



IMF Hamstrung by Disagreements Over China's Currency, FT Reports

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By Alan Purkiss

Jan. 26 (Bloomberg) -- The International Monetary Fund is hampered by a controversy between members over whether to characterize China's currency as "fundamentally misaligned," the Financial Times reported, citing Eswar Prasad, a professor of trade policy at Cornell University who formerly headed the IMF's China division.

The matter is judged to be so sensitive that the IMF's executive board hasn't discussed the Chinese economy since 2006, notwithstanding a rule that it should evaluate member-countries' economies regularly, the newspaper said.

Timothy Geithner, who may be confirmed as head of the U.S. Treasury today, angered the Chinese government last week when he accused China of manipulating the renminbi.

While IMF economists think China's currency is "fundamentally misaligned," they haven't drawn the conclusion that the Chinese authorities are deliberately manipulating it to gain a trade advantage, Prasad told the FT.

The fund's management, led by Dominique Strauss-Kahn, the managing director, hasn't brought the matter to the executive board because of differences among member-countries, the newspaper cited Prasad as saying.

Both the IMF and a Chinese embassy spokesman in Washington declined to comment, the newspaper added.

Last Updated: January 26, 2009 01:40 EST

