

105TH CONGRESS  
2D SESSION

# H. R. 4150

To appropriate funds necessary for United States participation in a quota increase and the New Arrangements to Borrow of the International Monetary Fund, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 25, 1998

Mr. STENHOLM (for himself, Mr. DOOLEY of California, Mr. MINGE, Mr. BOSWELL, and Mr. ETHERIDGE) introduced the following bill; which was referred to the Committee on Banking and Financial Services

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## A BILL

To appropriate funds necessary for United States participation in a quota increase and the New Arrangements to Borrow of the International Monetary Fund, 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       That the following sums are appropriated, out of any  
4       money in the Treasury not otherwise appropriated, for the  
5       International Monetary Fund for the fiscal year ending  
6       September 30, 1998, and for other purposes, namely:

## 1           MULTILATERAL ECONOMIC ASSISTANCE

## 2                   FUNDS APPROPRIATED TO THE PRESIDENT

## 3                   LOANS TO INTERNATIONAL MONETARY FUND

## 4                           NEW ARRANGEMENTS TO BORROW

5           For loans to the International Monetary Fund  
6 (Fund) under the New Arrangements to Borrow, the dol-  
7 lar equivalent of 2,462,000,000 Special Drawing Rights,  
8 to remain available until expended; in addition, up to the  
9 dollar equivalent of 4,250,000,000 Special Drawing  
10 Rights previously appropriated by the Act of November  
11 30, 1983 (Public Law 98–181), and the Act of October  
12 23, 1962 (Public Law 87–872), for the General Arrange-  
13 ments to Borrow, may also be used for the New Arrange-  
14 ments to Borrow.

## 15                           UNITED STATES QUOTA

16           For an increase in the United States quota in the  
17 International Monetary Fund, the dollar equivalent of  
18 10,622,500,000 Special Drawing Rights, to remain avail-  
19 able until expended.

## 20                           GENERAL PROVISIONS

21           SEC. 101. CONDITIONS FOR THE USE OF QUOTA RE-  
22 SOURCES. (a) None of the funds appropriated in this Act  
23 under the heading “United States Quota, International  
24 Monetary Fund” may be obligated, transferred or made  
25 available to the International Monetary Fund until 30  
26 days after the Secretary of the Treasury certifies that the

1 major shareholders of the International Monetary Fund,  
2 including the United States, Japan, the Federal Republic  
3 of Germany, France, Italy, the United Kingdom, and Can-  
4 ada have publicly agreed to, and will seek to implement  
5 in the Fund, policies that provide for conditions in stand-  
6 by agreements or other arrangements regarding the use  
7 of Fund resources, requiring that the recipient country—

8           (1) liberalize restrictions on trade in goods and  
9           services and on investment, at a minimum consistent  
10          with the terms of all international trade obligations  
11          and agreements; and

12          (2) to eliminate the practice or policy of govern-  
13          ment directed lending on non-commercial terms or  
14          provision of market distorting subsidies to favored  
15          industries, enterprises, parties, or institutions.

16          (b) Subsequent to the certification provided in sub-  
17          section (a), in conjunction with the annual submission of  
18          the President's budget, the Secretary of the Treasury shall  
19          report to the appropriate committees on the implementa-  
20          tion and enforcement of the provisions in subsection (a).

21          (c) The United States shall exert its influence with  
22          the Fund and its members to encourage the Fund to in-  
23          clude as part of its conditions of stand-by agreements or  
24          other uses of the Fund's resources that the recipient coun-  
25          try take action to remove discriminatory treatment be-

1 tween foreign and domestic creditors in its debt resolution  
2 proceedings. The Secretary of the Treasury shall report  
3 back to the Congress six months after the enactment of  
4 this Act, and annually thereafter, on the progress in  
5 achieving this requirement.

6 (d) BANKRUPTCY LAW REFORM.—The United States  
7 shall exert its influence with the International Monetary  
8 Fund and its members to encourage the International  
9 Monetary Fund to include as part of its conditions of as-  
10 sistance that the recipient country take action to adopt,  
11 as soon as possible, modern insolvency laws that—

12 (1) emphasize reorganization of business enter-  
13 prises rather than liquidation whenever possible;

14 (2) provide for a high degree of flexibility of ac-  
15 tion, in place of rigid requirements of form or sub-  
16 stance, together with appropriate review and ap-  
17 proval by a court and a majority of the creditors in-  
18 volved;

19 (3) include provisions to ensure that assets  
20 gathered in insolvency proceedings are accounted for  
21 and put back into the market stream as quickly as  
22 possible in order to maximize the number of busi-  
23 nesses that can be kept productive and increase the  
24 number of jobs that can be saved; and

1           (4) promote international cooperation in insol-  
2           vency matters by including—

3                   (A) provisions set forth in the Model Law  
4                   on Cross-Border Insolvency approved by the  
5                   United Nations Commission on International  
6                   Trade Law, including removal of discriminatory  
7                   treatment between foreign and domestic credi-  
8                   tors in debt resolution proceedings; and

9                   (B) other provisions appropriate for pro-  
10                  moting such cooperation.

11 The Secretary of the Treasury shall report back to Con-  
12 gress six months after the enactment of this Act, and an-  
13 nually, thereafter, on the progress in achieving this re-  
14 quirement.

15           (e) Nothing in this section shall be construed to cre-  
16 ate any private right of action with respect to the enforce-  
17 ment of its terms.

18           SEC. 102. TRANSPARENCY AND OVERSIGHT. (a) Not  
19 later than 30 days after enactment of this Act, the Sec-  
20 retary of the Treasury shall certify to the appropriate  
21 committees that the Board of Executive Directors of the  
22 International Monetary Fund has agreed to provide timely  
23 access by the Comptroller General to information and doc-  
24 uments relating to the Fund's operations, program and

1 policy reviews and decisions regarding stand-by agree-  
2 ments and other uses of the Fund's resources.

3 (b) The Secretary of the Treasury shall direct, and  
4 the U.S. Executive Director to the International Monetary  
5 Fund shall agree to—

6 (1) provide any documents or information avail-  
7 able to the Director that are requested by the Comp-  
8 troller General;

9 (2) request from the Fund any documents or  
10 material requested by the Comptroller General; and

11 (3) use all necessary means to ensure all pos-  
12 sible access by the Comptroller General to the staff  
13 and operations of the Fund for the purposes of con-  
14 ducting financial and program audits.

15 (c) The Secretary of the Treasury, in consultation  
16 with the Comptroller General and the U.S. Executive Di-  
17 rector of the Fund, shall develop and implement a plan  
18 to obtain timely public access to information and docu-  
19 ments relating to the Fund's operations, programs and  
20 policy reviews and decisions regarding stand-by agree-  
21 ments and other uses of the Fund's resources.

22 (d) No later than July 1, 1998 and, not later than  
23 March 1 of each year thereafter, the Secretary of the  
24 Treasury shall submit a report to the appropriate commit-  
25 tees on the status of timely publication of Letters of Intent

1 and Article IV consultation documents and the availability  
2 of information referred to in (c).

3       SEC. 103. ADVISORY COMMISSION. (a) The President  
4 shall establish an International Financial Institution Advi-  
5 sory Commission (hereafter “Commission”).

6       (b) The Commission shall include at least five former  
7 United States Secretaries of the Treasury.

8       (c) Within 180 days, the Commission shall report to  
9 the appropriate committees on the future role and respon-  
10 sibilities, if any, of the International Monetary Fund and  
11 the merit, costs and related implications of consolidation  
12 of the organization, management, and activities of the  
13 International Monetary Fund, the International Bank for  
14 Reconstruction and Development and the World Trade  
15 Organization.

16       SEC. 104. BRETTON WOODS CONFERENCE. Not later  
17 than 180 days after the Commission reports to the appro-  
18 priate committees, the President shall call for a conference  
19 of representatives of the governments of the member coun-  
20 tries of the International Monetary Fund, the Inter-  
21 national Bank for Reconstruction and Development and  
22 the World Trade Organization to consider the structure,  
23 management and activities of the institutions, their pos-  
24 sible merger and their capacity to contribute to exchange

1 rate stability and economic growth and to respond effec-  
2 tively to financial crises.

3 SEC. 105. REPORTS. (a) Following the extension of  
4 a stand-by agreement or other uses of the resources by  
5 the International Monetary Fund, the Secretary of the  
6 Treasury, in consultation with the U.S. Executive Director  
7 of the Fund, shall submit a report to the appropriate com-  
8 mittees providing the following information—

9 (1) the borrower's rules and regulations dealing  
10 with capitalization ratios, reserves, deposit insurance  
11 system and initiatives to improve transparency of in-  
12 formation on the financial institutions and banks  
13 which may benefit from the use of the Fund's re-  
14 sources;

15 (2) the burden shared by private sector inves-  
16 tors and creditors, including commercial banks in  
17 the Group of Seven Nations, in the losses which  
18 have prompted the use of the Fund's resources;

19 (3) the Fund's strategy, plan and timetable for  
20 completing the borrower's pay back of the Fund's  
21 resources including a date by which the borrower  
22 will be free from all international institutional debt  
23 obligation; and

24 (4) the status of efforts to upgrade the borrow-  
25 er's national standards to meet the Basle Commit-

1       tee’s Core Principles for Effective Banking Super-  
2       vision.

3       (b) Following the extension of a stand-by agreement  
4       or other use of the Fund’s resources, the Secretary of the  
5       Treasury shall report to the appropriate committees in  
6       conjunction with the annual submission of the President’s  
7       budget, an account—

8               (1) of outcomes related to the requirements of  
9       section 110; and

10              (2) of the direct and indirect institutional re-  
11       cipients of such resources: *Provided*, That this ac-  
12       count shall include the institutions or banks indi-  
13       rectly supported by the Fund through resources  
14       made available by the borrower’s Central Bank.

15       (c) Not later than 30 days after the enactment of  
16       this Act, the Secretary shall submit a report to the appro-  
17       priate committees of Congress providing the information  
18       requested in paragraphs (a) and (b) for the countries of  
19       South Korea, Indonesia, Thailand and the Philippines.

20       SEC. 106. CERTIFICATIONS. (a) The Secretary of the  
21       Treasury shall certify to the appropriate committees that  
22       the following conditions have been met—

23              (1) No International Monetary Fund resources  
24       have resulted in support to the semiconductor, steel,

1 automobile, shipbuilding, or textile and apparel in-  
2 dustries in any form;

3 (2) The Fund has not guaranteed nor under-  
4 written the private loans of semiconductor, steel,  
5 automobile, shipbuilding, or textile and apparel man-  
6 ufacturers; and

7 (3) Officials from the Fund and the Depart-  
8 ment of the Treasury have monitored the implemen-  
9 tation of the provisions contained in stabilization  
10 programs in effect after July 1, 1997, and all of the  
11 conditions have either been met, or the recipient gov-  
12 ernment has committed itself to fulfill all of these  
13 conditions according to an explicit timetable for  
14 completion; which timetable has been provided to  
15 and approved by the Fund and the Department of  
16 the Treasury.

17 (b) Such certifications shall be made 14 days prior  
18 to the disbursement of any Fund resources to the bor-  
19 rower.

20 (c) The Secretary of the Treasury shall instruct the  
21 United States Executive Director of the International  
22 Monetary Fund to use the voice and vote of the Executive  
23 Director to oppose disbursement of further funds if such  
24 certification is not given.

1 (d) Such certifications shall continue to be made on  
2 an annual basis as long as Fund contributions continue  
3 to be outstanding to the borrower country.

4 (e) After consultation with the Secretary of the  
5 Treasury and the United States Trade Representative, the  
6 Secretary of Commerce shall establish a team composed  
7 of employees of the Department of Commerce—

8 (1) to collect data on import volumes and  
9 prices, and industry statistics in—

10 (A) the steel industry;

11 (B) the semiconductor industry;

12 (C) the automobile industry;

13 (D) the textile and apparel industry; and

14 (E) shipbuilding;

15 (2) to monitor the effect of the Asian economic  
16 crisis on these industries;

17 (3) to collect accounting data from Asian pro-  
18 ducers; and

19 (4) to work to prevent import surges in these  
20 industries or to assist United States industries af-  
21 fected by such surges in their efforts to protect  
22 themselves under the trade laws of the United  
23 States.

24 (f) The Secretary of Commerce shall provide adminis-  
25 trative support, including office space, for the team.

1 (g) The Secretary of the Treasury and the United  
2 States Trade Representative may assign such employees  
3 to the team as may be necessary to assist the team in  
4 carrying out its functions under subsection (e).

5 SEC. 107. LIMITATIONS ON INTERNATIONAL MONE-  
6 TARY FUND LOANS TO INDONESIA. The Secretary of the  
7 Treasury shall instruct the United States Executive Direc-  
8 tor of the International Monetary Fund to use the voice  
9 and vote of the United States to prevent the extension of  
10 International Monetary Fund resources—

11 (1) directly to or for the direct benefit of the  
12 President of Indonesia or any member of the Presi-  
13 dent's family; and

14 (2) the Secretary of the Treasury shall instruct  
15 the Executive Director to use the United States  
16 voice and vote to oppose further disbursement of  
17 funds to Indonesia on any International Monetary  
18 Fund terms or conditions less stringent than those  
19 imposed on the Republic of Korea and the Phil-  
20 ippines Republic.

21 SEC. 108. ADVOCACY OF POLICIES TO ENHANCE THE  
22 GENERAL EFFECTIVENESS OF THE INTERNATIONAL  
23 MONETARY FUND. The Secretary of the Treasury shall  
24 instruct the United States Executive Director of the Inter-  
25 national Monetary Fund to use aggressively the voice and

1 vote of the United States to vigorously promote policies  
2 to encourage the opening of markets for agricultural com-  
3 modities and products by requiring recipient countries to  
4 make efforts to reduce trade barriers.

5       SEC. 109. ADVISORY COMMITTEE ON IMF POLICY.

6 (a) IN GENERAL.—The Secretary of the Treasury shall es-  
7 tablish an International Monetary Fund Advisory Com-  
8 mittee (in this section referred to as “Advisory Commit-  
9 tee”).

10       (b) MEMBERSHIP.—The Advisory Committee shall  
11 consist of 8 members appointed by the Secretary of the  
12 Treasury, after appropriate consultations with the rel-  
13 evant organizations, as follows—

14               (1) at least 2 members shall be representatives  
15       from organized labor;

16               (2) at least 2 members shall be representatives  
17       from nongovernmental environmental organizations;

18               (3) at least 2 members shall be representatives  
19       from nongovernmental human rights or social justice  
20       organizations.

21       (c) DUTIES.—Not less frequently than every six  
22 months, the Advisory Committee shall meet with the Sec-  
23 retary of the Treasury to review and provide advice on  
24 the extent to which individual International Monetary

1 Fund country programs meet requisite policy goals, par-  
2 ticularly those set forth as follows—

3 (1) in this Act;

4 (2) in Article I(2) of the Fund's Articles of  
5 Agreements, to promote and maintain high levels of  
6 employment and real income and the development of  
7 the productive resources of all members;

8 (3) in section 1621 of Public Law 103–306, the  
9 Frank/Sanders amendment on encouragement of fair  
10 labor practices;

11 (4) in section 1620 of Public Law 95–118, as  
12 amended, on respect for, and full protection of, the  
13 territorial rights, traditional economies, cultural in-  
14 tegrity, traditional knowledge, and human rights of  
15 indigenous peoples;

16 (5) in section 1502 of Public Law 95–118, as  
17 amended, on military spending by recipient countries  
18 and military involvement in the economies of recipi-  
19 ent countries;

20 (6) in section 701 of Public Law 95–118, on  
21 assistance to countries that engage in a pattern of  
22 gross violations of internationally recognized human  
23 rights; and

24 (7) in section 1307 of Public Law 95–118, on  
25 assessments of the environmental impact and alter-

1 natives to proposed actions by the International  
2 Monetary Fund which would have a significant ef-  
3 fect on the human environment.

4 (d) INAPPLICABILITY OF TERMINATION PROVISIONS  
5 OF THE FEDERAL ADVISORY COMMITTEE ACT.—Section  
6 14(a)(2) of the Federal Advisory Committee Act shall not  
7 apply to the Advisory Committee.

8 SEC. 110. BORROWER COUNTRIES. The Secretary of  
9 the Treasury shall consult with the office of the United  
10 States Trade Representative regarding prospective Inter-  
11 national Monetary Fund borrower countries, including  
12 their status with respect to title III of the Trade Act of  
13 1974 or any executive order issued pursuant to the afore-  
14 mentioned title, and shall take these consultations into ac-  
15 count before instructing the United States Executive Di-  
16 rector of the International Monetary Fund on the United  
17 States position regarding loans or credits to such borrow-  
18 ing countries.

19 SEC. 111. DEFINITIONS. For the purposes of this  
20 title, “appropriate committees” includes the Appropria-  
21 tions Committee, the Committee on Foreign Relations,  
22 Committee on Finance and the Committee on Banking,  
23 Housing and Urban Affairs of the Senate and the Com-  
24 mittee on Appropriations and the Committee on Banking  
25 and Financial Services in the House of Representatives.

1        This Act may be cited as the “1998 International  
2 Monetary Fund Appropriations Act”.

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