United States Senate
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS
WASHINGTON, DC 20510–6075

August 13, 2026

The Honorable Scott Bessent
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue NW
Washington, D.C. 20220

Dear Secretary Bessent:

I am writing regarding the Trump administration's decision to deploy its Exchange Stabilization Fund (ESF) to boost financial markets and inflate the Japanese yen after it rapidly dropped to a 40-year low.[1] Given that American taxpayers would ultimately bear the cost if Japan were unable to repay the Department of the Treasury (Treasury), it is critical for Congress to understand the Administration's justification for the intervention.

On July 28, the Japanese Yen fell to its weakest level against the U.S. dollar in 40 years.[2] That same day, Japan's Finance Minister said that in your conversations, you "had agreed that 'decisive steps' could be taken to arrest the yen's slide."[3] In the following days, Treasury alerted major banks that it may soon intervene in the yen market and that they should "stand ready for future action."[4] Later that day, the Federal Reserve Bank of New York – acting on Treasury's behalf, through the ESF[5] – sold euros and used the proceeds to buy yen, carrying out the trades through Goldman Sachs and Morgan Stanley.[6] A photo of what appears to be your notepad, reading "Buy Japanese

[1] Reuters, "Yen holds gains after Japan, US confirm joint intervention, signal more action," Makiko Yamazaki and Leika Kihara, August 2, 2026, https://www.reuters.com/world/asia-pacific/japan-vow-coordination-with-us-weak-yen-historic-battle-2026-08-02/.
[2] Wall Street Journal, "Japanese Yen Falls to 40-Year Low, Pleasing Tourists but Worrying Tokyo," Junko Fukutome and Jason Douglas, June 30, 2026, https://www.wsj.com/finance/currencies/japanese-yen-falls-to-40-year-low-pleasing-tourists-but-worrying-tokyo-3903f1e5.
[3] *Id.*
[4] Reuters, "US Treasury informed banks that it may intervene in Japan's yen, source says," David Lawder, July 31, 2026, https://www.reuters.com/world/asia-pacific/us-treasury-informed-banks-that-it-may-intervene-yen-source-says-2026-07-31/.
[5] CNBC, "Analysis: How Bessent is pushing Warsh's Fed to expand backstop for Japan's yen defense," Matt Peterson, August 3, 2026, https://www.cnbc.com/2026/08/03/bessent-fed-japan-yen-fima-repo-facility.html.
[6] Reuters, "US Treasury intervenes to support yen after Japan steps in, FT reports," Fabiola Arámburo and David Lawder, July 31, 2026, https://www.reuters.com/world/asia-pacific/us-treasury-undertakes-intervention-yen-market-ft-reports-2026-08-01/ .

Yen (JPY) $5–10 bil," circulated in the media around this time, but Treasury has never confirmed this figure or disclosed the actual amount spent through the ESF.[7]

This marks only the third time in the last thirty years that the United States has intervened in the yen. Indeed, the United States directly intervening in foreign currencies is rare. The United States bought yen in markets in 1998 at the peak of the Asian financial crisis.[8] It later intervened in the yen alongside other G7 countries in 2011 following Japan's historic earthquake and tsunami.[9] In recent months, the yen has experienced a steady decline marked by large interest rate differentials with the United States.[10]

The mechanisms through which Treasury executed the yen purchase raise serious questions regarding the costs to American taxpayers. Treasury retains extraordinary powers under the Gold Reserve Act of 1934 to deploy the ESF for foreign exchange interventions and credit provision.[11] Congress intends for these authorities to be invoked judiciously to advance the national interest. To date, the Administration has yet to provide a detailed justification for its intervention, nor has it officially disclosed how much taxpayer-linked funds were spent purchasing yen.

Under the Trump Administration, Treasury has used the ESF in ways that raise political concerns. Just last year, Treasury deployed the ESF to provide a $20 billion politically driven, taxpayer-backed bailout to Argentina.[12] Additionally, neither Treasury nor the Fed, acting as its fiscal agent, informed the European Central Bank (ECB) in advance that it intended to sell euros to fund the yen purchase.[13] ECB President Christine Lagarde reportedly did not speak with you about the transaction until after it had already been executed.[14] This marked a departure from the decades-long practice of advance coordination among Western central banks.[15]

Immediately after the U.S. intervened, the yen's value surged, but in recent days, it has weakened again.[16] Indeed, the yen has lost half of the value it had gained since the intervention, fueling

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[7] Reuters, "Bessent's 'to do' list: buy $5-10 billion worth of Japanese yen, Reuters photo shows," Daniel Heuer and David Lawder, July 31, 2026, https://www.reuters.com/world/asia-pacific/bessents-to-do-list-buy-5-10-billion-worth-japanese-yen-reuters-photo-shows-2026-07-31/.
[8] Wall Street Journal, "U.S., Japan Intervene to Boost Yen for First Time Since 1998," P.R. Venkat and Ronnie Harui, August 3, 2024, https://www.wsj.com/finance/currencies/japan-intervened-to-support-yen-together-with-u-s-treasury-4627741f.
[9] Reuters, "Bessent'' 'to do' list: buy $5-10 billion worth of Japanese yen, Reuters photo shows," Daniel Heuer and David Lawder, July 31, 2026, https://www.reuters.com/world/asia-pacific/bessents-to-do-list-buy-5-10-billion-worth-japanese-yen-reuters-photo-shows-2026-07-31/.
[10] New York Times, "U.S. and Japan Coordinated to Help Stabilize the Yen," Joe Rennison and Kiuko Notoya, August 2, 2026, https://www.nytimes.com/2026/08/02/business/us-japan-yen.html.
[11] 31 U.S. Code § 5302.
[12] Politico, "Bessent inks 'economic stabilization' deal with Argentina," Michael Stratford, October 21, 2025, https://www.politico.com/news/2025/10/21/bessent-argentina-economic-deal-00616391; Letter from Senator Elizabeth Warren to Treasury Secretary Scott Bessent, September 22, 2025, https://www.banking.senate.gov/imo/media/doc/warren_letter_to_bessent_on_argentina.pdf.
[13] Financial Times, "US euro sale to prop up yen blindsided ECB," Olaf Storbeck, Claire Jones, and Kate Duguid, August 6, 2026, https://www.ft.com/content/d9922d0b-51a0-48be-811b-42e08f90985a?syn-25a6b1a6=1.
[14] *Id.*
[15] *Id.*
[16] Reuters, "Yen surges to three-month peak, dollar pares losses after intervention," Chibuike Oguh, August 2, 2026, https://www.reuters.com/world/asia-pacific/dollar-suddenly-falls-against-yen-traders-alert-further-

questions about the need for further interventions, which you have signaled openness to.[17] In a social media post following the U.S.'s intervention, you said that the Federal Reserve's Foreign and International Monetary Authorities (FIMA) Repo Facility – a tool that allows foreign countries to borrow dollars against U.S. Treasuries – is "an important backstop."[18] Federal Reserve data shows that Japan did not draw on that facility for this specific intervention, but your post suggests that you have encouraged Japan to do so.[19] You have also called on the Fed to "upsize[]" the facility "in the coming months," but failed to explain how the Fed should do so.[20]

Japan is the largest foreign holder of U.S. debt,[21] meaning that Japan's currency market can affect U.S. treasuries and the long-term interest rates that American families pay. Yet it's not clear the intervention helped the U.S. economy – or even strengthened the yen over the long run. To help me understand why U.S. taxpayers are being asked to inflate a foreign currency and boost Japan's financial markets, please respond to the following questions by August 28, 2026:

1. What are the specific ways that financial market turmoil in Japan could impact American jobs, workers' wages, and U.S. financial stability? Please provide evidence of any such impact.

2. Please provide the Administration's legal analysis that deploying the ESF to boost Japan's currency complies with the Gold Reserve Act of 1934.[22]

3. What is the scale and conditionality of the U.S. financial support currently under consideration? What is the expected cost to the U.S. taxpayer?

4. Was the ECB consulted in Treasury's decision to sell euros, instead of dollars? If not, why not?

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intervention-2026-08-03/; CNBC, "Why the historic U.S.-Japan intervention has failed to halt the yen's slide," Lee Ying Shan, August 11, 2026, https://www.cnbc.com/2026/08/12/japan-yen-us-dollar-intervention-.html.

[17] CNBC, "Why the historic U.S.-Japan intervention has failed to halt the yen's slide," Lee Ying Shan, August 11, 2026, https://www.cnbc.com/2026/08/12/japan-yen-us-dollar-intervention-.html.
; Reuters, "US will do 'whatever it takes' to support Japan after yen intervention, Bessent says," David Lawder and Doina Chiacu, August 4, 2026, https://www.reuters.com/world/asia-pacific/us-treasury-secretary-bessent-will-do-whatever-it-takes-support-japan-2026-08-04/.

[18] Post on X by Secretary Scott Bessent, August 2, 2026, https://x.com/SecScottBessent/status/2084051676801933622.

[19] Bloomberg, "Fed's Fima Repo Facility Went Unused for 8th Straight Week," Alex Harris, August 6, 2026, https://www.bloomberg.com/news/articles/2026-08-06/fed-s-fima-repo-facility-went-unused-for-8th-straight-week.

[20] Post on X by Secretary Scott Bessent, August 2, 2026, https://x.com/SecScottBessent/status/2084051676801933622.

[21] U.S. Department of the Treasury, "Table 5: Major Foreign Holders of Treasury Securities," https://ticdata.treasury.gov/resource-center/data-chart-center/tic/Documents/slt_table5.html.

[22] 31 U.S. Code § 5302.

5. You said that the Fed should "upsize[]" the FIMA Repo facility "in the coming months."[23] How do you propose the Fed do so? Would you support the Fed expanding or eliminating the $60 billion cap[24] in place on the FIMA Repo Facility?

Sincerely,

Elizabeth Warren
Ranking Member
Committee on Banking,
Housing, and Urban Affairs

[23] Post on X by Secretary Scott Bessent, August 2, 2026, https://x.com/SecScottBessent/status/2084051676801933622.

[24] Reuters, "Bessent's call to upsize Fed foreign lending facility may not be risk-free," Michael S. Derby, August 4, 2026, https://www.reuters.com/business/bessents-call-upsize-fed-foreign-lending-facility-may-not-be-risk-free-2026-08-04/.