalize imports is a day that Chinese production will displace their U.S. competitors," Blum noted.

In contrast to the inaction of Commerce, Blum concluded, “The Chinese have *not* missed any opportunity to steal U.S. jobs through illegal export subsidies like undervalued currency. The combination of the lack of U.S. trade law enforcement and China’s rampant cheating only perpetuates China’s two-way trade advantage, stuffs foreign exchange into the Chinese government’s State Administration for Foreign Exchange (SAFE), and pads the investment slush funds of Chinese state-owned enterprises (SOEs) at the expense of U.S. jobs.”

The FCC has endorsed currency legislation in the House and Senate.

Including its lead sponsors, U.S. Representatives Tim Ryan (D-OH) and Tim Murphy (R-PA), the Currency Reform for Fair Trade Act of 2009, H.R. 2378, currently has a combined total of 130 sitting House sponsors and cosponsors (89 Democrats and 41 Republicans).

A similar bill, S. 3134, the Currency Exchange Rate Oversight Reform Act of 2010, was introduced by U.S. Senators Charles Schumer (D-NY), Debbie Stabenow (D-MI), and Lindsey Graham (R-SC) and currently has a combined total of 19 Senate sponsors and cosponsors (14 Democrats and 5 Republicans).

The FCC is an alliance of industry, agriculture, and worker organizations whose mission is to support production in and export from the United States by seeking an end to the practice of currency misalignment by any trading partner. You can visit the FCC's website at [www.faircurrency.org](http://www.faircurrency.org) .

Precipitating the decision by Commerce were two petitions.

The first was filed by four domestic paper companies and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (USW) alleging that China’s undervalued currency constituted a countervailable export subsidy under U.S. CVD law with respect to Chinese exports of certain coated paper suitable for high-quality print graphics using sheet-fed presses. U.S. imports from China in 2009 for the paper in question were valued at \$213.3 million.

The second petition making similar currency allegations was filed by the USW and the Aluminum Extrusions Fair Trade Committee (representing member companies from Minnesota, Florida, Georgia, California, Utah, Maryland, Illinois, and Texas) on aluminum extrusions. In 2009, imports of aluminum extrusions were valued at an estimated \$514 million.

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