

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

December 3, 2021

WASHINGTON – The U.S. Department of the Treasury today delivered its semiannual Report to Congress on Macroeconomic and Foreign Exchange Policies of Major Trading Partners of the United States. In this Report, Treasury reviewed and assessed the policies of major U.S. trading partners, comprising more than 80 percent of U.S. foreign trade in goods and services, during the four quarters through June 2021.

In accordance with the Omnibus Trade and Competitiveness Act of 1988 (the 1988 Act), the Report concludes that no major U.S. trading partner manipulated the rate of exchange between its currency and the U.S. dollar for purposes of preventing effective balance of payments adjustments or gaining unfair competitive advantage in international trade. The Report also concludes that both Vietnam and Taiwan continue to meet all three criteria under the Trade Facilitation and Trade Enforcement Act of 2015 (the 2015 Act) during the period under review, and that the currency practices of twelve economies require close attention. Treasury has conducted enhanced analysis of Vietnam and Taiwan’s macroeconomic and foreign exchange policies, as reflected in the Report.

“Treasury is working relentlessly to promote a stronger and more balanced global recovery that benefits American workers, including through close engagement with major economies on currency-related issues,” Secretary of the Treasury Janet L. Yellen said today.

As a result of discussions through the enhanced engagement process, Treasury and the State Bank of Vietnam (SBV) reached agreement in July 2021 to address Treasury’s concerns about Vietnam’s currency practices.^[1] Treasury continues to engage closely with the SBV on Vietnam’s progress in addressing Treasury’s concerns and is satisfied with progress made by Vietnam to date.

Treasury will continue its enhanced engagement with Taiwan, which was launched in May.

This engagement includes urging the development of a plan with specific actions to address the underlying causes of currency undervaluation and external imbalances.

Switzerland, which had previously exceeded the thresholds for all three criteria under the 2015 Act, exceeded the thresholds for two of the three criteria over the four quarters through June 2021. Although Switzerland no longer meets all three criteria for enhanced analysis, Treasury will continue to conduct an in-depth analysis of Switzerland until it does not meet all three criteria under the 2015 Act for at least two consecutive Reports. Meanwhile, Treasury will continue its enhanced bilateral engagement with Switzerland, which commenced in early 2021, to discuss the Swiss authorities' policy options to address the underlying causes of its external imbalances.

Treasury found that twelve economies warrant placement on Treasury's "Monitoring List" of major trading partners that merit close attention to their currency practices: China, Japan, Korea, Germany, Ireland, Italy, India, Malaysia, Singapore, Thailand, Mexico, and Switzerland. All except Switzerland were on the Monitoring List in the April 2021 Report.

The Report also emphasizes that China's failure to publish foreign exchange intervention data and broader lack of transparency around key features of its exchange rate mechanism make it an outlier among major economies, and Treasury will closely monitor the foreign exchange activities of its state-owned banks.

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.

[The full report](#) .

###

[1] See "Joint Statement from the U.S. Department of the Treasury and the State Bank of Vietnam." Available at: <https://home.treasury.gov/news/press-releases/jy0280>.