# Senators Introduce China Currency Manipulation Bill

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WASHINGTON—A bipartisan group of U.S. senators on Tuesday introduced legislation aimed at forcing the Obama administration to take action against China over its currency policy, reflecting growing anger on Capitol Hill over the issue.

The bill, which would require the U.S. to impose tariffs and other penalties on countries that failed to address misaligned currencies, is the latest action by lawmakers targeting the yuan, which many feel is undervalued against the dollar. Critics say Beijing has kept its currency artificially low to make its exports cheaper, giving them an advantage in the global market.

On Monday, the House Ways and Means Committee announced a hearing on China's currency policy for March 24.

More than 130 congressmen from both parties signed a letter urging Treasury Secretary Timothy Geithner and Commerce Secretary Gary Locke to take action on the issue.

Prospects for the Senate bill, versions of which have been introduced almost every year since 2005, remain unclear. Senate Majority Leader Harry Reid (D., Nev.) said it would be appropriate for the chairmen of the banking and finance committees to consider the issue. Sen. Max Baucus (D., Mont.), the finance panel chairman, said he was committed to working with the administration and Congress to "ensure we keep China accountable and keep American businesses competitive."

A Treasury Department official said Tuesday that the agency was reviewing the legislation, which was introduced by Sens. Charles Schumer (D., N.Y.), Debbie Stabenow (D., Mich.), Sherrod Brown (D., Ohio), Lindsey Graham (R., S.C.) and Sam Brownback (R., Kan.).

"We too have serious concerns about China's exchange- rate policy," the official said. "The rebound of China's economic growth and exports and their continued large-scale [foreign-exchange] reserve accumulation indicate clearly that China should resume appreciation" of the yuan.

China has, in response, accused the U.S. of trying to weaken the dollar to increase its exports. Last weekend, Chinese Premier Wen Jiabao denied that the government was exerting downward pressure on the yuan.

Treasury must decide by April 15 whether to label China a currency manipulator in its biannual report to Congress on the currency policies of its trading partners. Such a designation wouldn't result in the imposition of any penalties on the offending country, but could further irritate already tense U.S.-China relations and goad Congress to take action.

Although the administration last year declined to label China a manipulator and Congress didn't pass any measures addressing the issue, some lawmakers and industry executives said there was more momentum for Congress to take action this year. With midterm elections in November, lawmakers are under pressure to address voters' discontent with the country's continued high unemployment rate.

Currently, the administration has discretion on how to respond to countries seen to be engaging in currency manipulation. The Senate bill would apply an "objective test" that would force the administration to take increasingly tough action if a country failed to address the problem. These include lodging a complaint with the World Trade Organization, blocking the award of any federal contracts to the offending country's companies, and applying countervailing duties.

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