



Fast Says TPP Negotiations Should Not Include Currency Provisions

October 4, 2013

Canadian Trade Minister Ed Fast has publicly objected to including provisions aimed at addressing government currency manipulation in an eventual Trans-Pacific Partnership (TPP) trade agreement, a position that appears to put him in line with the Obama administration but at odds with the majority of the U.S. Congress.

"We believe a macroeconomic issue like currency issues should be dealt with outside a specific trade negotiation," Fast said in remarks made to *The Globe and Mail* and confirmed by his office. "We have a significant number of issues still left to resolve [in TPP], and we have established a process under which those issues are going to be resolved."

Chief TPP Negotiator Barbara Weisel has made it clear in congressional briefings that currency issues have not been discussed in TPP. In addition, members of Congress briefed by U.S. Trade Representative Michael Froman and Treasury Secretary Jack Lew said they saw no sign the administration wants to address the issue in the context of the TPP (*Inside U.S. Trade*, Sept. 13).

But 60 U.S. senators last week called on Froman and Lew to include disciplines on currency manipulation in TPP, in a letter that was preceded by a similar message signed by 230 members of the U.S. House of Representatives. Thus far, Froman has not responded to the House letter in writing, according to a statement by Rep. Mike Michaud (D-ME), who supports the inclusion of currency-related provisions in the trade deal.

Exactly how all of those lawmakers want to address currency manipulation, however, is an open question. Earlier this month, Jason Kearns, chief trade counsel for Ways and Means Democrats, suggested that a TPP deal could bar currency manipulation, using the guidelines offered by the International Monetary Fund (IMF). In a Sept. 20 presentation to the Cato Institute, he said these commitments should be subject to the general dispute settlement provisions under a final TPP agreement.

Having a currency-related provision would not be unprecedented in trade legislation. The 1988 Omnibus Trade and Competitiveness Act set reporting requirements for the Treasury Department to Congress on currency manipulation by foreign governments. But the legal hurdle for what constitutes currency manipulation in that legislation was constructed such that it has never been triggered and is unlikely to be in the future.

Fast met with Froman during a Sept. 26 trip to Washington, but the two did not discuss currency during their meeting, according to Rudy Husny, Fast's press secretary. At that meeting, the trade minister focused on a bilateral trade irritant by reiterating Canada's longstanding position that the U.S. should change its country-of-origin labeling (COOL) regime for meat through new legislation.

The U.S. has opted instead to issue a new regulation to comply with an adverse World Trade Organization ruling faulting its current COOL rule. That new regulation is now being challenged in district court by Canadian, Mexican and U.S. meat industry groups (Inside U.S. Trade, Sept. 20).

Fast also met with Commerce Secretary Penny Pritzker, as well as several U.S. lawmakers to discuss energy cooperation, including Sen. Chuck Grassley (R-IA), Ways and Means Chairman Dave Camp (D-MI) and Rep. Charles Boustany (R-LA), according to a Sept. 26 Canadian press release.