



October 4, 2011

The Honorable Barack Obama
President of the United States
The White House
Washington, DC 20500

Dear Mr. President:

The Financial Services Forum urges you to oppose S. 1619, the Currency Exchange Rate Oversight Reform Act, before it is considered by the 112th Congress.

While we support a move towards a market-determined yuan, we do not support legislative efforts to use antidumping and countervailing duties to address the currency issue. Unilateral action by the U.S. will only serve to increase trade tensions and negatively impact the U.S. economic recovery. We believe the long-term policy objectives of domestic job growth and a decrease in America's trade deficit will best be accomplished through increased market access to China's 1.3 billion consumers and financial sector reform.

Treasury Secretary Geithner has consistently said that legislation designed to pressure China to accelerate the appreciation of its currency against the dollar must pass a two part test: it must be "consistent with our obligations internationally and be effective in giving us leverage to advance these interests." This bill does not accomplish these goals.

This legislation will do little more than increase tensions, incurring the risk of a trade war or damaging the interests of U.S. companies and employees already benefitting from profitable trade to and from China. Bilateral and multilateral engagement through the U.S.-China Strategic and Economic Dialogue (S&ED), and other high-level mechanisms, is the most efficient way to achieve the shared goals of a more flexible currency, sustained economic growth, and increased consumer consumption. A logical, timely and forceful set of economic arguments and diplomatic efforts will lead to continued reform and modernization.

We agree that China needs an exchange rate that better responds to global trade flows, and believe that China should implement concrete measures to move toward a market-determined exchange rate. We strongly disagree that legislation is the best means to

achieve that goal. Instead, we believe the United States should continue to work multilaterally and bilaterally to press China to allow market forces to determine the value of its currency and, thereby, aid in the global economic rebalancing that it has called for along with the other members of the G-20 . Furthermore, we need to see if China's recent policy shift to allow greater exchange rate flexibility will lead to meaningful movement in its currency value.

We urge you speak out forcefully against this misguided legislation, and we stand ready to support continued high-level dialogue with China as the best means to foster a strong U.S.-China economic relationship, benefiting both countries.

Sincerely,

A handwritten signature in black ink that reads "ROB NICHOLS". The letters are in all caps and have a cursive, slightly slanted appearance.

Robert S. Nichols
President and CEO
Financial Services Forum

cc:

The Honorable Timothy Geithner, Secretary of the Treasury, United States Department of the Treasury

Rebecca Blank, Acting Secretary of Commerce, United States Department of Commerce