



Trump administration names 6 prospective currency cheaters

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While the Trump administration is locked in an escalating trade war with China, the U.S. Treasury Department released a report late Tuesday that stopped short of designating Beijing – or any other country – as a de facto currency manipulator.

While no countries were officially given that designation, Treasury Secretary Steven Mnuchin cautioned that China was “of particular concern” to the White House, especially pertaining to its lack of currency transparency and the recent weakness of the Chinese renminbi. The Treasury did note that direct intervention into the currency’s valuation this year appeared limited.

In addition to China, the Treasury Department singled out five other countries it is monitoring over currency practices, including Germany, India, Japan, Korea and Switzerland. The agency cited a “notable and concerning pick-up” in foreign exchange intervention in Korea throughout late 2017 and early 2018, while Germany remains on the list largely for its massive trade surplus.

U.S. authorities are concerned when any nation devalues its currency because it gives that nation’s exporters a competitive price advantage over their U.S. rivals. President Trump has accused China of such conduct.

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While the U.S. dollar has strengthened along with the entire domestic economy – which grew at a rate of 3.2 percent over the first half of 2018 – China’s renminbi, also known as the yuan, has continued to fall in value. Since mid-June, the renminbi has fallen more than 7 percent against the U.S. dollar.

Mnuchin noted further devaluations are likely to exacerbate the United States’ \$390 billion trade deficit with China.

However, the Treasury Department’s decision this week not to label Beijing as a currency manipulator has little relevance to the ongoing trade war between the two countries, according to Simon Lester, associate director of the Cato Institute’s Herbert A. Stiefel Center for Trade Policy Studies.

“The administration has already imposed tariffs on about half of Chinese imports, and is talking about expanding the tariffs to all Chinese imports,” he told FOX Business. “In that context, whether or not China is labeled a currency manipulator does not seem particularly important.

Meanwhile, talks between the two countries appear to have stalled, as Trump told FOX Business in an interview on Tuesday that he did not think China was ready to restart negotiations.

“I told them, ‘You guys aren’t ready yet, you’re just not ready,’ because look, they’ve been taking \$500 billion a year out of our country, it’s time that we stop it,” he told FOX Business’ Stuart Varney.

The Trump administration has already imposed tariffs on \$250 billion worth of Chinese goods, which have been met with countermeasures out of Beijing.