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United States Senate

COMMITTEE ON FINANCE

WASHINGTON, DC 20510-6200

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January 18, 2012

Secretary Timothy Geithner
Department of Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Ambassador Ron Kirk
Office of the U.S. Trade Representative
600 17th Street, NW
Washington, DC 20508

Dear Secretary Geithner and Ambassador Kirk:

During the Eighth Ministerial Meeting of the World Trade Organization (WTO) in Geneva, Switzerland, the United States agreed to participate in a WTO seminar on the relationship between currency exchange rates and international trade on March 27 and 28, 2012. As you know, Congress is intensely interested on the effect of misaligned currencies on international trade flows. In fact, I wrote to both of you on September 28, 2011, seeking the Administration's views on then-pending legislation in the U.S. Senate that would impose additional tariffs on products from countries with fundamentally misaligned currencies. Unfortunately, neither of your offices responded to that request. As a result S. 1619 passed the U.S. Senate on October 11, 2011 by a vote of 63 to 35 without the benefit of the Administration's views.

During debate over S. 1619, I offered an alternative proposal designed to enhance multilateral and plurilateral pressure on countries that misalign their currency. If adopted, my amendment would have directed the Administration to work within the World Trade Organization and the International Monetary Fund to develop effective rules and remedies to mitigate the adverse trade and economic effects of fundamentally misaligned currencies, and to encourage countries with fundamentally misaligned currencies to modify their currency practices. Given strong Congressional interest in these currency matters, and the fact that the Administration will participate in the seminar at the WTO specifically addressing the relationship between currency exchange rates and international trade, please provide, by March 5, 2012: (1) the Administration's position regarding S. 1619; (2) a summary of the Administration's positions on the relationship between trade and currency policies that will be presented at the upcoming WTO seminar; (3) a list of the individuals who will be representing the United States at the WTO seminar; (4) a list of individuals presenting at the request of the United States and an overview of the substance of their presentations; and (5) what the Administration seeks to achieve at the WTO seminar.

My amendment also established a new negotiating objective for future and ongoing negotiations, such as the Trans Pacific Partnership (TPP) negotiations, which would prohibit parties to the

agreement from fundamentally misaligning their currencies and commit parties to the agreement to work together to mitigate the adverse trade and economic effects of non-party currency misalignments. Many stakeholders consider currency manipulation a key policy issue impacting trade and America's competitiveness in a global economy. Many also believe that currency practices must be directly addressed in bilateral and multilateral trade negotiations, particularly negotiations such as TPP which are designed to address "21st Century" international trade issues. Addressing currency manipulation in the TPP becomes particularly important as the Administration considers the possibility of new TPP participants, such as Japan, who have demonstrated a pattern of currency interventions. Given Japan's professed interest in joining the TPP, I respectfully request that the Administration provide its views regarding the inclusion of such a currency provision as a key negotiating objective in the TPP.

I look forward to your response.

Sincerely,

A handwritten signature in blue ink that reads "Orrin Hatch". The signature is fluid and cursive, with a large initial "O" and "H".

Orrin G. Hatch
Ranking Member