

**CHINA CURRENCY COALITION
WASHINGTON, D.C.
chinacurrencycoalition.org**

FOR IMMEDIATE RELEASE

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**China Currency Coalition Points to Worsening Trade Imbalances
During 2007 Due to China's Enforced Undervaluation of the Yuan,
Year-End Assessment: No Significant Progress; Legislation Urgently Needed**

(Washington, D.C.) (December 13, 2007) – With the third Strategic Economic Dialogue between the United States and China now concluded, the China Currency Coalition today expressed disappointment but no surprise that China still refuses to allow accelerated, substantial revaluation of the yuan.

Speaking on behalf of the coalition's U.S. manufacturers, farmers, and workers, Richard L. Trumka, co-chair of the coalition and AFL-CIO Secretary-Treasurer, commented, "It has become evident over the past several years that China will maintain its practice of wrongfully intervening in the exchange markets and undervaluing the yuan. China continues to flout its obligations under the World Trade Organization and the International Monetary Fund. Despite the concern of many nations – the United States, the European Union, Japan, and Brazil – China persists in its misguided policy. The SED has failed for a third time – it's three strikes and you're out for this Administration. It is past time for Congress to take much-needed action."

By way of underscoring the damage being caused by the yuan's protracted misalignment, Trumka pointed to a series of tables and charts (attached) that show dangerous and growing imbalances in terms of China's increasing global trade surplus, foreign currency reserves, bilateral trade surplus with the United States, and current account. Moreover, in real terms adjusted for inflation (as opposed to nominal terms) through August 2007 the yuan appreciated only 3.6 percent and in the coalition's judgment still is undervalued by about 40 percent with respect to the U.S. dollar.

Said Doug Bartlett, co-chair of the coalition, Chairman of Bartlett Manufacturing Company, Inc., in Cary, Illinois, and Chairman of the U.S. Business and Industry Council,

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“China’s refusal to permit market forces to value the yuan is weakening the U.S. economy and is taking, and will continue to take, a staggering toll on U.S. manufacturing and workers particularly. As the data show, since 1999 the trends in China’s trade with the United States and globally have become more and more lopsided. In 2007, the situation has significantly deteriorated for the United States.”

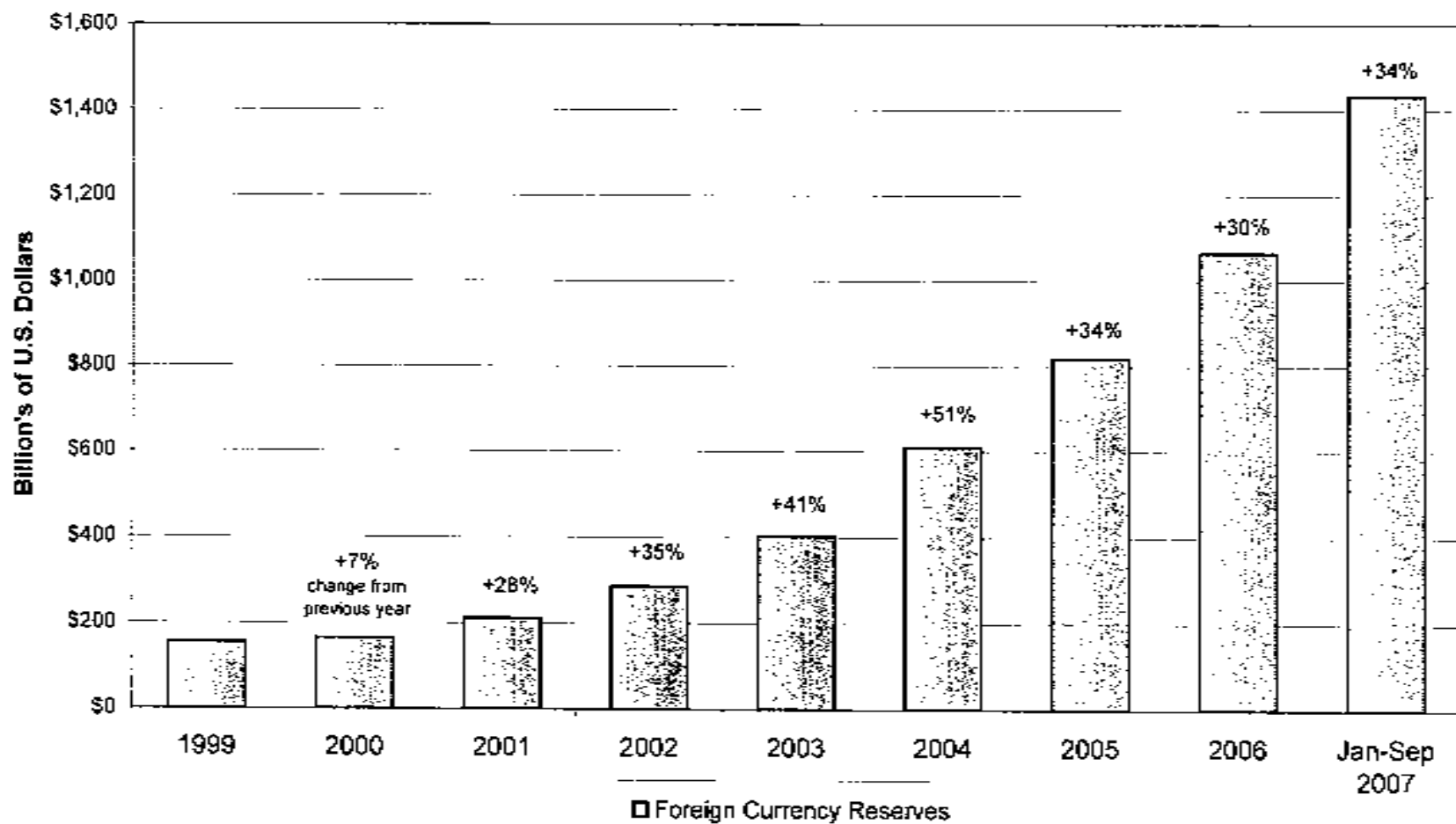
Added David Hartquist, the coalition’s legal counsel, “It is long since time for measured action to be taken by the United States, consistent with our national interests and with international law, against China’s mercantilist practice of grossly undervaluing the yuan. Legislation is desperately needed to strengthen U.S. trade laws and enable U.S. companies and workers to offset this injurious subsidization by China of its currency.”

David A. Hartquist is Senior Partner and Chairman of the International Trade Practice Group at Kelley Drye Collier Shannon in Washington, D.C.

The China Currency Coalition is an alliance of industry, agriculture, services, and worker organizations whose mission is to support U.S. manufacturing and production by seeking an end to Chinese currency undervaluation. Additional information on the coalition can be found on its Web site: www.chinacurrencycoalition.org.

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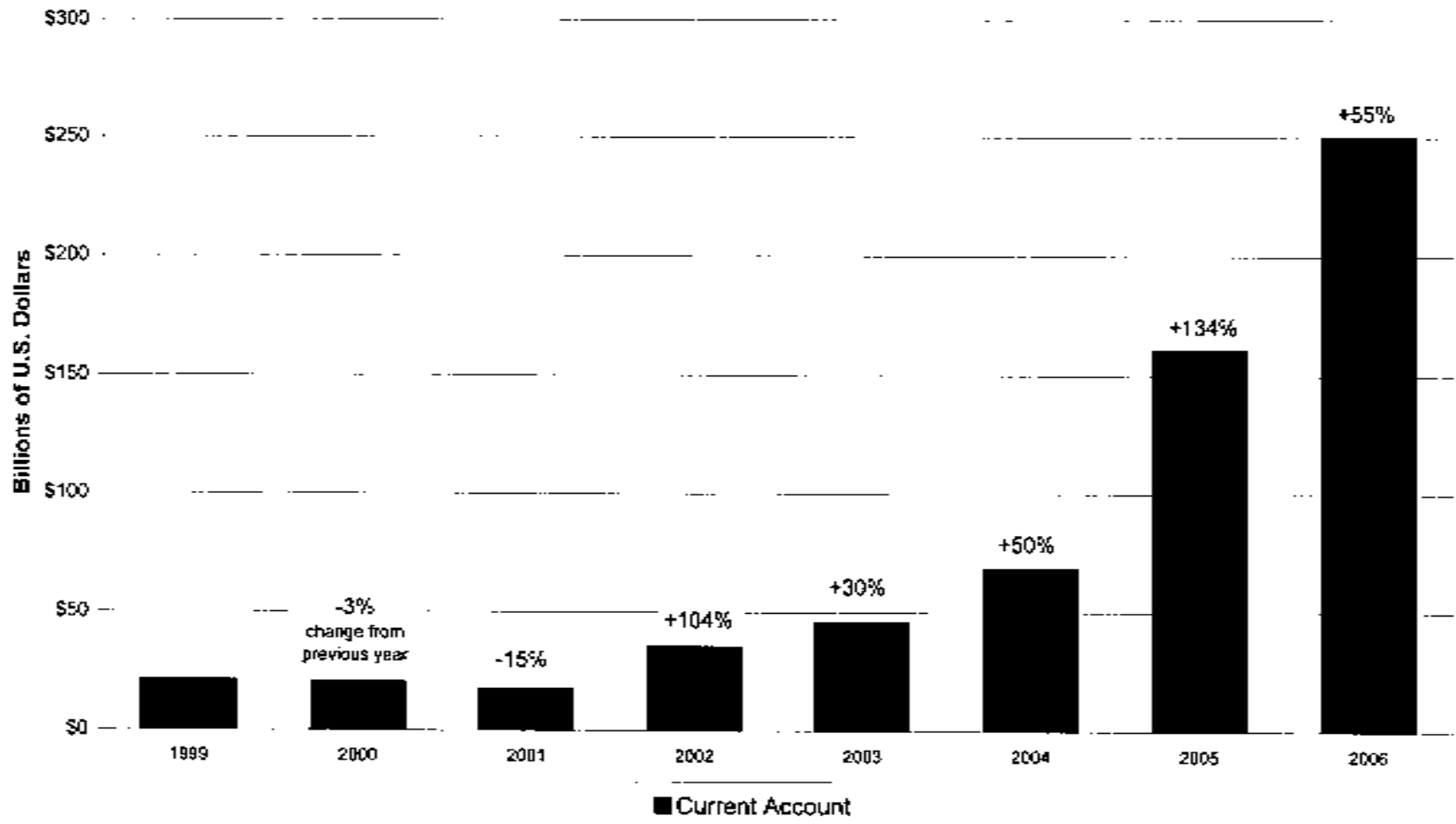
China's Foreign Currency Reserves



Source: China data as reported by China to the IMF, International Financial Statistics

Prepared by Georgetown Economic Services

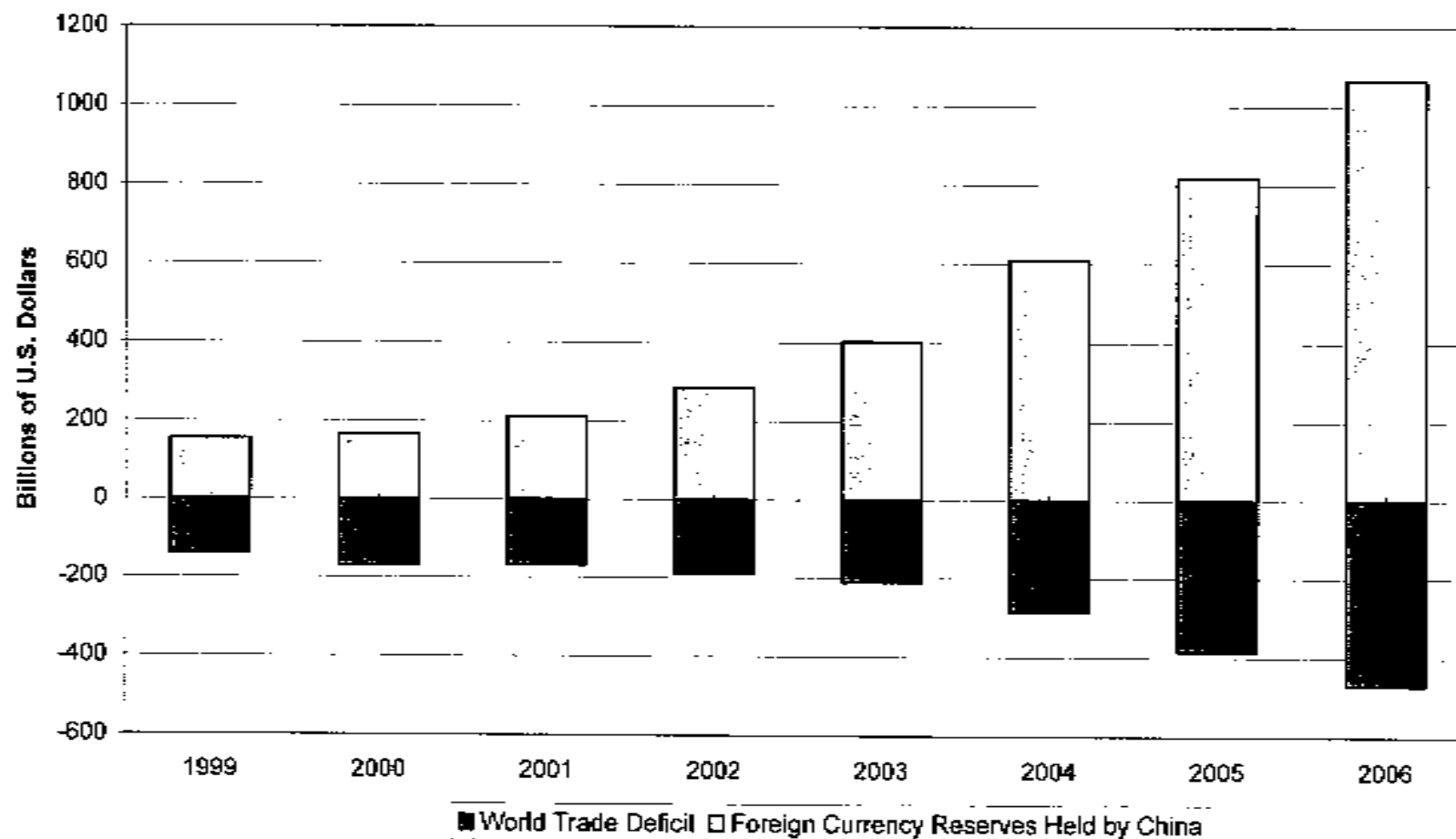
China's Current Account



Source: China data as reported by China to the IMF, International Financial Statistics

Prepared by Georgetown Economic Services

**The Correlation Between China's Growing Foreign Currency Reserves and Increasing Trade Deficit
Reported by China's Top 39 Trading Partners¹**

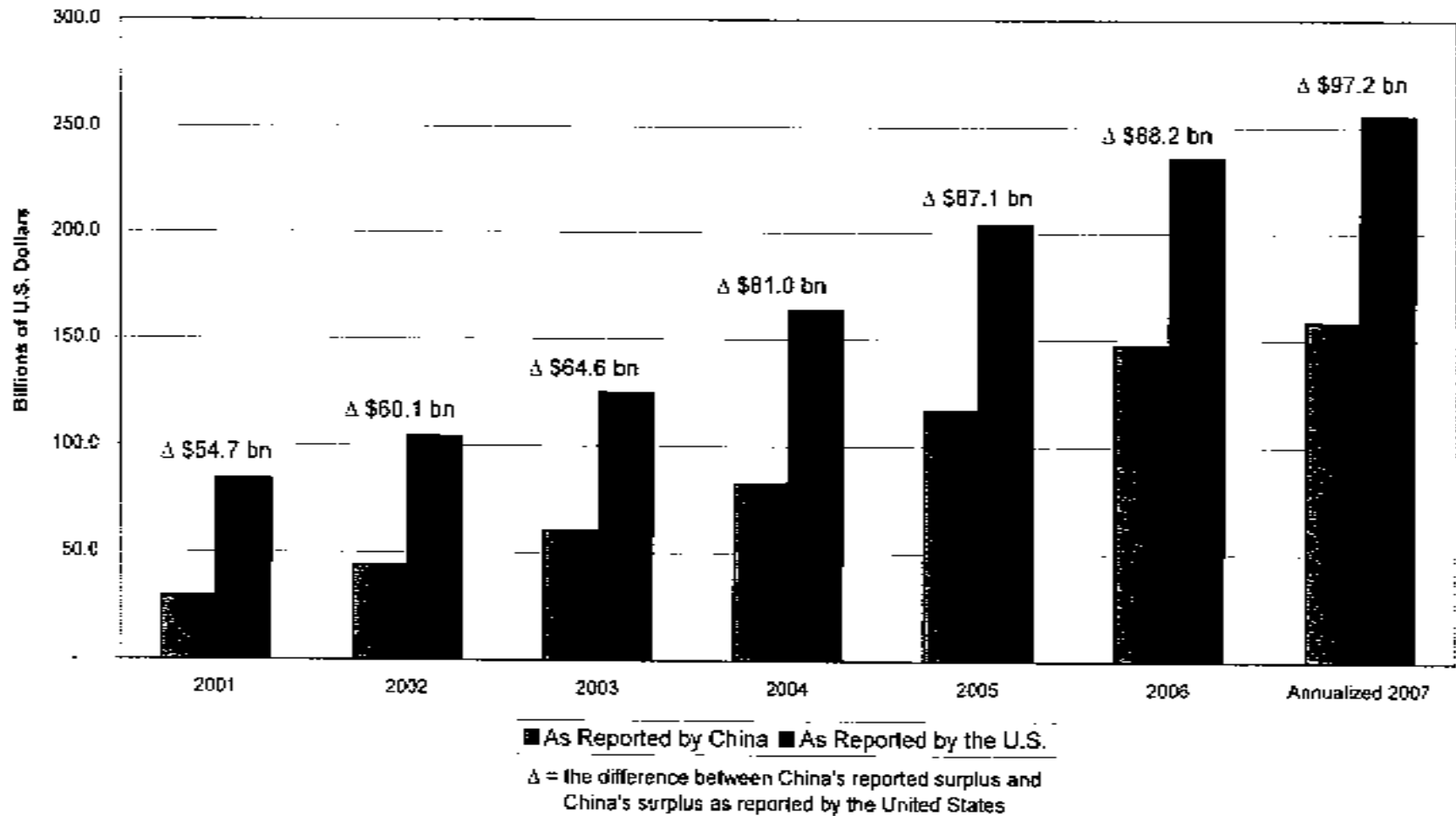


¹ Top 39 trading partners account for 85-90% of China's total trade in the years shown.

Source: China's data as reported by China to the IMF, International Financial Statistics

Trading partner data as reported by respective governments to GTIS Global Trade Atlas

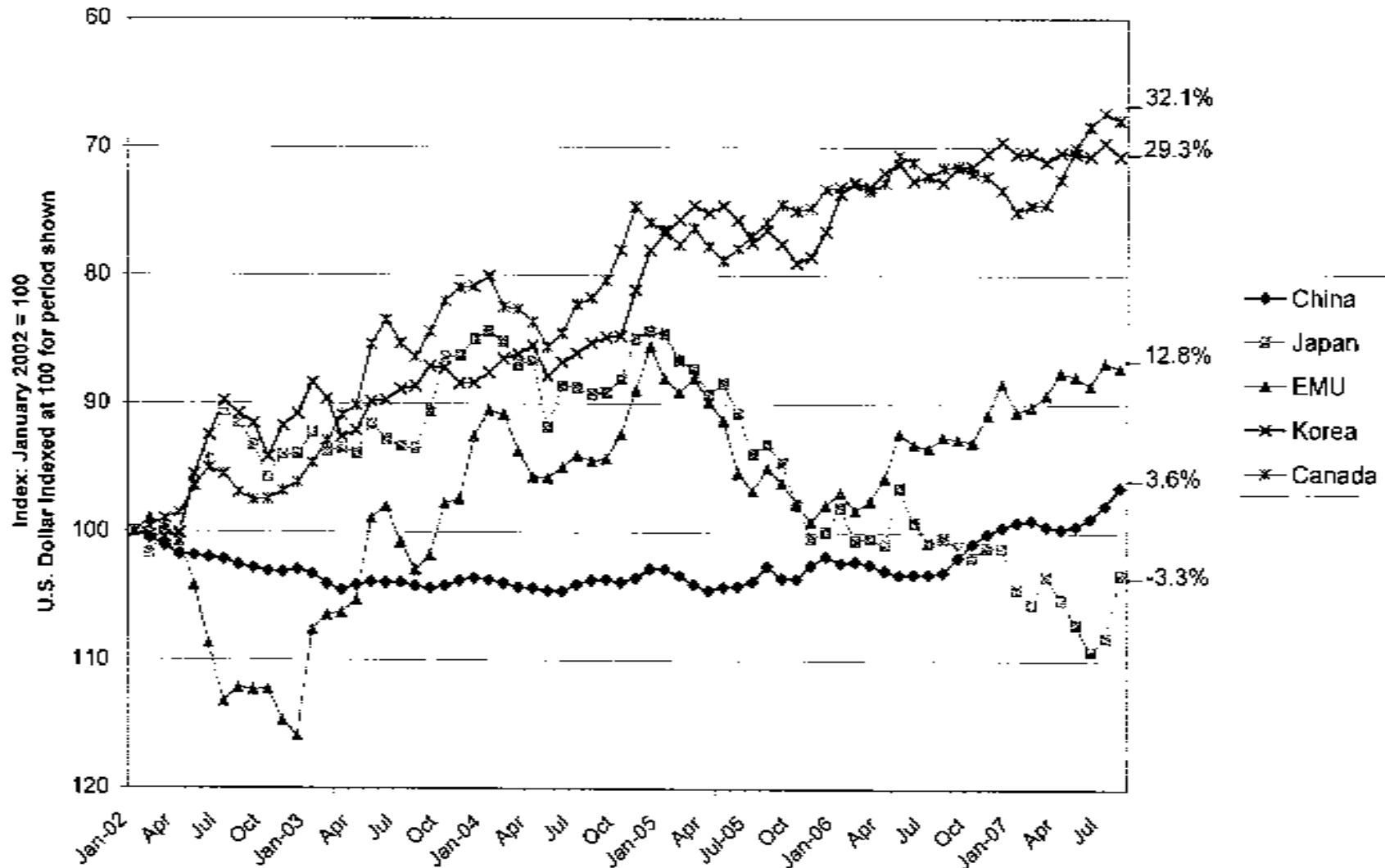
China's Trade Surplus As Reported by China and the United States



Source: U.S. Department of Commerce, China Customs

Prepared by Georgetown Economic Services

Changes in Selected World Currencies with Respect to the U.S. Dollar in Real Terms¹
January 2002 - August 2007



¹ The exchange rates are adjusted for inflation as reported in each country's consumer price index (CPI), indexed to January 2002.