



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

<http://finance.senate.gov>

MEMORANDUM

To: Reporters and Editors
Re: U.S. economic dialogue with China
Da: Monday, Dec. 11, 2006

Sen. Chuck Grassley, chairman of the Committee on Finance, with jurisdiction over international trade, today made the following comment on expectations for the first meeting between U.S. officials including Treasury Secretary Henry Paulson and Ben Bernanke, chairman of the Federal Reserve, and Chinese leaders as part of a “strategic economic dialogue” to bring about progress from China in opening its economy and other issues.

“I hope the Chinese appreciate that we’re very serious about this engagement. We’re sending over a lot of our top officials to kick off this strategic economic dialogue. This is the first meeting, so I don’t expect significant results right away. But this should help the Chinese understand that we need to see progress, and soon. If China’s banking system needs reform to help transition to a market-based currency exchange rate, then let’s see some reform. If economic fundamentals indicate that China’s currency should appreciate relative to the dollar, then let’s see more action to allow market forces to play a greater role in setting exchange rates. China is a major beneficiary of our open system of international trade, so it needs to take greater responsibility for its role in the global economy. I look forward to hearing from Secretary Paulson on the outcome of this engagement and his prognosis for the future direction of our economic relations with China.”