

May 20, 2015

TO THE MEMBERS OF THE UNITED STATES SENATE:

The undersigned business and agriculture associations support the proposed amendment (S.Amdt. 1411) to the Bipartisan Congressional Trade Priorities and Accountability Act of 2015 (TPA-2015) introduced by Senators Orrin Hatch and Ron Wyden relating to currency practices. There is broad recognition in the business community of the value of pressing other governments to adopt market-determined exchange rate systems that reflect economic fundamentals.

There has been notable progress on this front. Recently, the G-7 economies have affirmed that they will not target exchange rates to achieve domestic economic objectives. G-20 members have made similar commitments to avoid persistent exchange rate misalignments and refrain from competitive devaluations.

While the TPA-2015 bill—which we strongly support—already proposes to address unfair currency practices in trade agreements, this amendment would strengthen the bill’s negotiating objective on this matter by adopting an approach seen in other proposals, namely, by focusing on large-scale, one-way interventions in exchange markets.

It would also allow flexibility for U.S. negotiators to shape a first-time currency provision that parties to the Trans-Pacific Partnership (TPP) and other trade agreements may be willing to accept. By doing so, it would help ensure the success of the TPP and other trade negotiations, which will benefit a wide range of U.S. industries. Importantly, the proposal clearly complies with obligations the United States has undertaken as a member of the International Monetary Fund and the World Trade Organization.

This proposal reflects a careful balance of interests and an awareness of the conflicts that can arise when trade policy mechanisms are used to address monetary policy challenges. To cite one, it is not in the U.S. interest to enter into an international agreement that would constrain U.S. monetary policy and limit the flexibility of the Federal Reserve to respond to a financial crisis. Because different monetary policy actions (such as intervention in exchange markets and moves by the central bank to raise or lower interest rates) have the same effect of altering the monetary supply, these concerns are not easily overcome by drawing an artificial line between domestic monetary policy and actions in foreign exchange markets.

The undersigned associations thank Senators Hatch and Wyden for their leadership on this issue.

Sincerely,

American Chemistry Council  
American Feed Industry Association  
American Apparel & Footwear Association

American Peanut Product Manufacturers, Inc.  
Animal Health Institute  
BSA | The Software Alliance  
Business Roundtable  
Coalition of Services Industries  
Consumer Electronics Association  
Fashion Accessories Shippers Association  
Financial Services Roundtable  
Footwear Distributors & Retailers of America  
Grocery Manufacturers Association  
Information Technology Industry Council  
International Dairy Foods Association  
International Wood Products Association  
National Council of Farmer Cooperatives  
National Oilseed Processors Association  
National Pork Producers Council  
National Potato Council  
National Retail Federation  
North American Meat Institute  
Northwest Horticultural Council  
Organization for International Investment  
Personal Care Products Council  
Retail Industry Leaders Association  
Securities Industry and Financial Markets Association  
Software & Information Industry Association  
Sweetener Users Association  
TechNet  
Toy Industry Association  
Travel Goods Association  
U.S. Apple Association  
U.S. Chamber of Commerce  
U.S. Fashion Industry Association  
U.S. Hide, Skin and Leather Association  
United States Council for International Business  
Western Growers