

**House Ways and Means Committee Hearing on China's Exchange Rate Policy**  
**Rep. Joe Donnelly**  
**Indiana's Second Congressional District**  
**Thursday, September 16, 2010**

When I visit with businesses and manufacturers in north central Indiana, they ask to be able to compete on a level playing field. They ask that China be held accountable for its unfair currency policy. They do not understand why our government has not stood up to China to defend our local businesses—and frankly, neither do I.

China's undervaluation of its own currency by as much as 40 percent keeps the prices of its exports artificially low, undercutting the market for American-made goods and costing American jobs. The Alliance for American Manufacturing and the Economic Policy Institute put together a report on the number of jobs lost across the country due to our growing trade deficit with China—a direct result of that country undervaluing its currency. In the district I represent, Indiana's Second Congressional district, they estimate that 6,000 jobs have been lost due to Chinese currency manipulation.

I and many other members of Congress from both parties have contacted presidential administrations and our own House leadership requesting that action be taken now. The current administration had a chance to list China as a currency manipulator in its most recent biannual report to Congress; however, it chose not to take a stand against China's continued currency manipulation.

Ahead of the June G20 summit in Toronto, China's central bank announced it would allow some revaluation of its currency, and we were told by Treasury Secretary Timothy Geithner that "China is acting to allow its exchange rate to appreciate in response to market forces. This is a very important step towards helping China better meet its own challenges and helping provide a more level playing field for all its trading partners." Since that time, the renminbi has appreciated just one percent against the dollar. Clearly China is not serious about addressing this issue, and this is why action needs to be taken now—whether through duties or other penalties placed on Chinese goods—to ensure we're leveling the playing field for American businesses working to compete in an unfair marketplace.

I strongly support cracking down on China's unfair currency policies. I'm proud to be a supporter of H.R. 2378, the *Currency Reform for Fair Trade Act*, which would allow American industries and their workers affected by currency manipulation to seek remedies under current trade laws. Also, the bill would seek to identify cases of currency manipulation and create an incentive for foreign governments to stop unfair trade practices to prevent similar abuses in the future.

Our top priority is job creation, and we will go a long way toward protecting and creating jobs in north central Indiana and across the nation by establishing a marketplace that gives our American businesses a fair fight. We have seen too many good jobs go overseas because of unfair trade practices, and it is time that Congress and the administration act.