

## US hardens stance on China's currency rigidity

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The US Treasury said it had "serious concerns" about the rigidity of the renmimbi yesterday but stopped short of accusing China of manipulating its currency in a closely watched report to Congress, reported by the Financial Times.

The Treasury toughened its language on China in its half-yearly report on exchange rate policies. While acknowledging that Beijing had been important in steadying the global economy, it said recent moves to accumulate more foreign exchange reserves "risk unwinding some of the progress made in reducing imbalances".

But the Treasury did not say China was manipulating its currency, in spite of pressure from labour groups and scores of legislators who argue the undervalued renmimbi makes China's exports unfairly cheap. Political pressure on the issue has built this year as manufacturers suffer huge job losses and the unemployment rate creeps towards 10 per cent.

The report comes as the Obama administration seeks to rebalance the global economy - and particularly the imbalances between itself and China - through the multilateral framework of the G20 group of countries under the stewardship of the International Monetary Fund.