

United States Senate

WASHINGTON, DC 20510

March 31, 2010

The Honorable Timothy F. Geithner
Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Dear Mr. Secretary:

We write today to ask that the Department of Treasury list China as a currency manipulator in its April 15th bi-annual exchange rate report to Congress.

In January 2010, senior fellows with the Peterson Institute for International Economics, William R. Cline and John Williamson, estimated the Renminbi (RMB) to be undervalued by a staggering 41 percent relative to the dollar. The tremendous undervaluation of the RMB directly subsidizes exports from China. This direct form of subsidization of exports upends the playing field against American manufacturers and has resulted in the loss of 2.4 million American jobs according to a March 23, 2010 report by the Economic Policy Institute.

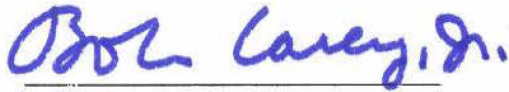
Given the severity and widespread use of currency manipulation, we are troubled that no economy has met Treasury's standards necessary to be considered a currency manipulator since 1994. Treasury's justification for its stance, namely that nations with undervalued currencies who appear to be taking steps to enhance exchange rate flexibility are not currency manipulators, allows economically damaging policies to persist. To that point, the aforementioned Cline and Williamson point out that a number of other nations engage in significant undervaluation: Hong Kong (32 percent), Malaysia (31 percent), Taiwan (29 percent), and Singapore (25 percent).

When we consider the substantial adverse impact on American jobs attributable to currency manipulation, the U.S. government should revisit our approach to dealing with the issue of currency manipulation. That is why we support the Currency Exchange Rate Oversight Reform Act of 2010 (S. 3134), which would enhance Treasury's ability to confront this issue. We encourage you to follow the commitment you made in your January 21, 2009 comments to the Senate Finance Committee to act aggressively to address currency manipulation, specifically in relation to China.

Please use the bi-annual report to unambiguously declare these actions for what they are—an unfair competitive advantage utilized by nations to harm the American economy. We must use the tools we have to create an economic atmosphere where our manufacturers can compete and create jobs to grow the U.S. economy.

Thank you for your attention to this issue. We look forward to reviewing your report.

Sincerely,



Robert P. Casey, Jr.
U.S. Senator



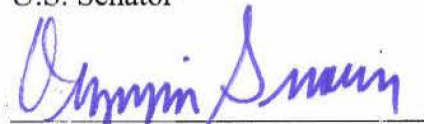
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