

105TH CONGRESS  
2D SESSION

# H. R. 3573

To impose certain limitations on disbursements from the Exchange Stabilization Fund to certain countries, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 27, 1998

Mr. DINGELL (for himself, Mr. MURTHA, and Mr. REGULA) introduced the following bill; which was referred to the Committee on Banking and Financial Services, and in addition to the Committees on International Relations, and Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To impose certain limitations on disbursements from the Exchange Stabilization Fund to certain countries, 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. LIMITATION ON DISBURSEMENTS FROM THE**  
4 **EXCHANGE STABILIZATION FUND TO CER-**  
5 **TAIN COUNTRIES.**

6 Section 5302 of title 31, United States Code, is  
7 amended by adding at the end the following new sub-  
8 section:

1       “(e) LIMITATION ON DISBURSEMENTS TO COUN-  
2 TRIES NOT IN COMPLIANCE WITH CERTAIN IMF COM-  
3 MITMENTS.—

4           “(1) IN GENERAL.—Notwithstanding any other  
5 provision of this section and subject to paragraph  
6 (2), the Secretary of the Treasury may not make  
7 any expenditure or loan, incur any other obligation,  
8 or make any guarantee in excess of \$500,000,000  
9 through the stabilization fund, for the purpose of en-  
10 gaging in a coordinated international rescue plan for  
11 any foreign entity or any government of a foreign  
12 country, unless the Secretary certifies to the Con-  
13 gress that such foreign country is meeting its com-  
14 mitments to the International Monetary Fund with  
15 respect to economic, market access, and financial re-  
16 forms.

17           “(2) AGGREGATION RULE.—For purposes of de-  
18 termining whether the amount of any expenditure,  
19 loan, obligation, or guarantee described in paragraph  
20 (1) with respect to any foreign entity or government  
21 of a foreign country exceeds the amount of the limi-  
22 tation imposed in such paragraph, the Secretary of  
23 the Treasury shall take into account the aggregate  
24 amount of all expenditures, loans, obligations, or  
25 guarantees which have been made or incurred

1 through the stabilization fund with respect to such  
2 country for the purpose described in such paragraph  
3 during the 6-month period preceding the date such  
4 expenditure, loan, obligation, or guarantee is made  
5 or incurred.”.

6 **SEC. 2. REPORT TO THE CONGRESS ON ACTIONS BY THE**  
7 **UNITED STATES TO MONITOR FOREIGN GOV-**  
8 **ERNMENT COMPLIANCE WITH COMMIT-**  
9 **MENTS MADE TO THE IMF IN CONNECTION**  
10 **WITH FINANCIAL ASSISTANCE PACKAGES.**

11 (a) IN GENERAL.—Not less frequently than semi-  
12 annually, the Secretary of the Treasury shall submit to  
13 the Congress a report on the steps that the United States  
14 Government is taking to monitor the compliance of foreign  
15 governments in Asia with commitments made to the Inter-  
16 national Monetary Fund in connection with financial as-  
17 sistance packages provided or arranged by the Inter-  
18 national Monetary Fund.

19 (b) CERTAIN MATTERS TO BE INCLUDED.—Each re-  
20 port required by subsection (a) shall include—

21 (1) a description of the actions that the United  
22 States Executive Director at the International Mone-  
23 tary Fund has taken to ensure that the Inter-  
24 national Monetary Fund adequately and effectively

1 monitors and enforces the commitments referred to  
2 in subsection (a); and

3 (2) a description of the actions that the Depart-  
4 ment of the Treasury has taken, in coordination  
5 with actions of the Office of the United States Trade  
6 Representative or the Department of Commerce, to  
7 monitor and enforce the commitments.

8 **SEC. 3. MONITORING OF EFFECTS OF THE ASIAN FINAN-**  
9 **CIAL CRISIS ON THE UNITED STATES AND**  
10 **OTHER ECONOMIES.**

11 (a) COMMERCE DEPARTMENT REPORT ON COMPLI-  
12 ANCE BY ASIAN COUNTRIES WITH OBLIGATIONS UNDER  
13 INTERNATIONAL AGREEMENTS.—In coordination with the  
14 United States Trade Representative, the Secretary of  
15 Commerce shall monitor the progress that countries in  
16 Asia receiving financial assistance described in section 1  
17 or 2 are making in implementing commitments they have  
18 made under international agreements to provide access to  
19 their markets for foreign goods and services. The Sec-  
20 retary shall report to the Congress the results of such  
21 monitoring on a bimonthly basis, beginning not later than  
22 90 days after the date of the enactment of this Act, until  
23 the financial assistance for each such Asian country has  
24 been terminated. Each such report shall include the fol-  
25 lowing:

1           (1) A description of the progress made in re-  
2       solving issues in dispute in the investigation initiated  
3       by the United States Trade Representative under  
4       section 301(b)(1) of the Trade Act of 1974 on Octo-  
5       ber 1, 1997, pursuant to section 310 of that Act, in  
6       which tariff and nontariff barriers imposed by the  
7       Republic of Korea were identified as denying United  
8       States and other foreign automobiles access to mar-  
9       kets in Korea.

10          (2) A description of the progress made by the  
11       Republic of Korea in implementing its obligations  
12       under the United States-Korea Memorandum of Un-  
13       derstanding of 1995 concerning trade in motor vehi-  
14       cles.

15          (3) A description of the extent to which Indo-  
16       nesia is complying with its commitments to termi-  
17       nate benefits to its “National Car” program.

18          (4) A description of the degree to which the  
19       countries have fully implemented reforms required  
20       by the International Monetary Fund that are di-  
21       rected at corporate governance and corporate struc-  
22       ture, including—

23                (A) making nontransparent conglomerate  
24                practices more transparent through the applica-  
25                tion of internationally accepted accounting

1 practices, independent external audits, full dis-  
2 closure, and provision of consolidated state-  
3 ments; and

4 (B) ensuring that no government sub-  
5 sidized support or tax privileges will be provided  
6 to prevent the financial failure of individual cor-  
7 porations, particularly in the semiconductor,  
8 steel, motor vehicle, and paper industries.

9 (5) A description of the implementation of re-  
10 form measures required by the International Mone-  
11 tary Fund to deregulate and privatize economic ac-  
12 tivity by ending domestic monopolies, undertaking  
13 trade liberalization, and opening up restricted areas  
14 of the economy to foreign investment and competi-  
15 tion.

16 (6) A detailed description of the trade policies  
17 of the countries, including any unfair trade practices  
18 or adverse effects of the trade policies on the United  
19 States.

20 With regard to instances identified by the Secretary in  
21 which a country in Asia addressed in the report has failed  
22 to implement its obligations under international agree-  
23 ments to provide access to its markets for foreign goods  
24 and services, the Secretary, together with the United  
25 States Trade Representative, shall take appropriate action

1 under the laws of the United States and under inter-  
2 national dispute settlement procedures to enforce United  
3 States rights as a result of such failure.

4 (b) COMMERCE DEPARTMENT REPORT ON THIRD  
5 COUNTRY ACTIONS TO ACCEPT INCREASED ASIAN EX-  
6 PORTS.—The Secretary of Commerce shall monitor ex-  
7 ports of goods and services from those countries in Asia  
8 receiving financial assistance described in section 1 or 2  
9 to determine the degree to which Japan, the countries of  
10 the European Union, and other major participants in the  
11 International Monetary Fund are opening their markets  
12 to any increase in those exports. The Secretary shall re-  
13 port to the Congress the results of such monitoring on  
14 a bimonthly basis, beginning not later than 90 days after  
15 the date of the enactment of this Act, until the financial  
16 assistance for each such Asian country has been termi-  
17 nated. The Secretary, together with the Secretary of the  
18 Treasury and the United States Trade Representative,  
19 shall take all appropriate action that would result in those  
20 countries opening their markets to exports from those  
21 Asian countries in order to more equitably share the bur-  
22 den of responding to the financial crisis in Asia.

23 (c) COMMERCE DEPARTMENT REPORT ON EXPORT  
24 SURGES TO THE UNITED STATES.—The Secretary of  
25 Commerce shall monitor exports from those countries in

1 Asia receiving financial assistance described in section 1  
2 or 2 to the United States to determine whether there is  
3 any significant increase in exports to the United States  
4 due to fluctuations in currency valuations, government  
5 subsidies, dumping, or transshipment through third coun-  
6 tries. In conducting such monitoring, the Secretary shall  
7 take into account any outstanding antidumping and coun-  
8 tervailing duty determinations on imports from those  
9 Asian countries. The Secretary shall report to the Con-  
10 gress the results of such monitoring on a bimonthly basis,  
11 beginning not later than 90 days after the date of the en-  
12 actment of this Act, until the financial assistance for each  
13 such Asian country has been terminated. The Secretary  
14 shall take appropriate action under the laws of the United  
15 States where there is evidence of dumping or subsidization  
16 causing injury to United States industries.

17 (d) CONSULTATION WITH INDUSTRY.—In carrying  
18 out the requirements of this section, the Secretary shall  
19 consult with representatives of import-sensitive United  
20 States industries for the purpose of sharing and confirm-  
21 ing information and views that are relevant to the mon-  
22 itoring and reports required by this section.

23 (e) REPORT ON EFFECT OF FINANCIAL ASSIST-  
24 ANCE.—The Secretary of Commerce, in consultation with  
25 the United States Trade Representative, shall report to

1 the Congress annually, beginning not later than one year  
2 after the date of the enactment of this Act, concerning  
3 the extent to which financial assistance described in sec-  
4 tion 1 or 2 is contributing to economically sound financial,  
5 open market, trade, and commercial relations between  
6 each country in Asia receiving such assistance and other  
7 countries.

8 **SEC. 4. FULL ENFORCEMENT OF TRADE LAW REMEDIES.**

9 (a) STUDY.—To ensure the effectiveness of United  
10 States remedies against dumped and subsidized imports,  
11 the Secretary of Commerce shall conduct a study, in con-  
12 sultation with import-sensitive United States industries, to  
13 determine the appropriate application of United States  
14 antidumping and countervailing duty laws to imports from  
15 Asian countries, in light of currency devaluations and fi-  
16 nancial assistance described in section 1 or 2 that those  
17 countries have received. Such study shall—

18 (1) determine the appropriate treatment of  
19 rapid fluctuations in exchange rates that can se-  
20 verely reduce the price of goods sold in an exporter's  
21 home market (when converted to United States dol-  
22 lars) so that such fluctuations do not undermine the  
23 effectiveness of United States antidumping laws;

24 (2) determine the appropriate treatment under  
25 United States countervailing duty laws of the dif-

1       ference between the interest rates on government-in-  
2       duced low-interest loans and the interest rates, if  
3       higher, that private lenders would demand for loans  
4       to the foreign companies concerned, taking into ac-  
5       count the current levels of risk; and

6               (3) determine the appropriate treatment under  
7       United States countervailing duty laws of subsidies  
8       received in the past, even if the exporter or other  
9       producer of the subsidized merchandise has been  
10      sold or privatized or has declared bankruptcy.

11      (b) REPORT TO CONGRESS.—The Secretary of Com-  
12      merce shall complete the study conducted under sub-  
13      section (a), and submit to the Congress a report on the  
14      study, by not later than 6 months after the date of the  
15      enactment of this Act.

16      **SEC. 5. SUNSET.**

17      The provisions of this Act shall cease to be effective  
18      8 years after the date of the enactment of this Act.

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