China exits the ‘manipulators&#8217 list; of the dollar

CE Noticias Financieras English

January 14, 2020 Tuesday

Length: 513 words

Body

Tense US-China relations took a significant step towards their moderation. Donald Trump's administration announced China's withdrawal from the list of manipulative nations of its currency to unfairly gain trade advantages, the Treasury Department said yesterday. "China has made verifiable commitments to avoid competitive devaluations, while promoting transparency and accountability," China said yesterday.

This news is known two days after the two countries sign (tomorrow) in Washington their first trade deal after a tariff war that has been going on for nearly two years. The Treasury department will eliminate China's designation as a currency manipulator, CNBC said based on government sources. President Donald Trump last August accused Beijing of arbitrarily handling the exchange rate "to rob our businesses and our factories." That month, Chinese authorities dropped the yuan below $7 for the first time in a decade, which damaged U.S. competitiveness, shook markets and infuriated Donald Trump. Although the term "manipulative country of its currency" is symbolic, the Treasury department set out to work with the International Monetary Fund (IMF) to "eliminate the unfair competitive advantages" created by China and to consult Beijing on the issue. On its side, the U.S. Trade Representative's Office announced over the weekend that to implement the Chinese-American agreement to be signed on Wednesday, the two sides will meet on a six-monthly basis. Mnuchin, us Treasury secretary, yesterday released a new macroeconomic report, removing the Asian giant from the "currency manipulator" category. Now, China moves to a "watch list," in which Washington ranks those trading partners who deserve "special attention" on their monetary practices. Apart from the Asian giant, nine other nations appear in that list: Germany, Ireland, Italy, Japan, South Korea, Malaysia, Singapore, Switzerland and Vietnam. The decision was made within hours of US President Donald Trump and Chinese Deputy Prime Minister Liu He, head of China's negotiating team, to sign an agreement to begin the process to resolve their disputes. The trade war After nearly 18 months of trade war and the consequent escalation of tariffs, Trump announced in mid-December the closure of the first phase of a pact with China. The agreement implies, however, that U.S. tariffs of 25% on Chinese imports valued at $250 billion are maintained, along with reduced levies of 7.5% on additional imports valued at approximately 120,000 millions of dollars. Negotiations between the two sides have suffered several shocks, with conflicting reports and veiled criticism, since a principle of agreement was announced in October. Trade tensions between the world's two largest economies, which began last year, have had profound consequences. Although the agreement on the first phase of tariff warfare-related trade discrepancies will be signed tomorrow, complex issues such as technology and intellectual property remain to be resolved. This means that, despite the lower voltage, the problem is not over.

Load-Date: February 26, 2020