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# United States Senate

COMMITTEE ON FINANCE

WASHINGTON, DC 20510-6200

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October 18, 2012

The Honorable Timothy Geithner  
Secretary, Department of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington, D.C. 20220

Dear Secretary Geithner,

I am writing to express my disappointment that the Obama administration has once again failed to meet its statutory obligations under the Omnibus Trade and Competitiveness Act of 1988. As you know, that law requires the Treasury to “consider whether countries manipulate the rate of exchange between their currency and the U.S. dollar for purposes of preventing effective balance of payment adjustments or gaining unfair competitive advantage in international trade” and to report these findings annually by October 15<sup>th</sup>.

Unfortunately, rather than comply with the statutory mandate, the Obama administration announced on Friday, October 12, that the issuance of the report will once again be delayed. Not only does this contravene the clear requirements of the statute, it raises questions about the Obama administration’s commitment to addressing the serious issue of currency misalignment and manipulation.

On September 28, 2011, I wrote to you and U.S. Trade Representative Ron Kirk seeking the administration’s views on the Currency Exchange Rate Oversight Reform Act (S. 1619) in advance of Senate consideration of that bill. Although the Senate began debating the bill on October 5, 2011, the Obama administration did not respond to my formal request until April 16, 2012, over six months after the bill was debated and passed by the U.S. Senate. In your response, you noted that “aspects of the pending legislation...raise concerns with our international obligations.” Regrettably, no member of the U.S. Senate had the benefit of your views before the bill was considered. Given the large and growing trade deficit with China, it is simply unacceptable for the Obama administration to continually shirk its responsibility to articulate, in a timely manner, a clear and coherent policy regarding currency misalignment and manipulation.

In my letter of September 28, 2011, I also asked that you provide your views on an amendment I offered during Senate consideration of S. 1619. As you recall, my amendment would have established a new negotiating objective for future and ongoing trade 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 misalignment. In your April 16, 2012 response, you replied that “we have taken note of considerable stakeholder interest in this issue, and will want to be in close contact with you as we consider possible approaches to address persistent exchange rate manipulation.”

Despite your acknowledgement that there is strong interest among U.S. stakeholders in including provisions to address persistent currency manipulation in on-going trade negotiations such as TPP and your interest in remaining in contact on the issue, there has been no effort to engage in any substantive dialogue since your reply in April of 2012. Meanwhile, negotiations to conclude the TPP continue. In fact, the 15<sup>th</sup> Round of TPP negotiations are scheduled to be held in New Zealand on December 3-12, 2012. Given the critical importance of currency manipulation and its impact on U.S. competitiveness, I again respectfully request that the administration provide its views before the next round of TPP negotiations regarding the inclusion of a currency provision as a key negotiating objective in the TPP.

Sincerely,

A handwritten signature in blue ink, appearing to read "Orrin Hatch", is written over a large, circular blue scribble.

Orrin G. Hatch  
Ranking Member