

Calendar No. 48

104TH CONGRESS
1ST SESSION

S. 384

A BILL

To require a report on United States support for Mexico during its debt crisis, and for other purposes.

APRIL 4 (legislative day, MARCH 27), 1995
Reported with an amendment and an amendment to the title

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To require a report on United States support for Mexico during its debt crisis, and for other purposes.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 10 (legislative day, JANUARY 30), 1995

Mr. BROWN (for himself and Mr. HELMS) introduced the following bill; which was read twice and referred to the Committee on Foreign Relations

APRIL 4 (legislative day, MARCH 27), 1995

Reported by Mr. HELMS, with an amendment and an amendment to the title
[Strike out all after the enacting clause and insert the part printed in italic]

A BILL

To require a report on United States support for Mexico during its debt crisis, 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. REPORT REQUIRED.**

4 ~~(a) REPORT.—Not later than March 1, 1995, and~~
5 ~~every six months thereafter, the President shall transmit~~
6 ~~a report to the appropriate congressional committees con-~~
7 ~~cerning all United States Government loans, credits, guar-~~

1 antees, and short-term and long-term currency swaps with
2 Mexico.

3 (b) CONTENTS OF REPORT.—The report described in
4 subsection (a) shall include the following:

5 (1) A breakdown of all outstanding United
6 States Government loans, credits, and guarantees
7 provided to the Government of Mexico.

8 (2) A detailed list of all Federal Reserve cur-
9 rency swaps designed to support indebtedness of the
10 Government of Mexico, and the cost or benefit to the
11 United States Treasury from each such transaction.

12 (3) A description of any payments by creditors
13 of Mexican petroleum companies into the petroleum
14 finance facility established to ensure repayment of
15 United States loans or guarantees.

16 (4) A description of any disbursement by the
17 United States Government from the petroleum fi-
18 nance facility.

19 (5) Once payments have been diverted from
20 PEMEX to the United States Treasury through the
21 petroleum finance facility, a description of the status
22 of petroleum deliveries to those customers whose
23 payments were diverted.

1 (6) A description of the risk factors used in cal-
2 culations concerning Mexican repayment of indebted-
3 ness.

4 (7) A statement of the progress the Govern-
5 ment of Mexico has made in reforming its currency
6 and establishing an independent central bank or cur-
7 rency board.

8 (8) A description of specific actions taken by
9 the Government of Mexico to further privatize the
10 economy of Mexico.

11 **SEC. 2. PRESIDENTIAL CERTIFICATION.**

12 Notwithstanding any other provision of law, before
13 extending any loan, credit, guarantee, or arrangement for
14 a swap of currencies to Mexico through any United States
15 Government monetary facility, the President shall certify
16 to the appropriate congressional committees that—

17 (1) there is no projected cost to the United
18 States from the proposed loan, credit, guarantee, or
19 currency swap;

20 (2) all loans, credits, guarantees, and currency
21 swaps are adequately collateralized to ensure that
22 United States funds will be repaid;

23 (3) the Government of Mexico has undertaken
24 effective efforts to establish an independent central

1 bank or an independent currency control mechanism;
2 and

3 ~~(4) Mexico has in effect a significant economic~~
4 ~~reform effort.~~

5 **SEC. 3. DEFINITION.**

6 As used in this Act, the term “appropriate congress-
7 sional committees” means the Committees on Appropria-
8 tions, Ways and Means, and International Relations of the
9 House of Representatives and the Committees on Appro-
10 priations, Finance, and Foreign Relations of the Senate.

11 **SECTION 1. SHORT TITLE.**

12 *This Act may be cited as the “Mexican Debt Disclosure*
13 *Act of 1995”.*

14 **SEC. 2. FINDINGS.**

15 *The Congress finds that—*

16 *(1) Mexico is an important neighbor and trading*
17 *partner of the United States;*

18 *(2) on January 31, 1995, the President approved*
19 *a program of assistance to Mexico, in the form of*
20 *swap facilities and securities guarantees in the*
21 *amount of \$20,000,000,000, using the Exchange Sta-*
22 *bilization Fund;*

23 *(3) the program of assistance involves the par-*
24 *ticipation of the Federal Reserve System, the Inter-*
25 *national Monetary Fund, the Bank for International*

1 *Settlements, the World Bank, the Inter-American De-*
2 *velopment Bank, the Bank of Canada, and several*
3 *Latin American countries;*

4 (4) *the involvement of the Exchange Stabiliza-*
5 *tion Fund and the Federal Reserve System means*
6 *that United States taxpayer funds will be used in the*
7 *assistance effort to Mexico;*

8 (5) *assistance provided by the International*
9 *Monetary Fund, the World Bank, and the Inter-*
10 *American Development Bank may require additional*
11 *United States contributions of taxpayer funds to those*
12 *entities;*

13 (6) *the immediate use of taxpayer funds and the*
14 *potential requirement for additional future United*
15 *States contributions of taxpayer funds necessitates*
16 *Congressional oversight of the disbursement of funds;*
17 *and*

18 (7) *the efficacy of the assistance to Mexico is con-*
19 *tingent on the pursuit of sound economic policy by*
20 *the Government of Mexico.*

21 **SEC. 3. PRESIDENTIAL REPORTS.**

22 (a) *REPORTING REQUIREMENT.*—*Not later than June*
23 *30, 1995, and every six months thereafter, the President*
24 *shall transmit a report to the appropriate congressional*
25 *committees concerning all United States Government guar-*

1 *antees to, and short-term and long-term currency swaps*
2 *with, Mexico.*

3 *(b) CONTENTS OF REPORTS.—Each report described in*
4 *subsection (a) shall contain a description of the following*
5 *actions taken, or economic situations existing, during the*
6 *preceding six month period or, in the case of the initial*
7 *report, during the period beginning on the date of enact-*
8 *ment of this Act:*

9 *(1) Changes in wage, price, and credit controls*
10 *in the Mexican economy.*

11 *(2) Changes in Mexican taxation policy.*

12 *(3) Specific actions taken by the Government of*
13 *Mexico to further privatize the economy of Mexico.*

14 *(4) Actions taken by the Government of Mexico*
15 *in the development of regulatory policy that signifi-*
16 *cantly affected the performance of the Mexican econ-*
17 *omy.*

18 *(5) Consultations concerning the program ap-*
19 *proved by the President, including advice on eco-*
20 *nomics, monetary, and fiscal policy, held between the*
21 *Government of Mexico and the Department of the*
22 *Treasury and the conclusions of any periodic reviews*
23 *undertaken by the International Monetary Fund pur-*
24 *suant to the Fund's loan agreements with Mexico.*

1 (6) *All outstanding United States Government*
2 *loans, credits, and guarantees provided to the Govern-*
3 *ment of Mexico, set forth by category of financing.*

4 (7) *The progress the Government of Mexico has*
5 *made in stabilizing the peso and establishing an inde-*
6 *pendent central bank or currency board.*

7 (c) *SUMMARY OF TREASURY DEPARTMENT RE-*
8 *PORTS.—In addition to the information required to be in-*
9 *cluded under subsection (b), each report required under this*
10 *section shall contain a summary of the information con-*
11 *tained in all reports submitted under section 4 during the*
12 *period covered by the report required under this section.*

13 **SEC. 4. REPORTS BY THE SECRETARY OF THE TREASURY.**

14 (a) *REPORTING REQUIREMENT.—Beginning on the*
15 *last day of the first month which begins after the date of*
16 *enactment of this Act, and on the last day of every month*
17 *thereafter, the Secretary of the Treasury shall transmit a*
18 *report to the appropriate congressional committees concern-*
19 *ing all United States Government guarantees to, and short-*
20 *term and long-term currency swaps with, Mexico.*

21 (b) *CONTENTS OF REPORTS.—Each report described in*
22 *subsection (a) shall include a description of the following*
23 *actions taken, or economic situations existing, during the*
24 *month in which the report is required to be submitted:*

1 (1) *The current condition of the Mexican econ-*
2 *omy.*

3 (2) *The reserve positions of the Mexican Central*
4 *Bank and data relating to the functioning of Mexican*
5 *monetary policy.*

6 (3) *The amount of any funds disbursed from the*
7 *Exchange Stabilization Fund pursuant to the ap-*
8 *proval of the President issued on January 31, 1995.*

9 (4) *The amount of any funds disbursed from the*
10 *Federal Reserve pursuant to the approval of the*
11 *President issued on January 31, 1995.*

12 (5) *Financial transactions, both inside and out-*
13 *side of Mexico, made during the reporting period in-*
14 *volving funds disbursed to Mexico from the Exchange*
15 *Stabilization Fund or proceeds of Mexican Govern-*
16 *ment securities guaranteed by the Exchange Sta-*
17 *bilization Fund.*

18 (6) *All outstanding Treasury guarantees and*
19 *short-term and medium-term currency swaps pro-*
20 *vided to the Government of Mexico, set forth by cat-*
21 *egory of financing.*

22 (7) *All outstanding Federal Reserve currency*
23 *swaps provided to the Banco de Mexico and the ra-*
24 *tionale for, and any expected costs of, such trans-*
25 *actions.*

1 (8) *The amount of payments made by customers*
2 *of Mexican petroleum companies that have been de-*
3 *posited in the account at the Federal Reserve Bank of*
4 *New York established to ensure repayment of United*
5 *States guarantees or swaps.*

6 (9) *Any set-off by the Federal Reserve Bank of*
7 *New York against funds in the account of the Bank*
8 *established to ensure repayment of United States*
9 *guarantees or swaps.*

10 (10) *To the extent such information is available,*
11 *once there has been a set-off by the Federal Reserve*
12 *Bank of New York, any interruption in deliveries of*
13 *petroleum products to existing customers whose pay-*
14 *ments were set-off.*

15 (11) *The interest rates and fees charged to com-*
16 *pensate the Department of the Treasury for the risk*
17 *of providing financing.*

18 **SEC. 5. TERMINATION OF REPORTING REQUIREMENTS.**

19 *The requirements of sections 3 and 4 shall terminate*
20 *on the date that the Government of Mexico has paid all*
21 *obligations with respect to swap facilities and guarantees*
22 *of securities made available under the program approved*
23 *by the President on January 31, 1995.*

1 **SEC. 6. PRESIDENTIAL CERTIFICATION.**

2 *Notwithstanding any other provision of law, before ex-*
3 *tending any guarantee or swap of currencies to Mexico*
4 *through the Exchange Stabilization Fund or the Federal*
5 *Reserve under the program approved by the President on*
6 *January 31, 1995, the President shall certify to the appro-*
7 *priate congressional committees that—*

8 *(1) there is no projected cost (as defined in the*
9 *Credit Reform Act of 1990) to the United States from*
10 *the proposed guarantee or currency swap;*

11 *(2) the proposed guarantee or currency swap is*
12 *adequately backed to ensure that United States funds*
13 *will be repaid;*

14 *(3) the Government of Mexico is making progress*
15 *in ensuring an independent central bank or an inde-*
16 *pendent currency control mechanism; and*

17 *(4) Mexico has in effect a significant economic*
18 *reform effort.*

19 **SEC. 7. REPORT ON INVOLVEMENT BY SENIOR MEXICAN**
20 **GOVERNMENT OFFICIALS IN ILLEGAL DRUG**
21 **TRAFFICKING.**

22 *(a) REPORT.—Not later than 30 days after the date*
23 *of enactment of this Act, the President shall transmit a re-*
24 *port to the appropriate congressional committees setting*
25 *forth all information available to the United States Govern-*
26 *ment with respect to the involvement, since March 1, 1991,*

1 *by senior officials of the Government of Mexico, their rel-*
2 *atives, and close associates, including any involvement by*
3 *Presidents of Mexico, cabinet ministers, and military offi-*
4 *cers, in the illegal trafficking in controlled substances (as*
5 *defined in section 102(6) of the Controlled Substances Act*
6 *(21 U.S.C. 802(6)) or in any act to aid or abet such illegal*
7 *trafficking.*

8 *(b) DEFINITIONS.—As used in this section:*

9 *(1) AID OR ABET.—The phrase “aid or abet” in-*
10 *cludes any act to facilitate illegal trafficking in con-*
11 *trolled substances, including any solicitation or re-*
12 *ceipt of anything of value in consideration of aiding*
13 *a person to engage in illegal trafficking of such sub-*
14 *stances.*

15 *(2) TRAFFICKING.—The term “trafficking”*
16 *means transporting, transferring, or otherwise dispos-*
17 *ing of, to another, as consideration for anything of*
18 *value, or making or obtaining control of with the in-*
19 *tent to so transport, transfer, or dispose of.*

20 **SEC. 8. DEFINITION.**

21 *As used in this Act, the term “appropriate congres-*
22 *sional committees” means the Committees on International*
23 *Relations and Banking and Financial Services of the House*
24 *of Representatives and the Committees on Foreign Relations*
25 *and Banking, Housing and Urban Affairs of the Senate.*

Amend the title so as to read: “A bill to require reports on United States support for Mexico during its debt crisis, and for other purposes.”.