



MemberCenter

- [Register/Log In](#)
- [Forgot Log In?](#)
- [Request Activation](#)
- [Help](#)
- [About Us](#)
- [Contact Us](#)

- [Home](#)
- [Local & State](#)
- [Nation & World](#)
- [Politics](#)
- [Business](#)
- [North Carolina](#)
- [Personal Finance](#)
- [Technology](#)
- [Stocks Center](#)
- [Sports](#)
- [Lifestyles](#)
- [Opinion](#)
- [Obituaries](#)
- [Multimedia Gallery](#)
- [Weather](#)
- [Archives](#)
- [Print Edition](#)
- [Blogs](#)

- Marketplace**
- [Classified](#) Find|Post
 - [Jobs](#) Find|Post
 - [Autos](#) Find|Post
 - [Homes](#) Find|Post
 - [Rentals](#) Find|Post



- [Movies](#)
- [Dining & Clubs](#)
- [Weddings](#)
- [Travel](#)
- [Search](#)
- [Education Guide](#)

TopJobs

- [Grocery Positions](#)
Kroger
- [Marketing Coordinator](#)
Cape Fear Valley Health
- [Maintenance Assistant](#)
Capital Associates
- [Retail Pharmacist](#)
Mcpheil's Pharmacy And Home Health Care
- [Electrical & Hvac Engineers/ Designers](#)
United Engineering Group
- [Public Works Director](#)

Business

[Home /](#)

Topics: Technology | Personal Finance **Columnists:** Gilster | Hagel | Nicholson | Stock
Stocks: Summary | Local Indices | World Markets | Regional | Splits | Currency | Wealthmeter | My Portf

Published: Jul 22, 2005
Modified: Jul 22, 2005 3:00 AM

Cost of Chinese goods may rise

Effect of revalued yuan still unclear

By MARTIN CRUTSINGER, The Associated Press

WASHINGTON -- Attention Kmart and Wal-Mart shoppers: The prices you pay for sneakers, sweat shirts, toys and thousands of other items made in China are likely to begin rising soon.

That's because of China's announcement Thursday that it is revaluing its currency. More uncertain is whether the small revaluation will make a noticeable dent in America's large trade deficit with China.

The Bush administration, facing political pressure because of a record \$162 billion deficit with China, hailed the announcement as a victory. Officials from President Bush on down have pressed China to stop linking the value of its currency, the yuan, at a fixed rate to the U.S. dollar.

But some economists worry that China may have unleashed economic forces that will eventually worsen inflation in the United States by making imports not just from China but all of Asia more expensive for Americans.

The biggest initial impact on consumers may come in toy prices, since about 75 percent of toys sold in the United States come from China.

There also is concern that interest rates will rise as the Chinese curb purchases of U.S. Treasury bonds they have been making to keep the yuan fixed in value against the dollar.

But analysts argued that the overall effect on U.S. and world economies will be positive, trimming deficits that pose a threat to global financial stability.

A rising value of the yuan in relationship to the dollar is expected to eventually stabilize and then begin lowering the U.S. trade deficit and boost the fortunes of beleaguered American manufacturers, who have lost 3 million jobs since mid-2000.

"The winner in all of this will be American businesses and ultimately U.S. workers," said Mark Zandi, economist at Economy.com, a forecasting firm. "It is now more likely that a person working in a U.S. factory today will still be working in that factory five years from now because American products will be more competitive."

Story Tools

- [Printer friendly](#)
- [Send to a friend](#)

Related

[Adverti](#)

Town Of Ahoskie

• [Office Administrator](#)
Raleigh-based Psychology Practice

• [Miscellaneous Healthcare Positions](#)
Betsy Johnson Regional Hospital

• [Webmaster](#)
Coastal Carolina Community College

• [Decision Support Analyst](#)
Railinc

[View all TopJobs](#)



An undervalued yuan has made Chinese products cheaper in U.S. markets and American products more expensive in China. American companies contend that the yuan is undervalued by as much as 40 percent against the dollar. U.S. automakers estimate a mid-size American-made car costs Chinese consumers \$2,000 more because of the undervalued currency.

In North Carolina, struggling textile companies and other manufacturers that compete head-on with Chinese companies, such as Charlotte-based Nucor Steel, stand to benefit as the yuan is revalued.

"Textile companies are facing intense competition from China," said Campbell Harvey, a faculty member at Duke's Fuqua School of Business. "Anything that pushes the price of [Chinese] textiles up benefits them."

But companies that buy supply parts from China could be hurt by higher prices. Potential losers could Deere & Co., which may have to pay more for steel to make its farm and lawn-care equipment.

Among the possible winners are companies such as Dill Air Controls Products in Roxboro, which makes air valves for tires, and competes directly against Chinese companies.

Daniel R. DiMicco, president and chief executive of Nucor, said the Chinese didn't go nearly far enough in the revaluation.

"The only thing I can say is that this is a less than generous effort to deal with a serious issue," DiMicco said. "This is token attempt to quiet people, but I hope they will not be quieted."

(Staff writer Vicki Lee Parker contributed to this report.)

All rights reserved. This copyrighted material may not be published, broadcast or redistributed in any manner.

Staff writer Vicki Lee Parker contributed to this report.



Related

Business

[Dole finds sweet spot](#)

[N.C. employers create 10,800 jobs in June](#)

[International Paper changes could make for big sale of forests](#)

[Kimberly-Clark plans 6,000 job cuts](#)

[China bows to pressure on currency](#)

[Lowe's parent is top bidder](#)

© Copyright 2005, The News & Observer Publishing Company
A subsidiary of The McClatchy Company

[Help](#) | [Contact Us](#) | [Parental Consent](#) | [Privacy](#) | [Terms of Use](#) | [RSS Feeds](#) | [N&O Store](#)



click a FR

For the ones yo

Sa

70% life ins



Gain pe
by help
your far

Matrix Direct
easy, no-has
buy term life

GET A QUOTE

MATR
D
INSURANC