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**Congress of the United States**  
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**Washington, DC 20515**

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

Dear Secretary Geithner:

I am writing to you to express my concern with Treasury's findings contained in yesterday's Report to Congress on International Economic and Exchange Rate Policies that the Chinese government is not manipulating its currency. I would also like to invite you to Indiana to meet with some entrepreneurs and manufacturers to discuss the impact Chinese currency manipulation has had on their ability to remain competitive in the global economy.

I, and many manufacturers and workers in Indiana's Second District, believe that the Chinese have been unfairly manipulating the yuan for too long and absent sufficient pushback by the United States Government. I am the first to welcome China's recent decision to reinstate flexibility to the yuan after years of pegging it artificially low compared to the dollar. However, I believe limiting this daily flexibility to .5 percent against the dollar is too little, too late; and the report concludes that the yuan still remains undervalued. Watching, and waiting, is not enough.

The fact that China's central bank held \$2.4 trillion worth of foreign reserves, as stated in the report, is proof that China is committed to keeping the yuan artificially low to maintain their advantage of cheap exports abroad while making our goods more expensive for Chinese consumers.

Further, as Treasury's report states, "These foreign exchange purchases reflect the PBOC's efforts to resist renminbi appreciation against the dollar...Under its heavily managed exchange rate regime, China's reserve accumulation is in large part a reflection of resisting full appreciation that reflects market demand for the renminbi."

I am frustrated that the report seems to say the Chinese are manipulating the yuan without officially concluding that that they are. I believe this was a missed opportunity to call China's policy what it is—unfair manipulation that puts American manufacturers at a disadvantage during a time we should be doggedly pursuing pro-growth policies. I am aware of the delicate diplomacy between our two countries on this issue, but I believe we must not ask our manufacturers and workers to take a back seat while China continues to unfairly manipulate its currency with impunity.

I encourage you to visit my district and meet with Hoosier businesses to discuss this issue. I am happy to help facilitate such a dialogue and believe it would provide you with valuable insight into how China's manipulation impacts producers here at home.

Sincerely,

  
Joe Donnelly  
Member of Congress