



CONGRESS OF THE UNITED STATES

JOINT ECONOMIC COMMITTEE

CHAIRMAN JIM SAXTON

PRESS RELEASE

For Immediate Release
July 21, 2005

SAXTON COMMENTS ON YUAN REVALUATION

Press Release #109-32
Contact: Christopher Frenze
Executive Director
(202) 226-3923

WASHINGTON, D.C. – Today the People’s Bank of China announced several reforms to its exchange rate regime. In response, Chairman Jim Saxton of the Joint Economic Committee issued the following statement:

“The Chinese announcement today on revaluing the yuan relative to the dollar is a welcome step in the right direction. It appears that this announcement may signal the first of a series of moves that could lead to a more flexible dollar-yuan exchange rate. As a study I released a few weeks ago noted, a change in Chinese exchange rate policy is necessary to address the global imbalances this policy has caused.

“The People’s Bank of China today also announced that the ‘daily trading price’ of the dollar-yuan exchange rate ‘will continue to be allowed to float within a band’ of +/- 0.3 percent. If applied flexibly, this policy could result in significant movement in the exchange rate over time.”

For more information see the following study available on the committee website
www.house.gov/jec/: *PRC’s Pegged Exchange Rate Contributes to Global Imbalances.*