

118TH CONGRESS
2D SESSION

S. 4418

To require the United States Executive Director at the International Monetary Fund to advocate for increased transparency with respect to exchange rate policies of the People’s Republic of China, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MAY 23, 2024

Mr. RUBIO (for himself and Ms. BALDWIN) introduced the following bill;
which was read twice and referred to the Committee on Foreign Relations

A BILL

To require the United States Executive Director at the International Monetary Fund to advocate for increased transparency with respect to exchange rate policies of the People’s Republic of China, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “China Exchange Rate
5 Transparency Act of 2024”.

6 **SEC. 2. FINDINGS.**

7 The Congress finds the following:

1 (1) Under Article IV of the Articles of Agree-
2 ment of the International Monetary Fund (in this
3 Act referred to as the “IMF”), the People’s Repub-
4 lic of China has committed to orderly exchange rate
5 arrangements, the avoidance of exchange rate ma-
6 nipulation, and cooperation with the IMF to ensure
7 “firm surveillance” of the exchange rate policies of
8 the People’s Republic of China. Pursuant to Article
9 VIII of the Articles of Agreement of the IMF, the
10 IMF may require the People’s Republic of China to
11 furnish data on gold and foreign exchange holdings,
12 including assets held by non-official agencies of the
13 People’s Republic of China.

14 (2) In its November 2022 report, entitled
15 “Macroeconomic and Foreign Exchange Policies of
16 Major Trading Partners of the United States”, the
17 Department of the Treasury concluded, “China pro-
18 vides very limited transparency regarding key fea-
19 tures of its exchange rate mechanism, including the
20 policy objectives of its exchange rate management
21 regime and its activities in the offshore RMB mar-
22 ket.”. The Department continued: “China’s lack of
23 transparency and use of a wide array of tools com-
24 plicate Treasury’s ability to assess the degree to

1 which official actions are designed to impact the ex-
2 change rate.”.

3 (3) In that report, the Department further
4 noted that “China’s failure to publish foreign ex-
5 change intervention and broader lack of trans-
6 parency around key features of its exchange rate
7 mechanism make it an outlier among major econo-
8 mies and warrants Treasury’s close monitoring.”.

9 **SEC. 3. ADVOCACY FOR INCREASED EXCHANGE RATE**
10 **TRANSPARENCY FROM CHINA.**

11 The Secretary of the Treasury shall instruct the
12 United States Executive Director at the IMF to use the
13 voice and vote of the United States to advocate for—

14 (1) increased transparency from the People’s
15 Republic of China and enhanced multilateral and bi-
16 lateral surveillance by the IMF with respect to the
17 exchange rate arrangements of the People’s Republic
18 of China, including regarding the validity of balance
19 of payments data of the People’s Republic of China
20 or any indirect foreign exchange market intervention
21 through Chinese financial institutions or state-owned
22 enterprises;

23 (2) in connection with consultations with the
24 People’s Republic of China under Article IV of the
25 Articles of Agreement of the IMF, the inclusion of

1 any significant divergences by the People’s Republic
2 of China from the exchange rate policies of other
3 issuers of currencies used in determining the value
4 of Special Drawing Rights; and

5 (3) during governance reviews of the IMF,
6 stronger consideration by IMF members and man-
7 agement of the performance of the People’s Republic
8 of China as a responsible stakeholder in the inter-
9 national monetary system when evaluating quota
10 and voting shares at the IMF.

11 **SEC. 4. DETERMINATION REGARDING CURRENCY MANIPU-**
12 **LATION.**

13 Not later than 90 days after the date of the enact-
14 ment of this Act, the Secretary of the Treasury shall de-
15 termine whether or not the People’s Republic of China
16 meets the criteria to be designated a currency manipulator
17 under section 3004(b) of the Exchange Rates and Inter-
18 national Economic Policy Coordination Act of 1988 (22
19 U.S.C. 5304(b)).

20 **SEC. 5. SUNSET.**

21 This Act shall have no force or effect on and after
22 the date that is 30 days after the earlier of—

23 (1) the date that the United States Governor of
24 the IMF reports to Congress that the People’s Re-
25 public of China—

1 (A) is in substantial compliance with obli-
2 gations of the People's Republic of China under
3 the Articles of Agreement of the IMF¹ regarding
4 orderly exchange rate arrangements; and

5 (B) has undertaken exchange rate policies
6 and practices consistent with those of other
7 issuers of currencies used in determining the
8 value of Special Drawing Rights; or

9 (2) the date that is 7 years after the date of the
10 enactment of this Act.

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