

United States Senate

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SENATORS WILL CRAFT NEW CHINA CURRENCY BILL

Grassley, Baucus, Schumer, Graham plan joint legislation in 110th Congress

Washington, DC – U.S. Senators Chuck Grassley (R-Iowa), Max Baucus (D-Mont.), Chuck Schumer (D-N.Y.), and Lindsey Graham (R-S.C.) announced today that they will work together to craft new, joint legislation addressing issues with China's currency. The legislation, to be introduced in the 110th Congress, is intended to differ from bills the Senators have introduced this year on the topic, and to vigorously address concerns raised by all four Senators in a manner consistent with World Trade Organization (WTO) rules.

“The four of us working together will send a strong signal on China currency. We've all agreed our joint product has to be WTO-compliant. We want to live within the rule of law and expect our trading partners to do the same. We'll be drafting legislation that will be applicable as public policy for a long time. Today, the problem country is China. Tomorrow, it may be Country X. Senator Baucus and I concluded long ago that the country needs a broad-based policy to deal with currency manipulation, and I look forward to building on this theme with our colleagues,” said Grassley.

“We all agree that China must reform its currency regime for the good of the American economy, and also for the good of the Chinese economy. Today the four of us have pledged to work to find a common approach to encourage China to reform,” said Baucus. **“Working together, I believe we'll craft legislation that will be responsible, consistent with World Trade Organization rules, and that has a good chance of becoming law.”**

“The bottom line is that this bill was designed as a wake up call, and in that it has been a rousing success. Before this bill, nobody cared about China currency. Now it is front and center. Before this bill, China's currency wasn't moving an inch. Now, it has already moved 4.6% and hopefully is on the path to more progress. Now it is time to craft a bill with a real chance of becoming law that will complete the job, and I am grateful that Senators Grassley and Baucus have agreed to work closely with Senator Graham and with me to do just that. We will be back on this issue next year stronger than ever, and we will see this through to the end,” said Schumer.

“After conferring with President Bush today, I'm convinced the Administration is committed to a strategy that will require China to reform its currency manipulation practices. President Bush made clear to me today that he would like to give Secretary Paulson time to negotiate with the Chinese. The President also made clear that he shares my goal of making China compete on a level playing field. Senator Schumer and I have agreed, at this time, to forego a vote on our tariff legislation. We also have agreed to work with Senators Grassley and Baucus on legislation in the 110th Congress addressing the issue if the Chinese do not move forward on currency reform. The legislation will be WTO compliant, have bite, and will become law if China continues down its current path. The tariff legislation, whose chance of becoming law was always close to zero, did serve a useful purpose. As a result of our efforts, the Chinese no longer peg their currency to the American dollar. They have also begun a process of small revaluations -- totaling about 4 percent -- to occur. More remains to be done and we will continue in our efforts to help American manufacturers compete on a level playing field,” said Graham.

The Senate Finance Committee, of which Grassley and Baucus are Chairman and Ranking Democrat, will also hold a hearing on China trade issues – including currency – in early 2007.