



For Immediate Release
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Contact: Carol Guthrie
(202) 224-4515

**BAUCUS FEATURES CURRENCY REFORM AND LEGISLATIVE OPTIONS
IN SECOND CHINA HEARING THIS WEEK**

Finance Committee Chairman working toward breakthrough currency legislation

Washington, D.C. – In the Senate Finance Committee’s second hearing on U.S.-China relations this week, Chairman Max Baucus (D-Mont.) discussed the consequences of China’s undervalued currency exchange rate and the urgency for reform. Baucus stressed the need for China to increase flexibility in the exchange rate and to reform capital and financial markets. Top economists shared diverging perspectives on China’s reforms and how Congress can influence them.

“Today’s hearing showed that China must change its currency regime and that it is capable of doing so. Failing to accelerate exchange rate reform is bad for China, bad for America, and bad for the global economy,” said Baucus. **“Today we heard some of the sharpest minds on this issue give their views. We’re looking for the best way forward.”**

Witnesses at today’s hearing included Mr. Stephen S. Roach, the Managing Director and Chief Economist at Morgan Stanley; former Head of the China Division at the International Monetary Fund (IMF) and Cornell University Professor Eswar Prasad; Mr. Morris Goldstein a Senior Fellow at the Peter G. Peterson Institute for International Economics; and Mr. John Makin, a Visiting Scholar at the American Enterprise Institute. Senators Chuck Schumer (D-N.Y.) and Lindsey Graham (R-S.C.) also testified. Last fall, Baucus pledged to work with Senators Schumer and Graham, as well as with Finance Committee Ranking Republican Chuck Grassley (R-Iowa) to find a new approach to currency issues that is fair, firm, and consistent with World Trade Organization rules.

An archived webcast and witness testimony can be found online at <http://finance.senate.gov/sitepages/hearings.htm>. The Finance Committee welcomes additional comments on how to best address China’s exchange rate. Interested parties should submit comments – no more than five pages in length – by the close of business on April 13, 2007. The Finance Committee will post comments received on its website. Those desiring information on how to submit comments should contact the Senate Finance Committee majority trade staff at 202-224-4515.

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