Despite Hubbub, U.S. Does Not Cite China For Currency

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WASHINGTON (AP) — The Obama administration declined to cite China for manipulating its currency to gain trade advantages against the United States.

The Treasury Department on Friday noted that China last June said it would begin allowing its currency to rise against the dollar. The agency said the pace of revaluation has been too slow since and more rapid appreciation is needed.

Treasury's finding came in a report it must submit to Congress every six months determining whether other countries are manipulating their currencies. American manufacturers have been pushing for China to be cited. That could result in penalty tariffs being imposed on Chinese imports.

There was no immediate response from the Chinese government. Calls to the central bank and foreign ministry went unanswered Saturday morning.

In refusing to cite China, Treasury said Chinese President Hu Jintao had assured President Barack Obama during a visit to Washington last month that China would intensify its efforts to "further enhance exchange rate stability."

Treasury said that the pace of revaluation had accelerated in recent months and the movement was being aided by different rates of inflation in the two countries. The report said that the Chinese currency, the renminbi, had risen in value by 3.7 percent against the dollar since China announced in June that it would resume allowing the currency to appreciate.

But because inflation in China is much higher currently than it is in the United States, the Chinese currency has risen on an inflation-adjusted basis at an annual rate of about 10 percent, Treasury said in its new report.

But Treasury still said that China's currency movement "thus far is insufficient and that more rapid progress is needed. Treasury will continue to closely monitor the pace of appreciation."

Lawmakers in Congress have been critical of China's currency policies. Last September, the House of Representatives passed legislation that would give the administration more power to impose economic sanctions on countries deemed to be manipulating their currencies to gain trade advantages.

The Senate did not take up the legislation. But lawmakers critical of China's trade practices have vowed to renew their efforts this year.

"It's plain as the nose on your face that China manipulates its currency," Democratic Sen. Charles Schumer said Friday in criticizing the administration's failure to cite China. "It's just as plain that the only way to address this problem is for Congress to act."

Democratic Sen. Sherrod Brown said the administration's inaction underscored the need for a tougher approach that would be embodied in bipartisan currency legislation he is sponsoring with Republican Sen. Olympia Snowe.

"American manufacturers and workers struggling to compete against unfairly subsidized imports can't afford to wait any longer for action," Brown said. "Congress must act this year to pass legislation addressing currency manipulation to level the playing field and help get our economy back on track."

Rep. Sander Levin, top Democrat on the Ways and Means Committee, also expressed disappointment in the administration's decision. He said he would reintroduce next week the currency bill that passed the House last September and expected it to attract strong bipartisan support.

American manufacturers contend that China's currency is undervalued by as much as 40 percent against the dollar. That makes Chinese goods cheaper for U.S. consumers and American products more expensive in China.

Critics blame China's currency policies and other trade practices they see as unfair for the loss of millions of U.S. manufacturing jobs.

The U.S. deficit with China, the largest with any country, is on track to set an all-time annual high for 2010. Through November, the deficit with China was running at an annual rate of $275.3 billion, which would exceed the previous record of $268 billion set in 2008.

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