

# United States Senate

WASHINGTON, DC 20510

June 10, 2014

President Obama  
The White House  
Washington, D.C. 20500

Dear Mr. President:

We write to express our ongoing disappointment with the Administration's response to the yuan's undervaluation. China's currency manipulation weakens our economic recovery and makes U.S. exports less competitive, which is why we must combat it with every tool in our toolbox. To date, the Administration's efforts to achieve a market-based exchange rate in China have not succeeded. We believe it is time to develop a comprehensive national strategy for fighting currency manipulation and leveling the playing field for American workers and businesses.

The Treasury Department's April 2014 biannual report on international exchange rate policies found that the yuan, or renminbi (RMB), remained significantly undervalued. The report detailed multiple factors that underscored the ongoing intervention in the RMB exchange rate, including "excessive" foreign reserves, a persistently large current account surplus, and an "unprecedented" depreciation earlier this year. Even though its own report presents overwhelming evidence that warrants labeling China a "currency manipulator," Treasury failed to make this designation.

Diplomatic overtures to China about the yuan have fallen short as well. At the 2013 Strategic & Economic Dialogue (S&ED), the Administration applauded China's commitment to adopt a market-determined exchange rate. This year's S&ED dialogue is fast approaching and that goal has not been met. While China widened the yuan's floating band and allowed gradual appreciation to occur, recent intervention has reversed this progress and calls into question China's dedication to achieving a floating exchange rate.

American businesses and workers face the brunt of China's unchecked currency manipulation. The undervalued yuan erodes the bottom line of otherwise competitive U.S. companies, which as a result fill fewer orders and create fewer jobs. According to analysis by the Economic Policy Institute, eliminating currency manipulation would create between 2.3 and 5.8 million American jobs, 40 percent of which would be in the manufacturing sector. It would also reduce the goods trade deficit by at least \$200 billion.

U.S. efforts to address currency manipulation have been inadequate, and the economic consequences of this failure have been too significant not to make changes to our approach. In advance of the 2014 S&ED meetings, we request that the Administration develop and make public a detailed plan to fight currency manipulation. This plan should identify each available forum, diplomatic avenue, and trade remedy and the measures to be taken with each of these

tools. The strategy should also include a timeframe for actions, including a consideration of steps to be taken if China does not meet its commitments.

We believe our bill, the Currency Exchange Rate Oversight Reform Act, is a critical component of any national effort to address China's currency manipulation, and we will push for a vote on it in Congress this year. In addition to signing this legislation when it reaches your desk, we ask you to craft and share with us a comprehensive strategy to achieve a market-based exchange rate for the yuan. It has been too long and too little progress has been made to delay any longer.

Sincerely,



Sherrod Brown  
United States Senator



Jeff Sessions  
United States Senator