

U.S. DEPARTMENT OF THE TREASURY

Press Center



Treasury Releases Semi-Annual Report to Congress on International Economic and Exchange Rate Policies

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WASHINGTON – The U.S. Department of the Treasury today released the Semi-Annual Report to Congress on International Economic and Exchange Rate Policies that is required under Sections 3004 and 3005 of the Omnibus Trade and Competitiveness Act of 1988. The Report covers international economic and foreign exchange developments in the second half of 2011. Where pertinent and available, data and developments through mid-May 2012 are included.

The Report highlights that conditions in Europe continue to pose a risk to the U.S. recovery, that global growth has been hindered by insufficient demand rebalancing, and that greater exchange rate flexibility is needed – most notably in China. Based on the appreciation of the RMB against the dollar since June 2010, the decline in China's current account surplus, and China's commitments in the G-20 and the U.S.-China Strategic & Economic Dialogue to move more rapidly to a more market-determined exchange rate system, Treasury has concluded that the standards identified in Section 3004 of the Act during the period covered in this Report have not been met with respect to China. Nonetheless, the available evidence suggest the RMB remains significantly undervalued, and we believe further appreciation of the RMB against the dollar and other major currencies is warranted. Treasury will continue to closely monitor the pace of RMB appreciation and press for policy changes that yield greater exchange rate flexibility, a level playing field, and a sustained shift to domestic demand-led growth.

The Report, along with past Reports, can be found at <http://www.treasury.gov/resource-center/international/exchange-rate-policies/Pages/index.aspx>.

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