U.S. DEPARTMENT OF THE TREASURY

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

December 16, 2020

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. In this Report, Treasury reviewed and assessed the policies of 20 major U.S. trading partners during the four quarters ending June 2020.

The Report concluded that both Vietnam and Switzerland met all three criteria under the Trade Facilitation and Trade Enforcement Act of 2015 (the 2015 Act) during the period under review. Treasury consequently conducted enhanced analysis of Vietnam and Switzerland in the Report and will also commence enhanced bilateral engagement with each country in accordance with the 2015 Act. This engagement will include urging the development of a plan with specific policy actions to address the underlying causes of currency undervaluation and external imbalances.

Treasury also determined that, under the Omnibus Trade and Competitiveness Act of 1988 (the 1988 Act), both Vietnam and Switzerland are currency manipulators. For each country, Treasury assessed, based on a range of evidence and circumstances, that at least part of its exchange rate management over the four quarters through June 2020, and particularly foreign exchange intervention, was for purposes of preventing effective balance of payments adjustments and, in the case of Vietnam, for gaining unfair competitive advantage in international trade as well. Consistent with the 1988 Act, Treasury will press for the adoption of policies that will permit effective balance of payments adjustments and eliminate the unfair advantages in trade that result from their actions.

No other major U.S. trading partner met the relevant 1988 or 2015 legislative criteria for currency manipulation or enhanced analysis during the relevant period. Treasury urged China to improve transparency with respect to the management of its exchange rate, in particular regarding official foreign exchange intervention, and increase public understanding of the relationship between the PBOC and the foreign exchange activities of the state-owned banks, including the use of foreign exchange derivatives and activities in the offshore RMB market.

“The Treasury Department has taken a strong step today to safeguard economic growth and opportunity for American workers and businesses,” said U.S. Treasury Secretary Steven T. Mnuchin. “Treasury will follow up on its findings with respect to Vietnam and Switzerland to work toward eliminating practices that create unfair advantages for foreign competitors.”

Treasury found that ten economies warrant placement on Treasury’s “Monitoring List” of major trading partners that merit close attention to their currency practices: China, Japan, Korea, Germany, Italy, Singapore, Malaysia, Taiwan, Thailand, and India, the last three being added in this Report.

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 continues to work 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.

More information on December 2020 Report

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