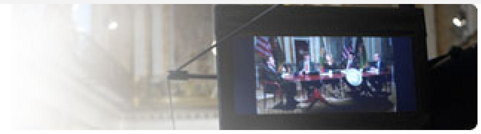
U.S. DEPARTMENT OF THE TREASURY

Press Center



Secretary Lew Sends Letter to Congress on Trade Promotion Authority Bill and Currency Provision

4/21/2015

WASHINGTON – U.S. Secretary of the Treasury Jacob J. Lew today sent the following letter to House Ways and Means Committee Chairman Paul Ryan, Senate Finance Committee Chairman Orrin Hatch, and Senate Finance Committee Ranking Member Ron Wyden, the bipartisan sponsors of the "Bipartisan Congressional Trade Priorities and Accountability Act of 2015:

The Honorable Orrin G. Hatch
Chairman
Committee on Finance
United States Senate
Washington, DC 20510

Dear Chairman Hatch:

I am writing to express strong support for the Trade Promotion Authority (TPA) legislation introduced last week. The Bipartisan Congressional Trade Priorities and Accountability Act of 2015 is a critical step toward delivering high-quality trade agreements like the Trans-Pacific Partnership (TPP) and the Transatlantic Trade and Investment Partnership (T-TIP).

The Administration shares the concerns of many in Congress about the currency policies of some of our major trading partners. We know that unfair and inappropriate currency polices have hurt our workers and firms. This is why the Treasury Department remains strongly engaged with our trading partners, both bilaterally and through the G-7, the G-20, and the IMF. These efforts are showing real results: in particular, China's exchange rate is up nearly 30 percent on a real effective basis since 2010, and Japan has not intervened in the foreign exchange market for more than three years. Many Members of Congress and various stakeholders have made a strong case in favor of addressing currency in the context of trade agreements such as the TPP, and we support the current draft of the TPA that includes a strong currency negotiating objective.

We are committed to continuing to work with you and with other Members of Congress to best address currency concerns through approaches that complement our ongoing engagement on currency issues and help to expand U.S. exports and the high-quality jobs associated with trade.

In light of the currency objective that is included in the current TPA legislation, we began formal consultation with our TPP partners and had a number of these conversations last week during the Spring Meetings of the IMF and World Bank. Our partners indicated a willingness to constructively discuss our concerns about inappropriate currency policies, providing an opportunity to work with them to develop an historic new approach to promote greater accountability. Nonetheless, all of the partners consulted have made clear that they will not support the introduction of enforceable currency provisions in the context of trade agreements, and specifically, the TPP. Our partners fear that a trade agreement with an enforceable currency discipline could constrain the ability of their monetary authorities to conduct appropriate macroeconomic policies, and that is a risk they are unwilling to take.

We have a serious concern that in any trade negotiation other countries would insist that an enforceable currency provision be designed so it could be used to challenge legitimate U.S. monetary policy, an outcome we would find unacceptable. Seeking enforceable currency provisions would likely derail the conclusion of the TPP given the deep reservations held by our trading partners. As such, any amendment to TPA legislation requiring that the Administration only seek enforceable currency provisions as a principal negotiating objective would undermine our ability to successfully conclude a TPP negotiation.

We also oppose the current legislation that would use the countervailing duty process to address currency undervaluation. The legislation raises questions about consistency with our international obligations, and other countries might pursue retaliatory measures that could hurt our exporters. Taking such a unilateral step would be counterproductive to our ongoing bilateral and multilateral engagement, as well as to our efforts to promote greater accountability on currency policies in the context of the TPP.

We look forward to working with you to effectively address the currency issue in the context of our trade agreements. The passage of bipartisan TPA legislation will allow us to enter into trade agreements that expand opportunities for American businesses, create high-quality jobs, and further unlock the macroeconomic gains from expanded trade and investment. Reducing trade barriers and securing reforms abroad through well-crafted trade agreements benefit both U.S. economic competitiveness and global economic prosperity.

Sincerely,

Jacob J. Lew

Identical letter sent to:
The Honorable Ron Wyden
The Honorable Paul Ryan

cc: The Honorable Sander M. Levin

###