May 22, 2012

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

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

Dear Secretary Geithner and Ambassador Kirk:

As the United States continues to pursue new free trade agreements, it will be critical to address with equal vigor the trade-distorting effects of both tariff and non-tariff measures. Currency manipulation to gain an unfair competitive advantage is among the most trade-distorting practices utilized today as some countries seek to support their exports and curb imports through the deliberate and willful weakening of their currencies. To this end, we strongly recommend that the United States government pursue, as a leading priority, inclusion of strong currency disciplines in all future U.S. free trade agreements, including the Trans-Pacific Partnership (TPP) agreement.

Currency is the medium in which trade occurs, and exchange rates can be as important a determinant of trade outcomes as the qualities of the goods or services themselves. In the context of a free trade agreement, currency manipulation can negate the trade liberalizing effects of tariff reductions.

It is already settled U.S. policy to oppose the competitive devaluation of currency to promote exports and employment. At a recent G-20 meeting, the United States sought a commitment from other governments "to refrain from exchange rate policies designed to achieve competitive advantage by either weakening their currency or preventing appreciation of an undervalued currency."

Prohibitions on competitive devaluation of currency also feature in the basic instruments of both the International Monetary Fund (IMF) and the World Trade Organization (WTO). The IMF Articles of Agreement prohibit currency manipulation that is designed to achieve competitive advantage (Art. IV.1(iii)), and the General Agreement on Tariffs and Trade (GATT) prohibits countries from frustrating the intent of WTO provisions by undertaking exchange rate action (Art. XV(4)).

By including provisions prohibiting currency manipulation in future free trade agreements – including the TPP agreement – the United States will help achieve its goal of securing a model high-standard 21st century agreement, further its G-20 agenda, and bolster the IMF and the WTO mandates. Moreover, the inclusion of such provisions in our free trade agreements will help to foster multilateral consensus against the use of currency manipulation to gain an unfair competitive advantage.

Creating a level playing field for U.S business to access markets abroad will be fundamental to achieving America's goal of doubling exports by 2014. Addressing currency manipulation in future U.S. free trade agreements will go a long way to supporting this objective.

We look forward to working closely with you and your staff over the coming months to incorporate a new standard for the treatment of currency manipulation in the TPP free trade agreement.

Sincerely,

Alliance for American Manufacturing (AAM)

American Automotive Policy Council (AAPC)

American Fiber Manufacturers Association (AFMA)

American Iron and Steel Institute (AISI)

American Mold Builders Association (AMBA)

Association for Manufacturing Technology (AMT)

Information Technology and Innovation Foundation (ITIF)

Motor & Equipment Manufacturers Association (MEMA)

National Council of Textile Organizations (NCTO)

Steel Manufacturers Association (SMA)

CC: Michael Froman, Deputy Assistant to the President & Deputy National Security Advisor for International Economic Affairs.