

109TH CONGRESS
1ST SESSION

S. RES. 270

Expressing the sense of the Senate that the International Monetary Fund should investigate whether China is manipulating the rate of exchange between the Chinese yuan and the United States dollar.

IN THE SENATE OF THE UNITED STATES

OCTOBER 6, 2005

Mr. BAYH (for himself, Ms. STABENOW, and Mr. SCHUMER) submitted the following resolution; which was referred to the Committee on Foreign Relations

RESOLUTION

Expressing the sense of the Senate that the International Monetary Fund should investigate whether China is manipulating the rate of exchange between the Chinese yuan and the United States dollar.

Whereas the global current account deficit of the United States has already reached almost \$800,000,000,000 and is growing rapidly;

Whereas the global current account surplus of the People's Republic of China is likely to reach \$150,000,000,000 and is also growing very rapidly;

Whereas China has intervened massively in the exchange markets to artificially block appreciation of China's currency;

Whereas China has been increasing its competitiveness by riding the dollar down against other currencies, therefore achieving a trade-weighted depreciation of about 10 percent over the past 3 years;

Whereas it is the responsibility of the International Monetary Fund to take the lead in promoting correction of such huge, costly, and potentially destabilizing imbalances in the world economy;

Whereas the International Monetary Fund's Articles of Agreement enjoin member countries to "avoid manipulating exchange rates or the international monetary system in order to prevent effective balance-of-payments adjustments or to gain unfair competitive advantage over other member countries";

Whereas the International Monetary Fund has identified "protracted, large-scale interventions in one direction in the exchange markets" as indicating a need for International Monetary Fund discussion with the offending country; and

Whereas the People's Republic of China has engaged in such manipulation and intervention: Now, therefore, be it

1 *Resolved*, That it is the sense of the Senate that the
 2 President should instruct the United States Executive Di-
 3 rector to the International Monetary Fund to bring a gen-
 4 eral complaint under the International Monetary Fund's
 5 Articles of Agreement against the People's Republic of
 6 China for not complying with Article IV of the Articles
 7 of Agreement and manipulating the rate of exchange of
 8 its currency against other currencies to gain an unfair

- 1 trade advantage and to prevent effective balance of pay-
- 2 ment adjustments.

