

110TH CONGRESS  
1ST SESSION

# S. 1677

To amend the Exchange Rates and International Economic Coordination  
Act of 1988 and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

JUNE 21, 2007

Mr. DODD (for himself, Mr. SHELBY, Mr. BAYH, Mr. BUNNING, Mr. CARPER,  
Mr. BROWN, Mr. CASEY, and Ms. STABENOW) introduced the following  
bill; which was read twice and referred to the Committee on Banking,  
Housing, and Urban Affairs

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## A BILL

To amend the Exchange Rates and International Economic  
Coordination Act of 1988 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. SHORT TITLE.**

4       This Act may be cited as the “Currency Reform and  
5       Financial Markets Access Act of 2007”.

1 **TITLE I—EXCHANGE RATES AND**  
2 **INTERNATIONAL ECONOMIC**  
3 **POLICY COORDINATION ACT**  
4 **OF 1988**

5 **SEC. 101. STATEMENT OF POLICY.**

6 Section 3003 of the Exchange Rates and Inter-  
7 national Economic Policy Coordination Act of 1988 (22  
8 U.S.C. 5303) is amended—

9 (1) by striking “and” at the end of paragraph  
10 (3);

11 (2) by striking the period at the end of para-  
12 graph (4) and inserting a semicolon; and

13 (3) by adding at the end the following:

14 “(5) the United States, and other major indus-  
15 trialized countries, should, where appropriate, work  
16 together, through bilateral and multilateral discus-  
17 sions and international economic institutions, to en-  
18 sure that the rate of exchange of the currencies of  
19 the major trading nations and the United States dol-  
20 lar—

21 “(A) reflect economic fundamentals and  
22 market forces; and

23 “(B) contribute to the growth and balance  
24 of the international economy; and

1           “(6) the United States should take all appro-  
 2           priate and necessary measures to ensure that the  
 3           major trading partners of the United States are not  
 4           engaged in hidden or unfair subsidies through man-  
 5           agement of their currency or international exchange  
 6           rates.”.

7   **SEC. 102. FAIR CURRENCY.**

8           (a) IN GENERAL.—Section 3004(b) of the Exchange  
 9   Rates and International Economic Policy Coordination  
 10   Act of 1988 (22 U.S.C. 5304(b)) is amended to read as  
 11   follows:

12           “(b) BILATERAL NEGOTIATIONS.—

13                   “(1) ANALYSIS.—The Secretary of the Treas-  
 14           ury shall analyze on an annual basis the exchange  
 15           rate policies of foreign countries, in consultation  
 16           with the International Monetary Fund, and consider  
 17           whether any country, regardless of intent, manipu-  
 18           lates the rate of exchange between its currency and  
 19           the United States dollar in a manner that—

20                           “(A) prevents effective balance of pay-  
 21                           ments adjustments;

22                           “(B) gains an unfair competitive advan-  
 23                           tage in international trade; or

24                           “(C) results in an accumulation of sub-  
 25                           stantial dollar currency reserves.

1           “(2) DETERMINATION.—The Secretary shall  
 2           make an affirmative determination that a country is  
 3           manipulating its currency and take the action de-  
 4           scribed in paragraphs (3), (4), and (5) with respect  
 5           to any country the Secretary considers is manipu-  
 6           lating its currency as described in paragraph (1), if  
 7           that country—

8                   “(A) has a material global current account  
 9                   surplus;

10                   “(B) has significant bilateral trade sur-  
 11                   pluses with the United States; and

12                   “(C) has engaged in prolonged one-way  
 13                   intervention in the currency markets.

14           “(3) ACTION.—

15                   “(A) IN GENERAL.—In the case of any  
 16                   country with respect to which the Secretary  
 17                   makes an affirmative determination under para-  
 18                   graph (2), the Secretary shall, not later than 30  
 19                   days after the determination is made, establish  
 20                   a plan of action to remedy the currency manip-  
 21                   ulation, and submit a report regarding that  
 22                   plan, to the Committee on Banking, Housing,  
 23                   and Urban Affairs of the Senate and the Com-  
 24                   mittee on Financial Services of the House of  
 25                   Representatives.

1           “(B) BENCHMARKS.—The report described  
2           in subparagraph (A) shall include specific  
3           benchmarks and timeframes for correcting the  
4           currency manipulation.

5           “(4) INITIAL NEGOTIATIONS.—The Secretary  
6           shall initiate, on an expedited basis, bilateral nego-  
7           tiations with each country with respect to which an  
8           affirmative determination is made under paragraph  
9           (2) for the purpose of ensuring that the country reg-  
10          ularly and promptly adjusts the rate of exchange be-  
11          tween its currency and the United States dollar to  
12          permit effective balance of payment adjustments and  
13          to eliminate the unfair competitive advantage.

14          “(5) COORDINATION WITH THE INTER-  
15          NATIONAL MONETARY FUND.—The Secretary, within  
16          30 days of the determination made under paragraph  
17          (2), shall instruct the Executive Director to the  
18          International Monetary Fund to use the voice and  
19          vote of the United States, including requesting con-  
20          sultations under Article IV of the Articles of Agree-  
21          ment of the International Monetary Fund, for the  
22          purpose of ensuring that each country with respect  
23          to which an affirmative determination is made under  
24          paragraph (2) regularly and promptly adjusts the  
25          rate of exchange between its currency and the

1 United States dollar to permit effective balance of  
2 payments adjustments and to eliminate the unfair  
3 competitive advantage in trade.

4 “(6) FOLLOW-UP REPORT.—Not later than 300  
5 days after an affirmative determination is made  
6 under paragraph (2), if the country with respect to  
7 which the affirmative determination is made con-  
8 tinues to manipulate the rate of exchange between  
9 its currency and the United States dollar and the  
10 benchmarks in the report required under paragraph  
11 (3) have not been met, the Secretary shall initiate  
12 action pursuant to the Understanding on Rules and  
13 Procedures Governing the Settlement of Disputes  
14 annexed to the WTO Agreement to address the  
15 country’s currency manipulation and violations of  
16 the country’s obligations under article XV of GATT  
17 1994.

18 “(7) EXCEPTION.—The Secretary is not re-  
19 quired to initiate action in any case in which the  
20 President determines that the action will have a seri-  
21 ous detrimental impact on the vital economic and se-  
22 curity interests of the United States. If the Presi-  
23 dent makes a determination under the preceding  
24 sentence, the President shall inform the chairman  
25 and the ranking minority member of the Committee

1 on Banking, Housing, and Urban Affairs of the Sen-  
 2 ate and of the Committee on Financial Services of  
 3 the House of Representatives of the President’s de-  
 4 termination.”.

5 (b) DEFINITIONS.—Section 3006 of the Exchange  
 6 Rates and International Economic Coordination Act of  
 7 1988 (22 U.S.C. 5306) is amended by adding at the end  
 8 the following:

9 “(3) GATT 1994.—The term ‘GATT 1994’ has  
 10 the meaning given such term in section 2(1)(B) of  
 11 the Uruguay Round Agreements Act (19 U.S.C.  
 12 3501(1)(B)).

13 “(4) WTO AGREEMENT.—The term ‘WTO  
 14 Agreement’ means the Agreement Establishing the  
 15 World Trade Organization entered into on April 15,  
 16 1994.”.

17 **SEC. 103. REPORTING REQUIREMENTS.**

18 Section 3005 of the Exchange Rates and Inter-  
 19 national Economic Policy Coordination Act of 1988 (22  
 20 U.S.C. 5305) is amended—

21 (1) in subsection (a)—

22 (A) by striking “In furtherance” and in-  
 23 serting the following:

24 “(1) IN GENERAL.—In furtherance”; and

25 (B) by striking the last sentence; and

1 (2) by adding at the end the following:

2 “(2) APPEARANCES BEFORE THE CONGRESS.—

3 The Secretary shall appear before the Congress at  
4 semi-annual hearings to provide testimony on the re-  
5 ports referred to in paragraph (1)—

6 “(A) before the Committee on Banking,  
7 Housing and Urban Affairs of the Senate on or  
8 about October 15 of each even numbered cal-  
9 endar year and on or about April 15 of each  
10 odd numbered calendar year;

11 “(B) before the Committee on Financial  
12 Services of the House of Representatives on or  
13 about April 15 of each even numbered calendar  
14 year and on or about October 15 of each odd  
15 numbered calendar year; and

16 “(C) before either Committee referred to in  
17 subparagraph (A) or (B), upon request of the  
18 Chairman, following the scheduled appearance  
19 of the Secretary before the other Committee.”.

20 **SEC. 104. CONGRESSIONAL DETERMINATION OF CURRENCY**  
21 **MANIPULATION.**

22 The Exchange Rates and International Economic  
23 Policy Coordination Act of 1988 (22 U.S.C. 5301 et seq.)  
24 is amended by inserting after section 3004 the following:



1 **“SEC. 3004A. ACTION BASED ON COMMITTEE RESOLUTION.**

2       “(a) IN GENERAL.—In this section, the term ‘*joint*  
 3 *resolution*’ means only a joint resolution introduced in the  
 4 period beginning on the date on which the report referred  
 5 to section 3004(b)(3) of the Exchange Rates and Inter-  
 6 national Economic Policy Coordination Act of 1988 is re-  
 7 ceived by the Committee on Banking, Housing and Urban  
 8 Affairs of the Senate or the Committee on Financial Serv-  
 9 ices of the House of Representatives and ending 60 days  
 10 thereafter (excluding days either House of Congress is ad-  
 11 journed for more than 3 days during a session of Con-  
 12 gress), the matter after the resolving clause of which is  
 13 as follows: ‘That Congress disapproves of the determina-  
 14 tion of the Secretary of the Treasury relating to the find-  
 15 ing of currency manipulation as described in section  
 16 3004(b) of the Exchange Rates and International Eco-  
 17 nomic Policy Coordination Act of 1988 in the report relat-  
 18 ing to \_\_\_\_\_, submitted on  
 19 \_\_\_\_\_.’, with the first blank space  
 20 being filled with the name of the country (or countries)  
 21 to which the determination relates and the second blank  
 22 space being filled with the date the report was submitted.

23       “(b) PROCEDURES FOR CONSIDERING RESOLU-  
 24 TIONS.—

25       “(1) ORIGINAL RESOLUTIONS.—Resolutions of  
 26 disapproval shall be original resolutions, which—

1           “(A) in the House of Representatives shall  
 2           originate from the Committee on Financial  
 3           Services and, in addition, be referred to the  
 4           Committee on Rules; and

5           “(B) in the Senate shall originate from the  
 6           Committee on Banking, Housing, and Urban  
 7           Affairs.

8           “(2) FLOOR CONSIDERATION.—

9           “(A) IN GENERAL.—Except as otherwise  
 10          provided in this section, the provisions of sub-  
 11          sections (d) through (f) of section 152 of the  
 12          Trade Act of 1974 (19 U.S.C. 2192(d) through  
 13          (f)) (relating to floor consideration of certain  
 14          resolutions in the House and Senate) apply to  
 15          a joint resolution of disapproval under this sec-  
 16          tion to the same extent as such subsections  
 17          apply to joint resolutions under such section  
 18          152.

19          “(B) MODIFICATION OF SECTION 152.—  
 20          Section 152(f) of the Trade Act of 1974 shall  
 21          be applied—

22                 “(i) by substituting ‘described in sec-  
 23                 tion 3004A of the Exchange Rates and  
 24                 International Economic Policy Coordina-  
 25                 tion Act of 1988’ for ‘described in section

1                   152 or 153(a), whichever is applicable,’ in  
2                   paragraph (2); and

3                   “(ii) by substituting ‘a joint resolution  
4                   described in section 3004A of the Ex-  
5                   change Rates and International Economic  
6                   Policy Coordination Act of 1988’ for ‘a  
7                   joint resolution described in subsection  
8                   (a)(2)(B)’ in paragraph (3).

9                   “(c) RULES OF HOUSE OF REPRESENTATIVES AND  
10                  SENATE.—This section is enacted by the Congress—

11                  “(1) as an exercise of the rulemaking power of  
12                  the House of Representatives and the Senate, re-  
13                  spectively, and as such are deemed a part of the  
14                  rules of each House, respectively, and such proce-  
15                  dures supersede other rules only to the extent that  
16                  they are inconsistent with such other rules; and

17                  “(2) with the full recognition of the constitu-  
18                  tional right of either House to change the rules (so  
19                  far as relating to the procedures of that House) at  
20                  any time, in the same manner, and to the same ex-  
21                  tent as any other rule of that House.”.

1     **TITLE II—FINANCIAL REPORTS**  
2                     **ACT OF 1988**

3     **SEC. 201. SHORT TITLE.**

4             This title may be cited as the “Promoting Market Ac-  
5     cess for Financial Services Act”.

6     **SEC. 202. REPORT ON FOREIGN TREATMENT OF UNITED**  
7                     **STATES FINANCIAL INSTITUTIONS.**

8             The Financial Reports Act of 1988 (22 U.S.C. 5351  
9     et seq.) is amended—

10            (1) in section 3602—

11                  (A) by striking “**QUADRENNIAL**” and in-  
12                  serting “**ANNUAL**” in the heading;

13                  (B) by striking “not less frequently than  
14                  every 4 years, beginning December 1, 1990”  
15                  and inserting “beginning July 1, 2008, and an-  
16                  nually thereafter,”; and

17                  (C) by striking “to the Congress” and in-  
18                  serting “to the Committee on Banking, Hous-  
19                  ing, and Urban Affairs of the Senate and the  
20                  Committee on Financial Services of the House  
21                  of Representatives”;

22            (2) in section 3603—

23                  (A) by redesignating subsections (b), (c),  
24                  and (d) as subsections (c), (d), and (e), respec-  
25                  tively; and

1 (B) by inserting after subsection (a), the  
 2 following:

3 “(b) REPORT ON SED.—The Secretary shall include  
 4 in the initial report required under section 3602 a sum-  
 5 mary of the results of the most recent US–China Strategic  
 6 Economic Dialogue (SED) and the results of the SED as  
 7 it relates to promoting market access for financial institu-  
 8 tions. The reports required under section 3602 shall in-  
 9 clude a progress report on the implementation of any  
 10 agreements resulting from the SED, a description of the  
 11 remaining challenges, if any, in improving market access  
 12 for financial institutions, and a plan, including bench-  
 13 marks and timeframes, for dealing with the remaining  
 14 challenges. Each report shall specifically address issues re-  
 15 garding—

16 “(1) foreign investment rules;

17 “(2) the problems of a dual-share stock market;

18 “(3) the openness of the derivatives market;

19 “(4) restrictions on foreign bank branching;

20 “(5) the ability to offer insurance (including in-  
 21 novative products); and

22 “(6) regulatory and procedural transparency.”.

○