

CHINESE CURRENCY ACCOUNTABILITY ACT OF 2023

DECEMBER 1, 2023.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. MCHENRY, from the Committee on Financial Services,
submitted the following

R E P O R T

[To accompany H.R. 510]

[Including cost estimate of the Congressional Budget Office]

The Committee on Financial Services, to whom was referred the bill (H.R. 510) to require the United States Governor of, and the United States Executive Director at, the International Monetary Fund to oppose an increase in the weight of the Chinese renminbi in the Special Drawing Rights basket of the Fund, and for other purposes, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the “Chinese Currency Accountability Act of 2023”.

SEC. 2. OPPOSITION OF THE UNITED STATES TO AN INCREASE IN THE WEIGHT OF THE CHINESE RENMINBI IN THE SPECIAL DRAWING RIGHTS BASKET OF THE INTERNATIONAL MONETARY FUND.

The Secretary of the Treasury shall instruct the United States Governor of, and the United States Executive Director at, the International Monetary Fund to use the voice and vote of the United States to oppose any increase in the weight of the Chinese renminbi in the basket of currencies used to determine the value of Special Drawing Rights, unless the Secretary of the Treasury has submitted to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate a written report which includes a certification that—

(1) the People’s Republic of China is in compliance with all its obligations under Article VIII of the Articles of Agreement of the Fund;

(2) in the preceding 12 months, there has not been a report submitted under section 3005 of the Omnibus Trade and Competitiveness Act of 1988 or section 701 of the Trade Facilitation and Trade Enforcement Act of 2015 in which the People’s Republic of China has been found to have manipulated its currency; and

(3) the People’s Republic of China adheres to the rules and principles of the Paris Club and the OECD Arrangement on Officially Supported Export Credits.

SEC. 3. SUNSET.

Section 2 shall have no force or effect beginning 10 years after the date of the enactment of this Act.

PURPOSE AND SUMMARY

Introduced on January 25, 2023, by Representative Warren Davidson, H.R. 510, the *Chinese Currency Accountability Act of 2023*, requires the Secretary of the Department of the Treasury to oppose an increase in the weight of China’s renminbi (RMB) in the basket of currencies used to value the International Monetary Fund’s (IMF) Special Drawing Rights (SDR), as long as China fails to meet certain international standards. H.R. 510 is essential to prevent the further rise of the RMB in determining the value of SDRs, a major international reserve asset. The bill would help prevent additional increases in the RMB’s weighting until China complies with key international standards, including the IMF’s own rules. The valuation of the SDR should focus on currencies issued by countries with independent central banks and transparent exchange rate policies.

BACKGROUND AND NEED FOR LEGISLATION

The SDR are a reserve asset for IMF members that gives countries a claim on five “freely usable currencies”—the dollar, euro, sterling, yen, and RMB. SDRs also serve as a unit of account for IMF lending. The SDR currencies determine the value of an SDR and influence the SDR borrowing and lending rate—the SDRi. In 2016, the IMF added the RMB to the SDR’s currency basket, even though the RMB at the time lagged the Canadian and Australian dollars as an international reserve currency. In 2022, the IMF went further by increasing the weight of the RMB in the SDR basket from 10.92 percent to 12.28 percent, making it the third-most prominent currency in the basket behind the dollar and euro. The IMF undertook this step despite China’s lack of an independent central bank and free-floating currency, as well as the country’s non-transparent policies for exchange rate management.

HEARING

Pursuant to clause 3(c)(6) of rule XIII, the following hearing was used to develop H.R. 510: The Committee on Financial Services held a hearing on February 7, 2023, titled “Combatting the Economic Threat from China.”

COMMITTEE CONSIDERATION

The Committee on Financial Services met in open session on February 28, 2023, and ordered H.R. 510 to be reported favorably to the House as amended by a recorded vote of 40 ayes to 0 nays (Record vote no. FC–19), a quorum being present. Before the question was called to order the bill favorably reported, the Committee adopted an amendment in the nature of a substitute offered by Mr. Davidson by voice vote.

COMMITTEE VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee to list the record votes on the order to report legislation and amendments thereto. H.R. 510 was ordered reported favorably to the House as amended by a recorded vote of 40 ayes to 0 nays (Record vote no. FC-19), a quorum being present.

Record vote no. FC- 19

Representative	Yea	Nay	Present	Representative	Yea	Nay	Present
Mr. McHenry	X	—	—	Ms. Waters	—	—	—
Mr. Hill	X	—	—	Mrs. Velazquez	—	—	—
Mr. Lucas	X	—	—	Mr. Sherman	X	—	—
Mr. Sessions	X	—	—	Mr. Meeks	—	—	—
Mr. Posey	X	—	—	Mr. Scott	—	—	—
Mr. Luetkemeyer	X	—	—	Mr. Lynch	—	—	—
Mr. Huelskamp	X	—	—	Mr. Green	X	—	—
Mrs. Wagner	X	—	—	Mr. Cleaver	—	—	—
Mr. Barr	X	—	—	Mr. Himes	—	—	—
Mr. Williams (TX)	—	—	—	Mr. Foster	X	—	—
Mr. Emmer	—	—	—	Mrs. Beatty	X	—	—
Mr. Loudermilk	X	—	—	Mr. Vargas	X	—	—
Mr. Mooney	X	—	—	Mr. Gottheimer	X	—	—
Mr. Davidson	X	—	—	Mr. Gonzalez	X	—	—
Mr. Rose	X	—	—	Mr. Casten	X	—	—
Mr. Snell	—	—	—	Ms. Pressley	X	—	—
Mr. Timmons	X	—	—	Mr. Horsford	X	—	—
Mr. Norman	X	—	—	Ms. Tlaib	X	—	—
Mr. Meuser	X	—	—	Mr. Torres	X	—	—
Mr. Fitzgerald	X	—	—	Ms. Garcia	X	—	—
Mr. Garbarino	—	—	—	Ms. Williams (GA)	X	—	—
Mrs. Kim	—	—	—	Mr. Nickel	X	—	—
Mr. Donalds	X	—	—	Ms. Petersen	X	—	—
Mr. Flood	X	—	—				
Mr. Lawler	X	—	—				
Mr. Nuzzo	X	—	—				
Ms. DeLaCruz	X	—	—				
Mrs. Houchins	X	—	—				
Mr. Ogles	X	—	—				

COMMITTEE OVERSIGHT FINDINGS

Pursuant to clause 3(c) of rule XIII of the Rules of the House of Representatives, the findings and recommendations of the Committee based on oversight activities under clause 2(b)(1) of rule X of the Rules of the House of Representatives, are incorporated in the descriptive portions of this report.

PERFORMANCE GOALS AND OBJECTIVES

Pursuant to clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the goal of H.R. 510 is to require the Treasury Secretary to oppose an increase in the weight of China's RMB in the basket of currencies used to value the IMF's SDR, as long as China fails to meet certain international standards.

CONGRESSIONAL BUDGET OFFICE ESTIMATES

Pursuant to clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, the following is the cost estimate provided by the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974:

H.R. 510, Chinese Currency Accountability Act of 2023			
As ordered reported by the House Committee on Financial Services on February 28, 2023			
By Fiscal Year, Millions of Dollars	2023	2023-2028	2023-2033
Direct Spending (Outlays)	0	0	0
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	0	0	0
Spending Subject to Appropriation (Outlays)	*	*	not estimated
Increases <i>net direct spending</i> in any of the four consecutive 10-year periods beginning in 2034?	No	Statutory pay-as-you-go procedures apply?	No
		Mandate Effects	
Increases <i>on-budget deficits</i> in any of the four consecutive 10-year periods beginning in 2034?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No

* = between zero and \$500,000.

NEW BUDGET AUTHORITY, ENTITLEMENT AUTHORITY, AND TAX EXPENDITURES

Pursuant to clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee adopts as its own the estimate of new budget authority, entitlement authority, or tax expenditures or revenues contained in the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1973.

FEDERAL MANDATES STATEMENT

Pursuant to section 423 of the Unfunded Mandates Reform Act, the Committee adopts as its own the estimate of the Federal mandates prepared by the Director of the Congressional Budget Office.

ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act were created by this legislation.

APPLICABILITY TO LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act.

EARMARK IDENTIFICATION

Pursuant to clause 9 of rule XXI of the Rules of the House of Representatives, the Committee has carefully reviewed the provisions of the bill and states that the provisions of the bill do not contain any congressional earmarks, limited tax benefits, or limited tariff benefits within the meaning of the rule.

DUPLICATION OF FEDERAL PROGRAMS

Pursuant to clause 3(c)(5) of rule XIII of the Rules of the House of Representatives, the Committee states that no provision of the bill establishes or reauthorizes a program of the Federal Government known to be duplicative of another Federal program, including any program that was included in a report to Congress pursuant to section 21 of the Public Law 111–139 or the most recent Catalog of Federal Domestic Assistance.

SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

Sec. 1. Short title

This Act may be cited as the “Chinese Currency Accountability Act of 2023.”

Sec. 2. Opposition of the United States to an increase in the weight of the Chinese renminbi in the special drawing rights basket of the International Monetary Fund

This section requires the Treasury Secretary, through the United States Governor and Executive Director at the IMF, to oppose an increase in the weight of China’s renminbi in the basket of currencies determining the value of IMF Special Drawing Rights, unless China meets certain international standards.

Sec. 3. Sunset

This section states the bill expires after 10 years.

