



UNITED TO GROW FAMILY AGRICULTURE

August 12, 2015

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

Dear Ambassador Froman:

On behalf of National Farmers Union (NFU) and its 200,000 family farmer and rancher members across the country, I write with our continued deep concern about the impact of currency manipulation on the U.S. economy, particularly on the heels of China's most recent currency intervention this week.

On Tuesday, August 12, China devalued the yuan, for the largest devaluation against the dollar in more than two decades.¹ Yesterday, China further weakened the yuan. This deliberate currency manipulation by the United States' second largest trading partner, and largest supplier of goods imports, is a prime example for why the U.S. needs to prioritize meaningful measures to address currency manipulation with our trading partners.

Over the course of two days, China instantly made their goods more competitive with U.S. products. This is a subsidy for their exports, while simultaneously also effectively raising the cost of imports from the U.S. We have seen this happen over and over again, and it leaves U.S. products at a significant disadvantage, including our agricultural products.

Currency manipulation is the most significant contributor to the massive U.S. trade deficit. In 2014, the trade deficit with China alone was \$343 billion. The overall U.S. trade deficit with all trading partners was \$505 billion. We have lost millions of additional jobs as a result of currency manipulation and the resultant trade deficit.

While China is not currently in the Trans-Pacific Partnership (TPP) negotiations, we are concerned about the potential ripple effect of China's currency devaluation could have on other countries currently in the TPP negotiations. China's actions clearly illustrate the need for the U.S. to refuse to allow our trading partners to bend the rules. There must be consequences for currency manipulation, and there must be a prohibition on currency manipulation in the final TPP agreement.

Maudlin, W., & Magnier, M. (2015, August 11). U.S. Strains Mount After China Devalues Yuan. *The Wall Street Journal*. Retrieved August 12, 2015, from <http://www.wsj.com/articles/u-s-treasury-withholds-judgment-on-yuan-move-1439317930>

Please do not hesitate to contact me or NFU Government Relations Representative Barbara Patterson at 202-554-1600 or bpatterson@nfudc.org.

Sincerely,

A handwritten signature in black ink, appearing to read "Roger Johnson". The signature is fluid and cursive, with the first name "Roger" being more prominent than the last name "Johnson".

Roger Johnson
President

CC: United States Secretary of Treasury Jacob Lew
United States Senate Committee on Finance
House Committee on Ways and Means