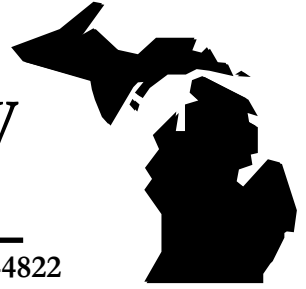


UNITED STATES SENATOR · MICHIGAN
DEBBIE STABENOW

PRESS RELEASE



United States Senate · Washington, D.C. 20510-2204 · (202) 224-4822

FOR IMMEDIATE RELEASE
March 28, 2007

Contact: Colleen Murray
Phone: 202-224-1437

Stabenow Introduces Bill to Combat Japanese Currency Manipulation

WASHINGTON – U.S. Senator Debbie Stabenow (D-MI) today introduced legislation to stop the Japanese government from participating in the unfair trade practice of manipulating the Japanese yen. This policy provides a subsidy to exporters, resulting in an unfair competitive advantage over American manufacturers. The Japan Currency Manipulation Act would take steps to prove that the Japanese manipulate the yen and would require the United States to work with other countries to put a stop to this unfair trade practice.

“Trade isn’t fair when you’re the only one playing by the rules,” said Stabenow. “American manufacturers and workers can compete with anyone in the world when the playing field is level and it’s time for our government to hold Japan accountable for what amounts to illegal trade subsidies. Unfair trade practices, like currency manipulation, that cost America jobs cannot be allowed to continue, no matter who the culprit is.”

The Automotive Trade Policy Council (ATPC), on behalf of General Motors, Ford and DaimlerChrysler, praised the legislation, saying it is “an urgent call to U.S. policymakers to insist that Japan’s government end its years of policies to keep its currency severely undervalued. It’s time for the Administration to stop condoning this policy and take immediate action to bring Japan’s currency in proper alignment with the U.S. dollar.” The ATPC thanked Stabenow for her leadership in urging that Congress initiate a series of specific actions to end Japan’s currency policy excesses.

Japan’s yen is now “undervalued by between 25-30%” according to a report issued yesterday by the Peterson Institute for International Economics. Japan’s policy of subsidizing 2.4 million auto exports to the U.S. offer an unfair competitive advantage to Japan’s automakers.

According to an Auto Trade Policy Council report, at the current average of 117 yen to the dollar, the yen’s subsidy creates a \$4,000 cost advantage for a typical four-door sedan, up to a \$12,000 cost advantage for luxury vehicles, and thousands of dollars for Japanese vehicles made in the United States. Meanwhile, in 2006, automotive trade made up two-thirds of the United States’ \$88 billion trade deficit with Japan.

The Japan Currency Manipulation Act directs the U.S. Treasury Department, in consultation with the Council of Economic Advisors, to work with the government of Japan to come up with a plan to draw down Japan’s excessive levels of currency reserves, which will facilitate the proper realignment of the yen to the dollar. Furthermore, the Treasury Department, working with a number of federal agencies, is directed to work with our European trade partners, as well as the International Monetary Fund to reach a multiparty agreement dealing directly with the destabilizing effects of Japan’s misaligned currency, excessive currency reserve levels, and extreme trade imbalances.

This is the third bill Stabenow has introduced in the 110th Congress to address unfair trade practices which have led to the loss of over a million American jobs and a record \$856 billion trade deficit last year. Introduced earlier this year, the Fair Currency Act of 2007 would provide U.S. manufacturers with the legal means to fight back against those companies whose governments participate in currency manipulation, and the Trade Prosecutor Act would establish a position in the office of the U.S. Trade Representative to police our trading partners and protect U.S. manufacturers from unfair trade practices.