AMENDMENT NO.________ Calendar No.______

Purpose: In the nature of a substitute.

IN THE SENATE OF THE UNITED STATES—119th Cong., 1st Sess.

S. 2146

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.

Referred to the Committee on ____________________ and ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENT IN THE NATURE OF A SUBSTITUTE intended to be proposed by Mr. MCCORMICK

Viz:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the ''China Exchange Rate Transparency Act of 2025''.

SEC. 2. FINDINGS.

Congress makes the following findings:

(1) Under Article IV of the Articles of Agreement of the International Monetary Fund, the People's Republic of China has committed to orderly exchange rate arrangements, the avoidance of ex-

change rate manipulation, and cooperation with the Fund to ensure ‘‘firm surveillance’’ of the exchange rate policies of the People’s Republic of China. Pursuant to Article VIII of the Articles of Agreement of the Fund, the Fund may require the People’s Republic of China to furnish data on gold and foreign exchange holdings, including assets held by non-official agencies of the People’s Republic of China.

(2) In its November 2022 report, entitled ‘‘Macroeconomic and Foreign Exchange Policies of Major Trading Partners of the United States’’, the Department of the Treasury concluded, ‘‘China provides very limited transparency regarding key features of its exchange rate mechanism, including the policy objectives of its exchange rate management regime and its activities in the offshore [renminbi] market.’’. The Department continued: ‘‘China’s lack of transparency and use of a wide array of tools complicate Treasury’s ability to assess the degree to which official actions are designed to impact the exchange rate.’’.

(3) In that report, the Department further noted, ‘‘China’s failure to publish foreign exchange intervention and broader lack of transparency around key features of its exchange rate mechanism

make it an outlier among major economies and warrants Treasury's close monitoring.''.

SEC. 3. ADVOCACY FOR INCREASED EXCHANGE RATE TRANSPARENCY FROM THE PEOPLE'S REPUBLIC OF CHINA.

(a) IN GENERAL.—The Secretary of the Treasury shall instruct the United States Executive Director at the International Monetary Fund to use the voice and vote of the United States to advocate for—

(1) increased transparency from the People's Republic of China, and enhanced multilateral and bilateral surveillance by the Fund, with respect to the exchange rate arrangements of the People's Republic of China, including any indirect foreign exchange market intervention through Chinese financial institutions or state-owned enterprises;

(2) in connection with consultations with the People's Republic of China under Article IV of the Articles of Agreement of the Fund, the inclusion of any significant divergences by the People's Republic of China from the exchange rate policies of other issuers of currencies used in determining the value of Special Drawing Rights;

(3) during governance reviews of the Fund, stronger consideration by members and management

of the Fund of the performance of the People's Republic of China as a responsible stakeholder in the international monetary system when evaluating quota and voting shares at the Fund; and

(4) increased transparency regarding the mechanisms through which the People's Republic of China utilizes Hong Kong's financial system to influence exchange rate arrangements and the value or use of Special Drawing Rights.

(b) ANNUAL REPORTS ON IMPLEMENTATION.—Not later than one year after the date of the enactment of this Act, and annually thereafter until the termination date described in subsection (c), the Secretary of the Treasury shall submit to Congress a report that—

(1) describes the specific actions taken by the United States Executive Director at the International Monetary Fund in the year preceding submission of the report to carry out subsection (a); and

(2) describes in detail the extent of the compliance of the People's Republic of China regarding transparency and any significant divergences noted in consultations under Article IV of the Articles of Agreement of the Fund.

(c) SUNSET.—The requirement under subsection (a) shall terminate on the date that is 30 days after the earlier of—

(1) the date on which the United States Governor of the International Monetary Fund reports to Congress that the People's Republic of China—

(A) is in substantial compliance with obligations of the People's Republic of China under the Articles of Agreement of the Fund regarding orderly exchange rate arrangements; and

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

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