

US Lawmakers Offer Non-Binding China FX Manipulation Bill

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WASHINGTON -(Dow Jones)- U.S. lawmakers Wednesday introduced a non-binding resolution calling on the Bush administration to use "all tools" available to combat what they called "illegal currency manipulation" by China, Japan, South Korea and Taiwan.

The "Sense of Congress" resolution, introduced in the House, asserts that currency manipulation by the four countries has contributed "significantly" to the loss of 2.7 million U.S. manufacturing jobs since the summer of 2000. It says China in particular has severely hurt U.S. exports by holding its currency, the yuan, at "40% below its market value."

"This illegal currency manipulation is costing U.S. manufacturers billions of dollars in lost exports while putting American workers on the unemployment line," said Rep. Don **Manzullo**, R-Ill., chairman of the House Committee on Small Business, who introduced the bill. Rep. Mike Rogers, R-Mich., a cosponsor of the resolution, condemned the four countries as "currency parasites" and asserted that "just a 25% adjustment in China's currency would produce 500,000 U.S. jobs."

The sponsors, who also include Democratic Reps. Charles Stenholm of Texas and Baron Hill of Indiana, said the resolution has bipartisan support and predicted it would pass by a large majority.

"I don't know how much longer we can stand to export our jobs at the rate we're exporting them without the law of politics or the law of economics taking over," Stenholm said.

The U.S. trade deficit with China now exceeds the deficit with any other country - including all the countries of western Europe put together. That has made China the focus of U.S. manufacturers' ire - and a political problem for Congress and the Bush administration, analysts say.

William Overholt, a China specialist at the Rand Corporation, said U.S. policymakers know that forcing China to revalue its currency would cause serious financial instability across the region - and is loath to do so - but amid a presidential election campaign, politicians want to be seen as sympathetic to manufacturers' complaints.

"It's a political game," Overholt said at a conference of economists in Atlanta over the weekend.