



U.S. SENATE COMMITTEE ON

# Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

<http://finance.senate.gov>

## MEMORANDUM

TO: Reporters and Editors  
RE: China currency announcement  
DA: Thursday, July 21, 2005

Sen. Chuck Grassley, Chairman of the Committee on Finance, issued the following comment today.

"It's significant that China appears to have moved toward a basket of currencies and a more flexible exchange rate. If so, the exclusive peg to the dollar is over. This is welcome news for the United States and the world economy. A more flexible exchange rate policy is in the best interests of both the United States and China. This step by the Chinese government to move to a basket of currencies is by no means the end of the road. The flexibility the Chinese have introduced today will affect the value of the Chinese currency over time, as it should. Free markets should determine the value of currencies, not government bureaucrats. As Chairman of the Finance Committee, I will closely monitor these developments and continue my efforts to persuade, and pressure if need be, the Chinese government to abide by the international rule of law in trade and economics.

"It's good news that we were able to make progress in this area without resorting to legislating a punitive retaliatory tariff scheme like some were advocating. Such a scheme could have severely harmed confidence in the global marketplace, disrupted well-established trade flows, and potentially undercut worldwide economic growth.

"I appreciate the willingness of Secretary Snow and Chairman Greenspan to work with me to hold back retaliatory tariffs and persuade the Chinese government to sever their explicit link to the U.S. dollar."