

Congress of the United States
Washington, DC 20515

August 20, 2012

The Honorable Sharon Yuan
Deputy Assistant Secretary
Office of Trade Finance and Investment Negotiations
U.S. Treasury Department
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

Dear Deputy Assistant Secretary Yuan:

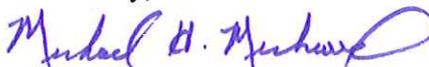
Thank you for taking the time to meet with me last week to discuss the Trans-Pacific Partnership (TPP), currency manipulation, and state-owned enterprises (SOEs).

As I mentioned in our meeting, I believe it is imperative to include provisions in TPP that prohibit currency manipulation. It was useful to learn that in its 2012 Article IV Consultations with Vietnam, IMF Staff found the dong to be broadly in line with fundamentals. Vietnam, however, has engaged in currency undervaluation in the past, and even now the dong does not float freely. In addition to Vietnam, China and other countries with histories of currency manipulation may join TPP in the future, making it even more critical that TPP address exchange rate issues from the outset. I was glad to hear that Treasury is addressing currency misalignment bilaterally in the U.S. Strategic & Economic Dialogue and is considering whether it would be appropriate to do so in TPP.

I was also pleased to hear that Treasury has been working with the United States Trade Representative (USTR) on the SOE chapter. I remain concerned, however, that the enforcement mechanism under consideration would help U.S. companies only after they have been injured by an SOE. Moreover, I am worried that it will be difficult for an American business to prove that a company is indeed an SOE, and I encourage Treasury to ensure the burden of proof required by the enforcement mechanism is not set so high as to undermine its effectiveness. As negotiations on this chapter continue, I urge Treasury to consider some of the challenges American companies face with our existing U.S. trade remedies and avoid duplicating them in the agreement's chapter on SOEs.

Thank you again for meeting with me to discuss these issues, both of which are critical to U.S. manufacturers. I look forward to continuing to work with Treasury and USTR to improve the currency manipulation and SOE provisions in TPP.

Sincerely,



Michael H. Michaud
Member of Congress