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# China escapes 'manipulator' tag

By Robin Harding in Washington

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The US Treasury declined on Friday to designate China as a “currency manipulator” even as Mitt Romney, the putative Republican candidate for president, turned up the heat on the issue by promising to do so on his first day if elected.

In its semi-annual exchange rate report to Congress – slipped out, for the second year running, on the Friday before the Memorial Day holiday – the Treasury said that “the available evidence suggests the RMB (renminbi) remains significantly undervalued” but that China did not meet the “manipulator” definition.

The report reflects a difficult dance for the Obama administration, which is caught between the politics of swing states such as Ohio, which have lost jobs to Chinese competition, and the reality that naming China a manipulator would probably halt its moves towards a freer currency.

“With this report, the administration no doubt hopes to blunt criticism that it is being soft on China while acknowledging that China has made progress in freeing up its currency and opening its capital account,” said Eswar Prasad, professor of trade policy at Cornell University.

The report noted a decline in China’s current account surplus and a 12.5 per cent rise in the renminbi against the dollar over the last two years after adjusting for inflation.

Separately on Friday, China launched a complaint at the World Trade Organisation against US anti-dumping duties on Chinese products.

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