

Trump says he will not label China currency manipulator, reversing campaign promise

By [Ana Swanson](#) and [Damian Paletta](#) April 12

President Trump on Wednesday said he would not label China a currency manipulator, contradicting one of the biggest economic promises he made on the campaign trail.

Trump told the Wall Street Journal that he had changed his mind because China is not currently manipulating its currency, adding that he hoped to enlist China's help on containing the nuclear threat from North Korea.

Trump also indicated that he might be open to keeping Janet L. Yellen as Federal Reserve chair after her term expires. "I like her, I respect her. ... It's very early," he said when asking about her reappointment.

Trump was highly critical of Yellen during the campaign. He accused her of keeping interest rates low to benefit the Obama administration and said she should be ashamed of herself. But Yellen has a reputation for being slow to raise interest rates, and Trump had also professed his preference for low interest rates in the past.

"I do like a low-interest rate policy, I must be honest with you," he told the Journal, when asked about Yellen.

The president is also "very close" to naming a vice chair and filling another open seat that governs community banking on the Federal Reserve Board, Treasury Secretary Steven Mnuchin said during the interview.

In the interview, Trump also inveighed against the strong U.S. dollar, saying that the strength of the currency stemmed partially from people's confidence in him, but that it was also hurting the economy.

"It's very, very hard to compete when you have a strong dollar and other countries are devaluing their currency," he said.

Eswar Prasad, a professor of international trade at Cornell University, said it was striking that a sitting president would comment so directly on the value of the dollar.

“It could also be taken as an implicit threat to other countries that if the dollar stays strong and if U.S. bilateral trade imbalances with its major trading partners stay high or continue to expand, that he will take some sort of action,” Prasad said.

The judgment on currency manipulation was scheduled to be released in a semiannual report from the Treasury Department that is due this week.

China defies international trade rules in some respects, economists say, but devaluing its currency is not currently one of them. While China suppressed the value of its currency for years to make its products cheaper abroad and boost its exports, for the past several years it has been intervening in currency markets to prop the yuan up, which actually benefits American exporters.


“Certainly for the past six months, which is the period notionally covered by the April 15 report, China has been intervening to raise the value of its currency, not to suppress it,” said Matthew Goodman, a former Treasury official who helped to label China a currency manipulator during the Clinton administration.

<https://www.washingtonpost.com/graphics/politics/trump-promise-tracker/?promise=9>

China was a favored target of Trump’s on the campaign trail. He often said the world's second-largest economy was taking advantage of the U.S., and that he would respond on his first day in office by labeling China a currency manipulator. He has also said he would impose tariffs of up to 45 percent on China if the country does not negotiate better trade terms with the United States.

Labeling a country a currency manipulator triggers an investigation and can eventually lead to tariffs or other economically punitive measures.

But when Trump met with Chinese President Xi Jinping at Mar-a-Lago last week, the conversation was much more genial. The outcome of the talks was a 100-day plan to reevaluate the countries’ trading relationship, including trying to boost American exports to China.

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