

**The New York Times**<sup>®</sup>  
Reprints

This copy is for your personal, noncommercial use only. You can order presentation-ready copies for distribution to your colleagues, clients or customers [here](#) or use the "Reprints" tool that appears next to any article. Visit [www.nytreprints.com](http://www.nytreprints.com) for samples and additional information. [Order a reprint of this article now.](#)



May 27, 2011

# Once Again, U.S. Finds China Isn't Manipulating Its Currency

By **BINYAMIN APPELBAUM**

WASHINGTON — The Obama administration said Friday afternoon that China was not manipulating the value of its currency, choosing once again to avoid any escalation in the long-running trade dispute between the two countries.

The **Treasury Department** said the **renminbi** was “substantially undervalued” relative to the **dollar**. It said that the Chinese government worked to hold down the value of its currency by purchasing large amounts of foreign currencies.

But the Treasury said that did not rise to the level of manipulation, which would have put the United States on a road to economic retaliation.

The judgment was expected. Successive administrations have made the same finding every six months since 1994. Moreover, China has allowed its currency to rise about 9 percent against the dollar over the last year, including the effects of inflation.

The Treasury was careful to describe that progress as “insufficient,” and to say that “more rapid progress is needed.” The depressed value of the renminbi makes Chinese goods cheaper here and American goods more expensive there.

But Eswar S. Prasad, a professor of trade policy at Cornell University, said the issue had been reduced “from a flashpoint to an irritant” in the relationship between the countries.

“Tensions on this issue continue to simmer but the administration clearly wants to call a truce

and instead focus on more substantive elements of the bilateral economic relationship," like increased access for American companies, Professor Prasad said.

The Treasury must tell Congress twice a year whether countries that trade with the United States are suppressing the value of their currencies to gain a competitive advantage. No nation has been cited since China was named in 1994.

Members of Congress from both parties have pushed the administration to take a harder line, arguing that China's obvious manipulation has deleterious consequences for the American economy. China spent roughly \$197 billion on foreign currencies in the first quarter of 2011 to hold down the value of its currency.

Releasing the report on the cusp of a holiday weekend, however, kept immediate criticism to a minimum because most members of Congress already had left town.