Treasury Releases Report on Macroeconomic and Foreign Exchange Policies of Major Trading Partners of the United States

May 28, 2019

Washington – The U.S. Department of the Treasury today delivered to Congress the semiannual Report on Macroeconomic and Foreign Exchange Policies of Major Trading Partners of the United States. Treasury reviewed and assessed in this Report the policies of an expanded set of 21 major U.S. trading partners. Additionally, Treasury revised and updated the thresholds it uses to assess where unfair currency practices or imbalanced macroeconomic policies may be emerging.

The Report concluded that while the currency practices of nine countries were found to require close attention, no major U.S. trading partner met the relevant 2015 legislative criteria for enhanced analysis during the period covered by the Report. Further, no trading partner was found to have met the 1988 legislative standards during the current reporting period.

"The Treasury Department is working vigorously to achieve stronger growth and to ensure that trade expands in a way that helps U.S. workers and firms and protects them from unfair foreign trade practices. Treasury takes seriously any potentially unfair currency practices, and Treasury is expanding the number of U.S. trading partners it reviews to make currency practices fairer and more transparent," said U.S. Treasury Secretary Steven T. Mnuchin.

Treasury found that nine major trading partners continue to warrant placement on Treasury's "Monitoring List" of major trading partners that merit close attention to their currency practices: China, Germany, Ireland, Italy, Japan, Korea, Malaysia, Singapore, and Vietnam.

"Additionally, Treasury will continue its enhanced bilateral engagement with China regarding exchange rate issues, given that the RMB has fallen against the dollar by eight percent over the last year in the context of an extremely large and widening bilateral trade surplus," said Mnuchin.

While China does not disclose its foreign exchange intervention, Treasury estimates that direct intervention by the People's Bank of China in the last year has been limited. Treasury continues to urge China to take the necessary steps to avoid a persistently weak currency. China needs to aggressively address market-distorting forces, including subsidies and state-owned enterprises, enhance social safety nets to support greater household consumption growth, and rebalance the economy away from investment. Improved economic fundamentals and structural policy settings would underpin a stronger RMB over time and help to reduce China's trade surplus with the United States.

Today's Report is submitted to Congress pursuant to the *Omnibus Trade and Competitiveness Act of 1988*, 22 U.S.C. § 5305, and Section 701 of the *Trade Facilitation and Trade Enforcement Act of 2015*, 19 U.S.C. § 4421. Treasury is working actively to dismantle unfair barriers to trade and achieve freer and more reciprocal trade with major U.S. trading partners. This includes combatting unfair currency practices that facilitate competitive advantage, such as unwarranted intervention in currency markets.

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