

House Democrats Seek New China Trade Strategy

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Some well-placed House Democrats called on the administration Thursday to adopt a new trade strategy with China in order to address concerns of currency manipulation and a growing trade deficit.

The five-page letter, dated March 26 and signed by 15 of the 24 Democratic members on the Ways and Means Committee, including Chairman [Charles B. Rangel](#) of New York and Trade Subcommittee Chairman [Sander M. Levin](#) of Michigan, says the administration must use “all available tools at its disposal to address China’s protracted, large-scale intervention in the foreign exchange markets to maintain an undervalued currency.”

The Democrats’ renewed interest in currency manipulation is intended to increase pressure on China at the same time the communist government is violently cracking down on Tibetan independence demonstrations and preparing to host the 2008 summer Olympics.

Specifically, members want to see the administration restrict China’s voting power in the International Monetary Fund unless it commits to refrain from currency manipulation. Additionally, they say, the United States should take action against China through the World Trade Organization and work with other unnamed Asia countries to discourage them from manipulating their currencies, too.

Members also called on the administration to find China in violation of currency manipulation in the Treasury Department’s biannual reports to Congress that determine whether a country has a misaligned currency. Countries labeled as such are subject to retaliatory action by the United States.

The House letter also says the undervalued yuan “makes U.S. exports to China more expensive and Chinese exports to the United States cheaper, contributing to massive U.S. trade deficits, lost jobs, and suppression of U.S. economic growth.”

The U.S. trade deficit with China was \$256.3 billion in 2007, up from \$232.6 billion the year before, according to the Department of Commerce.

The members stopped short of introducing legislation to address the above issues, but they did threaten unspecified congressional action.