

RUSSIA AND BELARUS SDR EXCHANGE PROHIBITION ACT
OF 2022

MAY 10, 2022.—Committed to the Committee of the Whole House on the State of
the Union and ordered to be printed

Ms. WATERS, from the Committee on Financial Services,
submitted the following

R E P O R T

[To accompany H.R. 6899]

[Including cost estimate of the Congressional Budget Office]

The Committee on Financial Services, to whom was referred the bill (H.R. 6899) to prohibit the Secretary of the Treasury from engaging in transactions involving the exchange of Special Drawing Rights issued by the International Monetary Fund that are held by the Russian Federation or Belarus, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

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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 “Russia and Belarus SDR Exchange Prohibition Act of 2022”.

SEC. 2. SPECIAL DRAWING RIGHTS EXCHANGE PROHIBITION.

(a) **IN GENERAL.**—The Secretary of the Treasury may not engage in any transaction involving the exchange of Special Drawing Rights issued by the International Monetary Fund that are held by the Russian Federation or Belarus.

(b) **ADVOCACY.**—The Secretary of the Treasury shall—

(1) vigorously advocate that the governments of the member countries of the International Monetary Fund, to the extent that the member countries issue freely usable currencies, prohibit transactions involving the exchange of Special Drawing Rights held by the Russian Federation or Belarus; and

(2) direct the United States Executive Director at each international financial institution (as defined in section 1701(c)(2) of the International Financial Institutions Act) to use the voice and vote of the United States to oppose the provision of financial assistance to the Russian Federation and Belarus, except to address basic human needs of the civilian population.

(c) **TERMINATION.**—The preceding provisions of this section shall have no force or effect on the earlier of—

(1) the date that is 5 years after the date of the enactment of this Act; or

(2) 30 days after the date that the President reports to the Congress that the governments of the Russian Federation and Belarus have ceased destabilizing activities with respect to the sovereignty and territorial integrity of Ukraine.

(d) **WAIVER.**—The President may waive the application of this section if the President reports to the Congress that the waiver is in the national interest of the United States and includes an explanation of the reasons therefor.

PURPOSE AND SUMMARY

On March 2, 2022, Representative Hill introduced H.R. 6899, the “Russia and Belarus SDR Exchange Prohibition Act of 2022”, which would prohibit the Secretary of the Treasury from providing U.S. dollars in exchange for any Special Drawing Rights held by the Russian Federation or Belarus. It also mandates that the Secretary of the Treasury vigorously advocate that other governments which hold freely usable currencies similarly refuse to convert any Special Drawing Rights held by the Russian Federation or Belarus into a hard currency. The legislation also mandates the Secretary of the Treasury to instruct the U.S. representative at each international financial institution (such as the International Monetary Fund and the World Bank) to oppose the provision of financial assistance from the respective institution to the Russian Federation and Belarus, except to address the basic human needs of the civilian population. These mandates would terminate on the earlier of the date that is 5 years after the date of enactment of the bill or 30 days after the President certifies that the governments of the Russian Federation and Belarus have ceased destabilizing activities with respect to the sovereignty and territorial integrity of Ukraine. The bill provides the President the authority to waive any provisions of the bill if the President certifies that doing so would be in the national interest of the United States.

BACKGROUND AND NEED FOR LEGISLATION

Special Drawing Rights (SDRs) are a special reserve asset of the International Monetary Fund (IMF) distributed to each member country in proportion to its shareholding in the Fund. Countries can hold their SDRs as part of their precautionary reserve balances or convert them into hard currency to finance balance of payments needs, pay for imports, adjust the composition of their reserves, or pay back IMF loans. In August 2021, the IMF approved a \$650 bil-

lion allocation of SDRs, of which \$275 billion went to emerging market and developing countries to help transform the global pandemic crisis into a fair and resilient economic recovery.

Russia and Belarus did receive their legal share of the recent SDR allocation, raising concerns that the allocation would provide unconditional liquidity these countries who are acting against U.S. interests. However, the Department of Treasury has noted that it has the right to refuse to exchange SDRs for any nation whose policies the U.S. opposes, and that maintaining such a policy will help ensure that Russia and Belarus will not be able to use any of their SDR allocations. In fact, to date, Belarus has not used any of its new SDR holdings, and Russia continues to hold virtually all of its recently acquired SDRs as well. Given the recent G7 sanctions against transactions with Russia's central bank, and the raft of new sanctions against Belarus, it would be difficult for any country to convert the SDRs of either country without running afoul of international sanctions. This bill would reinforce the Biden Administration's existing policy and help ensure that Russia and Belarus cannot use any of their SDRs as long as the illegal invasion of Ukraine persists.

SECTION-BY-SECTION ANALYSIS

Section 1. Short title

- This section establishes the short title of the bill as the "Russia and Belarus SDR Exchange Prohibition Act of 2022."

Section 2.

- This section prohibits the Treasury Secretary from participating in an exchange of Russian or Belarussian held Special Drawing Rights (SDRs) and directs the Treasury Secretary to vigorously advocate that member countries of the International Monetary Fund (IMF) also prohibit the exchange of such SDRs.
- This section also directs the Treasury Secretary to instruct the U.S. Executive Directors at each of the International Financial Institutions to use their voice and vote to oppose any financial assistance to the Russian Federation and Belarus, except to address humanitarian needs.
- This section sunsets the bill on the earlier of 5 years after enactment or 30 days after the President certifies that Russia has ceased its destabilizing activities with respect to the sovereignty and territorial integrity of Ukraine.
- The bill also authorizes the President to waive the application of this section if it is in the national interest of the U.S.

HEARINGS

For the purposes of section 3(c)(6) of House rule XIII, the Committee on Financial Services' Full Committee held a hearing on April 6, 2022 to consider H.R. 6899 entitled, "The Annual Testimony of the Secretary of the Treasury on the State of the International Financial System."

COMMITTEE CONSIDERATION

The Committee on Financial Services met in open session on March 17, 2022, and ordered H.R. 6899 to be reported favorably to

the House with an amendment in the nature of a substitute by a voice vote, a quorum being present.

COMMITTEE VOTES AND ROLL CALL VOTES

In compliance with clause 3(b) of rule XIII of the Rules of the House of Representatives, the Committee advises that the following roll call votes occurred during the Committee's consideration of H.R. 6899: An amendment in the nature of a substitute, no. 3, offered by Mr. Hill was AGREED TO by voice vote.

Present	Representatives	Ayes	Nays	Present	Not Recorded	Committee on Financial Services			
		0	0	0	0	Full Committee - 117th Congress (1st Session)			
Passed on Voice Vote						Date:	3/17/2022		
	Ms. Waters, <i>Chairwoman</i>					Motion:	H.R. 6899		
	Mrs. Maloney					Amendment No.:	5		
	Ms. Velázquez					Offered by:	Hill		
	Mr. Sherman								
	Mr. Meeks								
	Mr. Scott					Agreed To:	Yes/Aye	No/Nay	Present
	Mr. Green						0	0	0
	Mr. Cleaver					Record Vote:	X		
	Mr. Perlmutter								
	Mr. Himes								
	Mr. Foster								
	Mrs. Beatty								
	Mr. Vargas								
	Mr. Gotthelmer								
	Mr. Gonzalez (TX)								
	Mr. Lawson								
	Mr. San Nicolas								
	Ms. Axne								
	Mr. Casten								
	Ms. Pressley								
	Mr. Torres								
	Mr. Lynch								
	Ms. Adams								
	Ms. Thib								
	Ms. Dean								
	Ms. Ocasio-Cortez								
	Mr. Garcia (IL)								
	Ms. Garcia (TX)								
	Ms. Williams								
	Mr. Auchincloss								
	Democratic Totals	0	0	0	0	Votes Cast	Missed	Total	
	Mr. McHenry, <i>Ranking Member</i>					0	35	35	
	Mrs. Wagner								
	Mr. Lucas								
	Mr. Sessions								
	Mr. Posey								
	Mr. Luetkemeyer								
	Mr. Huelskamp								
	Mr. Barr								
	Mr. Williams								
	Mr. Hill								
	Mr. Emmer								
	Mr. Zeldin								
	Mr. Loudermilk								
	Mr. Mooney								
	Mr. Davidson								
	Mr. Budd								
	Mr. Kustoff								
	Mr. Hollingsworth								
	Mr. Gonzalez (OH)								
	Mr. Rose								
	Mr. Steil								
	Mr. Gooden								
	Mr. Timmons								
	Mr. Taylor								
	Republican Totals	0	0	0	0	Votes Cast	Missed	Total	
						0	23	23	
	Committee Totals	0	0	0	0	0	58	53	

STATEMENT OF OVERSIGHT FINDINGS AND RECOMMENDATIONS OF THE
COMMITTEE

In compliance with clause 3(c)(1) of rule XIII and clause 2(b)(1) of rule X of the Rules of the House of Representatives, the Committee's oversight findings and recommendations are reflected in the descriptive portions of this report.

STATEMENT OF PERFORMANCE GOALS AND OBJECTIVES

Pursuant to clause (3)(c) of rule XIII of the Rules of the House of Representatives, the goals of H.R. 6899 are to The bill would prohibit the Secretary of the Treasury from providing U.S. dollars in exchange for any Special Drawing Rights held by the Russian Federation or Belarus. It also mandates that the Secretary of the Treasury vigorously advocate that other governments which hold freely usable currencies similarly refuse to convert any Special Drawing Rights held by the Russian Federation or Belarus into a hard currency. The legislation also mandates the Secretary of the Treasury to instruct the United States representative at each international financial institution (such as the International Monetary Fund and the World Bank) to oppose the provision of financial assistance from the respective institution to the Russian Federation and Belarus, except to address the basic human needs of the civilian population. These mandates would terminate on the earlier of the date that is 5 years after the date of enactment of the bill or 30 days after the President certifies that the governments of the Russian Federation and Belarus have ceased destabilizing activities with respect to the sovereignty and territorial integrity of Ukraine. The bill provides the President the authority to waive any provisions of the bill if the President certifies that doing so would be in the national interest of the United States.

NEW BUDGET AUTHORITY AND CBO COST ESTIMATE

Pursuant to clause 3(c)(2) of rule XIII of the Rules of the House of Representatives and section 308(a) of the *Congressional Budget Act of 1974*, and pursuant to clause 3(c)(3) of rule XIII of the Rules of the House of Representatives and section 402 of the *Congressional Budget Act of 1974*, the Committee has received the following estimate for H.R. 6899 from the Director of the Congressional Budget Office:

H.R. 6899, Russia and Belarus SDR Exchange Prohibition Act of 2022			
As ordered reported by the House Committee on Financial Services on March 17, 2022			
By Fiscal Year, Millions of Dollars	2022	2022-2026	2022-2031
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
Statutory pay-as-you-go procedures apply?	No	Mandate Effects	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2032?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No
* = between zero and \$500,000.			

H.R. 6899 would prohibit the Department of the Treasury from exchanging U.S. dollars for Special Drawing Rights (SDR) held by Russia or Belarus. SDR are an international reserve asset of the International Monetary Fund (IMF) that are distributed to each member country. The bill would direct the department to encourage other IMF members to follow suit and to oppose any non-humanitarian assistance for Russia and Belarus provided by international financial institutions such as the IMF and World Bank.

On the basis of information about the costs of similar diplomatic efforts to influence the actions of other nations, CBO estimates that implementing H.R. 6899 would cost less than \$500,000 over the 2022–2026 period. Such spending would be subject to the availability of appropriated funds.

The CBO staff contact for this estimate is Sunita D'Monte. The estimate was reviewed by Leo Lex, Deputy Director of Budget Analysis.

COMMITTEE COST ESTIMATE

Clause 3(d)(1) of rule XIII of the Rules of the House of Representatives requires an estimate and a comparison of the costs that would be incurred in carrying out H.R. 6899. However, clause 3(d)(2)(B) of that rule provides that this requirement does not apply when the committee has included in its report a timely submitted cost estimate of the bill prepared by the Director of the Congressional Budget Office under section 402 of the *Congressional Budget Act*.

UNFUNDED MANDATE STATEMENT

Pursuant to Section 423 of the *Congressional Budget and Impoundment Control Act* (as amended by Section 101(a)(2) of the *Unfunded Mandates Reform Act*, Pub. L. 104–4), the Committee adopts as its own the estimate of federal mandates regarding H.R. 6899, as amended prepared by the Director of the Congressional Budget Office.

ADVISORY COMMITTEE

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

APPLICATION OF LAW TO THE LEGISLATIVE BRANCH

Pursuant to section 102(b)(3) of the *Congressional Accountability Act*, Pub. L. No. 104-1, H.R. 6899, as amended, does not apply to terms and conditions of employment or to access to public services or accommodations within the legislative branch.

EARMARK STATEMENT

In accordance with clause 9 of rule XXI of the Rules of the House of Representatives, H.R. 6899 does not contain any congressional earmarks, limited tax benefits, or limited tariff benefits as described in clauses 9(e), 9(f), and 9(g) of rule XXI.

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 H.R. 6899 establishes or reauthorizes a program of the Federal Government known to be duplicative of another federal program, a program that was included in any report from the Government Accountability Office to Congress pursuant to section 21 of Public Law 111-139, or a program related to a program identified in the most recent Catalog of Federal Domestic Assistance.