



U.S. SENATE BANKING COMMITTEE

Chris Dodd, Chairman

June 12th, 2007 **DODD, SHELBY ANNOUNCE BIPARTISAN AGREEMENT REQUIRING STRINGENT NEW OVERSIGHT TO PROTECT U.S. JOBS AND COMBAT CHINA CURRENCY MANIPULATION** *Washington, D.C.* - Responding to years of inaction by the Treasury Department to identify and promptly adjust currency manipulation by our largest trading partners, Senators Chris Dodd (D-CT) and Richard Shelby (R-AL), Chairman and Ranking Member of the Senate Banking Committee, today announced that they will introduce legislation to level the playing field for American workers and businesses.

China's ongoing intervention to keep the yuan undervalued has contributed to the loss of approximately three million American manufacturing jobs, the record-high U.S. trade deficit, and undermined our overall competitiveness. The Dodd-Shelby proposal, among other things, would create tough, new authority for both the Treasury Department and the Congress to act to provide a level playing field for U.S. manufacturers and workers. The legislation would also tighten the definition of currency manipulation to provide for greater clarity and to prevent ambiguity or delay in addressing the problem. No other Congressional legislation encompasses these two elements.

"The United States stands to benefit greatly from China's booming economy and growth, but the current conditions of this relationship are hurtful to the U.S., not helpful," said Dodd. "A change in our currency manipulation policy is long overdue. America's companies and workers deserve an opportunity to compete on fair terms with countries such as China, just as we provide market access and fair competition for China and other nations on our soil. We are not asking for a headstart here, just a fair race. Secretary Paulson deserves credit for working to address China's unfair currency and trade practices through the Strategic Economic Dialogue. But dialogue alone is not enough; we need action as well."

Senator Shelby said, "I have long believed that China manipulates its currency, thereby giving it an unfair trade advantage. Although evidence gathered by the Treasury Department clearly supports this conclusion, Treasury has regrettably declined to label China a currency manipulator."

"Accordingly, I am pleased to join with Chairman Dodd in introducing legislation that tightens the definition of 'currency manipulation' and spells out a clear process for actions to be taken by Treasury in the event that a country is found to manipulate its currency. While the Strategic Economic Dialogue is significant and necessary, this legislation provides more tools to combat unfair trade practices and also provides a formal voice for the Congress. I believe that this legislation will provide the Treasury Department with the impetus necessary to produce real results, and I look forward to working with Chairman Dodd to expedite it through the committee process."

Dodd and Shelby wrote to Treasury Secretary Henry Paulson last month, urging him to use both dialogue and action to combat currency manipulation. The Banking Committee has held two hearings on the issue this year – one in January and one last month.

Senators Dodd and Shelby announce this legislation on the eve of the Treasury Department's release of the International Economic and Exchange Rate Policy report, which is issued to the Senate Banking Committee and House Financial Services Committee – the committees of jurisdiction over currency-related matters – on a semi-annual basis.

[Click here for background information on the bill .](#)