WASHINGTON—China’s announcement that it will let its currency appreciate puts it in a strong position going into a summit of the Group of 20 on Saturday, but does little to ease pressure from the U.S. Congress.

The bulk of the session of the G-20 industrialized and developing nations will be devoted to strengthening global growth. China can argue it is doing its bit for the major initiative, known as “rebalancing.”

Under the plan, the U.S. and other big trade-deficit countries have committed to increase their savings and import less, while the big trade-surplus countries—China, Germany and Japan—have pledged to do the opposite. The latter are supposed to plot ways they will grow more through domestic consumption and less through exports.

The U.S., and to a lesser degree Japan, India, Brazil and other member countries, had been arguing for months that an undervalued Chinese currency destabilizes growth. A cheaper yuan encourages China to rely more on exports, undermining other export nations, especially at a time when big consuming countries aren’t likely to buy as many imports as they once did because of weaker economies.

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The focus now will shift to Germany and Japan, which are expected to explain policy changes they are planning.

"We’ll want to see from the other surplus countries a demonstration of a credible path toward increasing internal demand," said a senior U.S. official, who noted the U.S. would be under pressure to show it was putting in place policies to address sky-high budget deficits.

"I do not think the renminbi is undervalued," Chinese Premier Wen Jiabao, March 14, 2010

But China’s announcement was short on details about how much it would let the yuan rise.

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The Yuan rose to its strongest level in the currency's modern era as traders bet on the likelihood of long-term appreciation. Andrew Browne, David Wessel and Neal Lipsitz discuss.

In the U.S., New York Democratic Sen. Charles Schumer, who has spent a decade ramping up pressure on China over currency issues, remains skeptical that Beijing's announcement will make an appreciable difference. On Sunday, reacting to Chinese suggestions that change would be gradual, Mr. Schumer said he would move forward on legislation to penalize China for undervaluing its currency.

"Just a day after there was much hoopla about the Chinese finally changing their policy, they are already backing off," he said in a statement.

U.S. government officials expect a slow, steady increase, similar to the way China boosted the value of the yuan between 2005 and 2008. Eswar Prasad, a Cornell University economist who was formerly the IMF's top China expert, said the size of the increase during the coming month will give a hint at the "trajectory" Beijing is anticipating.

He says that in periods of economic calm, China "is comfortable with" an increase in the value of the yuan of about 10% to 15% a year. It's far from clear that Congress will be satisfied. During the period of 2005-2008, the yuan at one point appreciated nearly 20%. That did little to affect the trade deficit; the U.S. trade deficit with China for that period grew by one-third to $268 billion.

The bilateral deficit fell sharply in 2009, but that was because U.S. demand shriveled in the wake of a recession, not because of currency changes. Lawmakers are especially concerned about the trade deficit because they can tie the deficit to lost jobs in the U.S.

Since the spring, Treasury Secretary Timothy Geithner has used the G-20 summit to pressure China to agree to a more flexible exchange rate. In April, he delayed issuance of the Treasury's twice-yearly report on international currency practices, and privately warned Beijing if it didn't take significant steps to let the yuan strengthen, he would use the report to accuse China of manipulating the yuan to gain an edge in global trade.

The report doesn't carry penalties, but it would be a symbolic slap at Beijing and boost efforts in Congress to pressure China—legislation that a Democratic president would have found difficult to veto.

On June 16, President Barack Obama increased the pressure. "I also want to underscore that market-determined exchange rates are essential to global economic vitality," he wrote to his G-20
friends and become an admirable global citizen, but to get a handle on its runaway inflation.

—John Thomas

direction the U.S. sought.

—Michael M. Phillips contributed to this article.

Write to Bob Davis at bob.davis@wsj.com

counterparts “The signals that flexible exchange rates send are necessary to support a strong and balanced global economy.”

The Chinese alerted the administration early Saturday, shortly before making their announcement, that Beijing was moving in the

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