

United States Senate

WASHINGTON, DC 20510

April 23, 2014

COMMITTEES:
HEALTH, EDUCATION,
LABOR, AND PENSIONS

BUDGET

SPECIAL COMMITTEE
ON AGING

COMMITTEE ON HOMELAND SECURITY
AND GOVERNMENTAL AFFAIRS

COMMITTEE ON ENERGY
AND NATURAL RESOURCES

The President
The White House
1600 Pennsylvania Avenue, N.W.
Washington, DC 20500

Dear Mr. President:


I am writing to express serious concerns about the Department of Treasury's April 15th report on International Economic and Exchange Rate Policies. As you know, this semiannual report is required by Congress in order to determine if our trading partners are manipulating their currency in order to gain an unfair advantage in international trade with the United States. Despite consistent and overwhelming evidence that China manipulates its currency, this Treasury Department report has declined to name China as a currency manipulator for the eleventh consecutive time. China's currency manipulation gives its businesses an advantage at the expense of American companies. It is time that we hold China accountable and level the playing field so American businesses and workers have a chance to succeed.

This report comes one day after newly released data showed that China's foreign currency reserves increased \$129 billion in the first quarter of 2014, rising to an all-time high of \$3.95 trillion. Over the same period, the value of the renminbi fell 2.7 percent relative to the dollar. The decline is widely attributed to intervention in currency markets by the People's Bank of China in an effort to artificially devalue the currency.

Currency manipulation is effectively a subsidy for Chinese exports that makes their goods artificially cheaper than their competitors in America and around the world. I have seen the effects of Chinese currency manipulation first hand in Wisconsin. It takes the form of lost jobs, closed factories, and stagnant wages. After a decade in which we lost millions of manufacturing jobs, the time for handling China with kid gloves is over.

As a member of the International Monetary Fund (IMF), China has committed to avoid manipulating its currency. I urge you to hold China to its commitment and reconsider your decision to not name China a currency manipulator. In addition, I would encourage you to take tangible steps, either through the IMF, bilateral negotiations, or other diplomatic means, to compel China to allow its currency to rise, or face serious consequences.

Sincerely,



Tammy Baldwin
United States Senator