

Obama: China has not done enough on yuan

By Patricia Zengerle

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* U.S. will enforce trade laws "more effectively"

* Says does not mean he is anti-trade

* Comments follow Geithner testimony last week (Updates with additional comments, background)

WASHINGTON - President Barack Obama said on Monday that Beijing has "not done everything that needs to be done" on its yuan currency, keeping up Washington's tough rhetoric on Chinese economic policy as the United States struggles to bolster its sputtering economy.

The yuan "is valued lower than market conditions would say it should be," Obama said, giving China an advantage in trade because it makes Chinese goods less expensive in the United States and U.S. goods more expensive in China.

"What we've said to them is you need to let your currency rise in accordance to the fact that your economy's rising, you're getting wealthier, you're exporting a lot, there should be an adjustment there based on market conditions," Obama said at a town-hall style meeting hosted by CNBC television.

"They have said yes in theory, but in fact they have not done everything that needs to be done," Obama said.

U.S. Treasury Secretary Timothy Geithner promised last week to rally other world powers to push China for trade and currency reforms.

And U.S. lawmakers are weighing new legislation to punish China for practices they say keep its currency artificially low, hurting American jobs and competitiveness, as they grow impatient with a diplomatic approach that has yielded little so far.

Obama said it is good for the United States if China does well, pulling millions of people out of poverty. "It makes them more stable, it buys them into a world economy that can reduce tensions and allow our businesses to thrive. It's a huge market where we should be able to export a lot of goods," he said.

However, he said, "Our trade relationship has to be fair. You can't just sell to us and we can't sell to you," he said. "And so we have been bringing more actions against China before the World Trade Organization. We are going to enforce our trade laws much more effectively than we have in the past," he said.

Obama said this policy did not mean he was against trade. "I'm pro-trade," he said. "I just want to make sure that it is fair for American businesses and for American workers."

China has said pressure from Washington could backfire.

China's central bank said in June it would let the yuan fluctuate more freely. Since then it has risen 1.53 percent, but many economists say it is undervalued by up to 40 percent.

(Reporting by Patricia Zengerle; Editing by [Anthony Boadle](#))