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President Obama Talks Jobs in Beijing

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SUSIE GHARIB: American jobs are one issue President Obama will bring up when he meets with Chinese leaders in Beijing tomorrow. It all comes down to Chinese exports and the value of the country's currency, the yuan. But as Darren Gersh reports, it's unlikely the Chinese will make any sudden change in policy.

DARREN GERSH, NIGHTLY BUSINESS REPORT CORRESPONDENT: The holiday season is when U.S.-China economic relations shift into high gear. Low- priced Chinese goods stock our shelves and a flood of dollars head back across the Pacific. Keeping that going is a top priority for party leaders in Beijing, says currency analyst Win Thin.

WIN THIN, SR. CURRENCY STRATEGIST, BROWN BROTHERS HARRIMAN: They favor stability in times of crisis. I think if you read the official comments, they believe they are still in the crisis.

GERSH: American exporters argue the yuan is kept artificially undervalued in order to boost Chinese exports, a complaint President Obama will raise in Beijing. But Win Thin expects Chinese leaders will not allow the yuan to budge until the financial crisis is safely behind them, meaning next summer at the earliest. Even so, the Chinese are aware a loose yuan policy may overheat their economy.

THIN: Where does all that liquidity go? It does go to buying goods. It goes to buying -- perhaps into investing in plants and infrastructure. But a lot of it is going into asset markets. The property market is approaching bubble territory. Equity markets are very frothy. So I think the policy makers are concerned.

GERSH: Trade expert Dan Griswold is somewhat less concerned. He argues U.S.-China trade has provided stability to the global economy.

DANIEL GRISWOLD, CENTER FOR TRADE POLICY, CATO INSTITUTE: Part of the rebound in east Asia is countries ability to export to China and to hitch their wagon to China's continued strong growth. So I think it is in China's interest to liberalize its currency, but I don't see any crisis.

GERSH: While many U.S. manufacturers would like to see China boost its currency, they are not expecting rapid results. At the National Association of Manufacturers, Frank Vargo thinks the Chinese aren't quite sure how to settle this currency debate.

FRANK VARGO, VP INTERNATIONAL, NAM: And I think within the Chinese government there are different schools of thought. There are the old- liners from the industry ministries who say you just can't do this. And there are those I think from the financial ministry who say we've got to do it.

GERSH: The Chinese are facing some tough math. They own almost \$2.5 trillion of our debt, so a large increase in the yuan means a large loss on their investment in the U.S. Darren Gersh, NIGHTLY BUSINESS REPORT, Washington.

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