

110TH CONGRESS
1ST SESSION

S. 1607

To provide for identification of misaligned currency, require action to correct the misalignment, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JUNE 13, 2007

Mr. BAUCUS (for himself, Mr. GRASSLEY, Mr. SCHUMER, and Mr. GRAHAM) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To provide for identification of misaligned currency, require action to correct the misalignment, 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 Exchange
5 Rate Oversight Reform Act of 2007”.

6 **TITLE I—CURRENCY EXCHANGE**
7 **RATE OVERSIGHT REFORM**

8 **SEC. 111. DEFINITIONS.**

9 In this Act:

1 (1) ADMINISTERING AUTHORITY.—The term
2 “administering authority” means the authority re-
3 ferred to in section 771(1) of the Tariff Act of 1930
4 (19 U.S.C. 1677(1)).

5 (2) AGREEMENT ON GOVERNMENT PROCURE-
6 MENT.—The term “Agreement on Government Pro-
7 curement” means the agreement referred to in sec-
8 tion 101(d)(17) of the Uruguay Round Agreements
9 Act (19 U.S.C. 3511(d)(17)).

10 (3) COUNTRY.—The term “country” means a
11 foreign country, dependent territory, or possession of
12 a foreign country, and may include an association of
13 2 or more foreign countries, dependent territories, or
14 possessions of countries into a customs union out-
15 side the United States.

16 (4) EXPORTING COUNTRY.—The term “export-
17 ing country” means the country in which the subject
18 merchandise is produced or manufactured.

19 (5) FUNDAMENTAL MISALIGNMENT.—The term
20 “fundamental misalignment” means a significant
21 and prolonged undervaluation of the prevailing real
22 exchange rate between the United States dollar and
23 a foreign currency from its medium-term equilibrium
24 level.

1 (6) FUNDAMENTALLY MISALIGNED CUR-
2 RENCY.—The term “fundamentally misaligned cur-
3 rency” means a foreign currency that is in funda-
4 mental misalignment.

5 (7) REAL EXCHANGE RATE.—The term “real
6 exchange rate” means a nominal exchange rate, ex-
7 pressed in price-adjusted terms.

8 (8) SECRETARY.—The term “Secretary” means
9 the Secretary of the Treasury.

10 (9) SUBJECT MERCHANDISE.—The term “sub-
11 ject merchandise” means the merchandise subject to
12 an antidumping investigation, review, suspension
13 agreement, or order referred to in section 771(25) of
14 the Tariff Act of 1930 (19 U.S.C. 1677(25)).

15 (10) WTO AGREEMENT.—The term “WTO
16 Agreement” means the agreement referred to in sec-
17 tion 2(9) of the Uruguay Round Agreements Act (19
18 U.S.C. 3501(9)).

19 **SEC. 112. REPORT ON INTERNATIONAL MONETARY POLICY**
20 **AND CURRENCY EXCHANGE RATES.**

21 (a) REPORTS REQUIRED.—

22 (1) IN GENERAL.—Not later than March 15
23 and September 15 of each calendar year, the Sec-
24 retary, after consulting with the Chairman of the
25 Board of Governors of the Federal Reserve System

1 and the Advisory Committee on International Ex-
2 change Rate Policy, shall submit to Congress, a
3 written report on international monetary policy and
4 currency exchange rates.

5 (2) CONSULTATIONS.—On or before March 30
6 and September 30 of each year, the Secretary shall
7 appear, if requested, before the Committee on Bank-
8 ing, Housing, and Urban Affairs of the Senate and
9 the Committee on Financial Services of the House of
10 Representatives to provide testimony on the reports
11 submitted pursuant to paragraph (1).

12 (b) CONTENT OF REPORTS.—Each report submitted
13 under subsection (a) shall contain—

14 (1) an analysis of currency market develop-
15 ments and the relationship between the United
16 States dollar and the currencies of major economies
17 and trading partners of the United States;

18 (2) a review of the economic and monetary poli-
19 cies of major economies and trading partners of the
20 United States, and an evaluation of how such poli-
21 cies impact currency exchange rates;

22 (3) a description of any currency intervention
23 by the United States or other major economies or
24 trading partners of the United States, or other ac-

tions undertaken to adjust the actual exchange rate relative to the United States dollar;

(4) an evaluation of the domestic and global factors that underlie the conditions in the currency markets, including—

(A) monetary and financial conditions;

(B) accumulation of foreign assets;

(C) macroeconomic trends;

(D) trends in current and financial account balances;

(E) the size, composition, and growth of international capital flows;

(F) the impact of the external sector on economic growth;

(G) the size and growth of external indebtedness;

(H) trends in the net level of international investment; and

(I) capital controls, trade, and exchange restrictions;

(5) a list of currencies designated as fundamentally misaligned currencies pursuant to section 113(a)(2), and a description of any economic models or methodologies used to establish the list;

1 (6) a list of currencies designated for priority
2 action pursuant to section 113(a)(3);

3 (7) an identification of the nominal value asso-
4 ciated with the medium-term equilibrium exchange
5 rate, relative to the United States dollar, for each
6 currency listed under paragraph (6);

7 (8) a description of any consultations conducted
8 or other steps taken pursuant to section 114, 115,
9 or 116; and

10 (9) a description of any determination made
11 pursuant to section 118(a).

12 (c) CONSULTATIONS.—The Secretary shall consult
13 with the Chairman of the Board of Governors of the Fed-
14 eral Reserve System and the Advisory Committee on
15 International Exchange Rate Policy with respect to the
16 preparation of each report required under subsection (a).
17 Any comments provided by the Chairman of the Board
18 of Governors of the Federal Reserve System or the Advi-
19 sory Committee on International Exchange Rate Policy
20 shall be submitted to the Secretary not later than the date
21 that is 15 days before the date each report is due under
22 subsection (a). The Secretary shall submit the report to
23 Congress after taking into account all such comments re-
24 ceived.

1 **SEC. 113. IDENTIFICATION OF FUNDAMENTALLY MIS-**
2 **ALIGNED CURRENCIES.**

3 (a) IDENTIFICATION.—

4 (1) IN GENERAL.—The Secretary shall analyze
5 on a semiannual basis the prevailing real exchange
6 rates between the United States dollar and foreign
7 currencies.

8 (2) DESIGNATION OF FUNDAMENTALLY MIS-
9 ALIGNED CURRENCIES.—As a result of the analysis
10 conducted under paragraph (1), the Secretary shall
11 identify any foreign currency that is in fundamental
12 misalignment and shall designate such currency as a
13 fundamentally misaligned currency.

14 (3) DESIGNATION OF CURRENCIES FOR PRI-
15 ORITY ACTION.—The Secretary shall designate a
16 currency identified under paragraph (2) for priority
17 action if the country that issues such currency is—

18 (A) engaging in protracted large-scale
19 intervention in one direction in the currency ex-
20 change market;

21 (B) engaging in excessive reserve accumu-
22 lation;

23 (C) introducing or substantially modifying
24 for balance of payments purposes a restriction
25 on, or incentive for, the inflow or outflow of

1 capital, that is inconsistent with the goal of
2 achieving full currency convertibility; or

3 (D) pursuing any other policy or action
4 that, in the view of the Secretary, warrants des-
5 ignation for priority action.

6 (b) REPORTS.—The Secretary shall include a list of
7 any foreign currency designated under paragraph (2) or
8 (3) of subsection (a) in each report required by section
9 112.

10 **SEC. 114. NEGOTIATIONS AND CONSULTATIONS.**

11 (a) IN GENERAL.—Upon designation of a currency
12 pursuant to section 113(a)(2), the Secretary shall seek bi-
13 lateral consultations with the country that issues such cur-
14 rency in order to facilitate the adoption of appropriate
15 policies to address the fundamental misalignment.

16 (b) CONSULTATIONS INVOLVING CURRENCIES DES-
17 IGNATED FOR PRIORITY ACTION.—With respect to each
18 currency designated for priority action pursuant to section
19 113(a)(3), the Secretary shall, in addition to the consulta-
20 tions with the country described in subsection (a)—

21 (1) seek the advice of the International Mone-
22 tary Fund with respect to the Secretary's findings in
23 the report submitted to Congress pursuant to section
24 112(a); and

1 (2) encourage other governments, whether bilat-
2 erally or in appropriate multinational fora, to join
3 the United States in seeking the adoption of appro-
4 priate policies by the country described in subsection
5 (a) to eliminate the fundamental misalignment.

6 **SEC. 115. FAILURE TO ADOPT APPROPRIATE POLICIES.**

7 (a) IN GENERAL.—Not later than 180 days after the
8 date on which a currency is designated for priority action
9 pursuant to section 113(a)(3), the Secretary shall deter-
10 mine whether the country that issues such currency has
11 adopted appropriate policies to eliminate the fundamental
12 misalignment. The Secretary shall promptly notify Con-
13 gress of such determination and publish notice of the de-
14 termination in the Federal Register. If the Secretary de-
15 termines that the country that issues such currency has
16 failed to adopt appropriate policies to eliminate the funda-
17 mental misalignment, the following shall apply with re-
18 spect to the country until a notification described in sec-
19 tion 116(b) is published in the Federal Register:

20 (1) ADJUSTMENT UNDER ANTIDUMPING LAW.—
21 For purposes of an antidumping investigation or re-
22 view under title VII of the Tariff Act of 1930 (19
23 U.S.C. 1673 et seq.) the following shall apply:

24 (A) IN GENERAL.—The administering au-
25 thority shall ensure a fair comparison between

1 the export price and the normal value by ad-
2 justing the price used to establish export price
3 or constructed export price to reflect the funda-
4 mental misalignment of the currency of the ex-
5 porting country.

6 (B) SALES SUBJECT TO ADJUSTMENT.—

7 The adjustment described in subparagraph (A)
8 shall apply with respect to subject merchandise
9 sold on or after the date that is 30 days after
10 the date the currency of the exporting country
11 is designated for priority action pursuant to
12 section 113(a)(3).

13 (2) FEDERAL PROCUREMENT.—

14 (A) IN GENERAL.—The President shall
15 prohibit the procurement by the Federal Gov-
16 ernment of products or services from the coun-
17 try.

18 (B) EXCEPTION.—The prohibition pro-
19 vided for in subparagraph (A) shall not apply
20 with respect to a country that is a party to the
21 Agreement on Government Procurement.

22 (3) REQUEST FOR IMF ACTION.—The United
23 States shall inform the Managing Director of the
24 International Monetary Fund of the failure of the
25 country to adopt appropriate policies to eliminate

1 the fundamental misalignment, and the actions the
2 country is engaging in that are identified in section
3 113(a)(3), and shall request that the Managing Di-
4 rector of the International Monetary Fund—

5 (A) consult with such country regarding
6 the observance of the country's obligations
7 under article IV of the International Monetary
8 Fund Articles of Agreement, including through
9 special consultations, if necessary; and

10 (B) formally report the results of such con-
11 sultations to the Executive Board of the Inter-
12 national Monetary Fund within 180 days of the
13 date of such request.

14 (4) OPIC FINANCING.—The Overseas Private
15 Investment Corporation shall not approve any new
16 financing (including insurance, reinsurance, or guar-
17 antee) with respect to a project located within the
18 country.

19 (5) MULTILATERAL BANK FINANCING.—The
20 Secretary shall instruct the United States Executive
21 Director at each multilateral bank to oppose the ap-
22 proval of any new financing (including loans, other
23 credits, insurance, reinsurance, or guarantee) to the
24 government of the country or for a project located
25 within the country.

1 (b) WAIVER.—

2 (1) IN GENERAL.—The President may waive
3 any action provided for under subsection (a) if the
4 President determines that—

5 (A) taking such action would cause serious
6 harm to the national security of the United
7 States; or

8 (B) it is in the vital economic interest of
9 the United States to do so and taking such ac-
10 tion would have an adverse impact on the
11 United States economy greater than the bene-
12 fits of such action.

13 (2) NOTIFICATION.—The President shall
14 promptly notify Congress of a determination under
15 paragraph (1) (and the reasons for the determina-
16 tion, if made under paragraph (1)(B)) and shall
17 publish notice of the determination in the Federal
18 Register.

19 (c) REPORTS.—The Secretary shall describe any ac-
20 tion or determination pursuant to subsection (a) or (b)
21 in the first semiannual report required by section 112
22 after the date of such action or determination.

1 **SEC. 116. PERSISTENT FAILURE TO ADOPT APPROPRIATE**
 2 **POLICIES.**

3 (a) PERSISTENT FAILURE TO ADOPT APPROPRIATE
 4 POLICIES.—Not later than 360 days after the date on
 5 which a currency is designated for priority action pursuant
 6 to section 113(a)(3), the Secretary shall determine wheth-
 7 er the country that issues such currency has adopted ap-
 8 propriate policies to eliminate the fundamental misalign-
 9 ment. The Secretary shall promptly notify Congress of
 10 such determination and shall publish notice of the deter-
 11 mination in the Federal Register. If the Secretary deter-
 12 mines that the country that issues such currency has
 13 failed to adopt appropriate policies to eliminate the funda-
 14 mental misalignment, in addition to the provisions of sec-
 15 tion 115(a), the following shall apply with respect to the
 16 country until a notification described in subsection (b) is
 17 published in the Federal Register:

18 (1) ACTION AT THE WTO.—The United States
 19 Trade Representative shall request consultations in
 20 the World Trade Organization with the country re-
 21 garding the consistency of the country's actions with
 22 its obligations under the WTO Agreement.

23 (2) REMEDIAL INTERVENTION.—

24 (A) IN GENERAL.—The Secretary shall
 25 consult with the Board of Governors of the
 26 Federal Reserve System to consider under-

1 taking remedial intervention in international
2 currency markets in response to the funda-
3 mental misalignment of the currency designated
4 for priority action, and coordinating such inter-
5 vention with other monetary authorities and the
6 International Monetary Fund.

7 (B) NOTICE TO COUNTRY.—At the same
8 time the Secretary takes action under subpara-
9 graph (A), the Secretary shall notify the coun-
10 try that issues such currency of the consulta-
11 tions under subparagraph (A).

12 (b) NOTIFICATION.—The Secretary shall promptly
13 notify Congress when a country that issues a currency des-
14 ignated for priority action pursuant to section 113(a)(3)
15 adopts appropriate policies to eliminate the fundamental
16 misalignment, and publish notice of the action of that
17 country in the Federal Register.

18 (c) WAIVER.—

19 (1) IN GENERAL.—The President may waive
20 any action provided for under this section, or extend
21 any waiver provided for pursuant to section 115(b),
22 if the President determines that—

23 (A) taking such action would cause serious
24 harm to the national security of the United
25 States; or

1 (B) it is in the vital economic interest of
2 the United States to do so, and that taking
3 such action would have an adverse impact on
4 the United States economy substantially out of
5 proportion to the benefits of such action.

6 (2) NOTIFICATION.—The President shall
7 promptly notify Congress of a determination under
8 paragraph (1) (and the reasons for the determina-
9 tion, if made under paragraph (1)(B)) and shall
10 publish notice of the determination in the Federal
11 Register.

12 (d) REPORTS.—The Secretary shall describe any ac-
13 tion or determination pursuant to subsection (a), (b), or
14 (c) in the first semiannual report required by section 112
15 after the date of such action or determination.

16 **SEC. 117. CONGRESSIONAL DISAPPROVAL OF WAIVER.**

17 (a) RESOLUTION OF DISAPPROVAL.—

18 (1) INTRODUCTION.—If a resolution of dis-
19 approval is introduced in the House of Representa-
20 tives or the Senate during the 90-day period (not
21 counting any day which is excluded under section
22 154(b)(1) of the Trade Act of 1974 (19 U.S.C.
23 2194(b)(1)), beginning on the date on which the
24 President first notifies the Congress of a determina-
25 tion to waive action with respect to a country pursu-

ant to section 116(c)(1)(B), that resolution of disapproval shall be considered in accordance with this subsection.

(2) RESOLUTION OF DISAPPROVAL.—In this subsection, the term “resolution of disapproval” means only a concurrent resolution of the two Houses of the Congress, the sole matter after the resolving clause of which is as follows: “That the Congress does not approve the determination of the President under section 116(c)(1)(B) of the Currency Exchange Rate Oversight Reform Act of 2007 with respect to _____, of which Congress was notified on _____.”, with the first blank space being filled with the name of the appropriate country and the second blank space being filled with the appropriate date.

(3) PROCEDURES FOR CONSIDERING RESOLUTIONS.—

(A) INTRODUCTION AND REFERRAL.—Resolutions of disapproval—

(i) in the House of Representatives—

(I) may be introduced by any Member of the House;

(II) shall be referred to the Committee on Financial Services and, in

1 addition, to the Committee on Rules;
 2 and

3 (III) may not be amended by ei-
 4 ther Committee; and
 5 (ii) in the Senate—

6 (I) may be introduced by any
 7 Member of the Senate;

8 (II) shall be referred to the Com-
 9 mittee on Banking, Housing, and
 10 Urban Affairs; and

11 (III) may not be amended.

12 (B) COMMITTEE DISCHARGE AND FLOOR
 13 CONSIDERATION.—The provisions of sub-
 14 sections (c) through (f) of section 152 of the
 15 Trade Act of 1974 (other than paragraph (3)
 16 of such subsection (f)) (19 U.S.C. 2192(c)
 17 through (f)) (relating to committee discharge
 18 and floor consideration of certain resolutions in
 19 the House and Senate) apply to a concurrent
 20 resolution of disapproval under this section to
 21 the same extent as such subsections apply to
 22 joint resolutions under such section 152.

23 (b) RULES OF HOUSE OF REPRESENTATIVES AND
 24 SENATE.—This section is enacted by the Congress—

1 (1) as an exercise of the rulemaking power of
 2 the House of Representatives and the Senate, re-
 3 spectively, and as such are deemed a part of the
 4 rules of each House, respectively, and such proce-
 5 dures supersede other rules only to the extent that
 6 they are inconsistent with such other rules; and

7 (2) with the full recognition of the constitu-
 8 tional right of either House to change the rules (so
 9 far as relating to the procedures of that House) at
 10 any time, in the same manner, and to the same ex-
 11 tent as any other rule of that House.

12 **SEC. 118. INTERNATIONAL FINANCIAL INSTITUTION GOV-**
 13 **ERNANCE ARRANGEMENTS.**

14 (a) INITIAL REVIEW.—Notwithstanding any other
 15 provision of law, before the United States approves a pro-
 16 posed change in the governance arrangement of any inter-
 17 national financial institution, as defined in section
 18 1701(c)(2) of the International Financial Institutions Act
 19 (22 U.S.C. 262r(c)(2)), the Secretary shall determine
 20 whether any member of the international financial institu-
 21 tion that would benefit from the proposed change, in the
 22 form of increased voting shares or representation, has a
 23 currency that was designated a currency for priority action
 24 pursuant to section 113(a)(3) in the most recent report

1 required by section 112. The determination shall be re-
 2 ported to Congress.

3 (b) SUBSEQUENT ACTION.—The United States shall
 4 oppose any proposed change in the governance arrange-
 5 ment of the international financial institution (as defined
 6 in subsection (a)), if the Secretary renders an affirmative
 7 determination pursuant to subsection (a).

8 (c) FURTHER ACTION.—The United States shall con-
 9 tinue to oppose any proposed change in the governance
 10 arrangement of the international financial institution, pur-
 11 suant to subsection (b), until the Secretary determines
 12 and reports to Congress that the proposed change would
 13 not benefit any member of the international financial insti-
 14 tution, in the form of increased voting shares or represen-
 15 tation, that has a currency that is designated a currency
 16 for priority action pursuant to section 113(a)(3).

17 **SEC. 119. ADJUSTMENT FOR FUNDAMENTALLY MIS-**
 18 **ALIGNED CURRENCY DESIGNATED FOR PRI-**
 19 **ORITY ACTION.**

20 (a) IN GENERAL.—Subsection (c)(2) of section 772
 21 of the Tariff Act of 1930 (19 U.S.C. 1677a(c)(2)) is
 22 amended—

23 (1) by striking “and” at the end of subpara-
 24 graph (A);

1 (2) by striking the period at the end of sub-
2 paragraph (B) and inserting “; and”; and

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

4 “(C) if required by section 115(a)(1) of the
5 Currency Exchange Rate Oversight Reform Act
6 of 2007, the percentage by which the domestic
7 currency of the producer or exporter is under-
8 valued in relation to the United States dollar.”.

9 (b) CALCULATION METHODOLOGY.—Section 771 of
10 the Tariff Act of 1930 (19 U.S.C. 1677) is amended by
11 adding at the end the following:

12 “(37) PERCENTAGE UNDERVALUATION.—The
13 administering authority shall determine the percent-
14 age by which the domestic currency of the producer
15 or exporter is undervalued in relation to the United
16 States dollar by comparing the nominal value associ-
17 ated with the medium-term equilibrium exchange
18 rate of the domestic currency of the producer or ex-
19 porter, identified by the Secretary pursuant to sec-
20 tion 112(b)(7) of the Currency Exchange Rate Over-
21 sight Reform Act of 2007, to the exchange rate used
22 by the administering authority to convert the domes-
23 tic currency to United States dollars.”.

1 **SEC. 120. NONMARKET ECONOMY STATUS.**

2 Paragraph (18)(B) of section 771 of the Tariff Act
3 of 1930 (19 U.S.C. 1677(18)(B)) is amended—

4 (1) by striking “and” at the end of clause (v);

5 and

6 (2) by redesignating clause (vi) as clause (vii)

7 and inserting after clause (v) the following:

8 “(vi) whether the currency of the for-
9 eign country is designated a currency for
10 priority action pursuant to section
11 113(a)(3) of the Currency Exchange Rate
12 Oversight Reform Act of 2007, and”.

13 **SEC. 121. APPLICATION TO CANADA AND MEXICO.**

14 Pursuant to article 1902 of the North American Free
15 Trade Agreement and section 408 of the North American
16 Free Trade Agreement Implementation Act (19 U.S.C.
17 3438), section 115(a)(1) and the amendments made by
18 sections 119 and 120 shall apply with respect to goods
19 from Canada and Mexico.

20 **SEC. 122. ADVISORY COMMITTEE ON INTERNATIONAL EX-**
21 **CHANGE RATE POLICY.**

22 (a) ESTABLISHMENT.—

23 (1) IN GENERAL.—There is established an Ad-
24 visory Committee on International Exchange Rate
25 Policy (in this section referred to as the “Com-
26 mittee”) The Committee shall be responsible for—

1 (A) advising the Secretary in the prepara-
2 tion of each report to Congress on international
3 monetary policy and currency exchange rates,
4 provided for in section 112; and

5 (B) advising the Congress and the Presi-
6 dent with respect to—

7 (i) international exchange rates and
8 financial policies; and

9 (ii) the impact of such policies on the
10 economy of the United States.

11 (2) MEMBERSHIP.—

12 (A) IN GENERAL.—The Committee shall be
13 composed of 9 members as follows, none of
14 whom shall be from the Federal Government:

15 (i) CONGRESSIONAL APPOINTEES.—

16 (I) SENATE APPOINTEES.—Four
17 persons shall be appointed by the
18 President pro tempore of the Senate,
19 upon the recommendation of the
20 Chairmen and Ranking Members of
21 the Committee on Banking, Housing,
22 and Urban Affairs and the Committee
23 on Finance of the Senate.

24 (II) HOUSE APPOINTEES.—Four
25 persons shall be appointed by the

1 Speaker of the House of Representa-
2 tives upon the recommendation of the
3 Chairmen and Ranking Members of
4 the Committee on Financial Services
5 and the Committee on Ways and
6 Means of the House of Representa-
7 tives.

8 (ii) PRESIDENTIAL APPOINTEE.—One
9 person shall be appointed by the President.

10 (B) QUALIFICATIONS.—Persons shall be
11 selected under subparagraph (A) on the basis of
12 their objectivity and demonstrated expertise in
13 finance, economics, or currency exchange.

14 (3) TERMS.—Members shall be appointed for a
15 term of 4 years or until the Committee terminates.
16 An individual may be reappointed to the Committee
17 for additional terms.

18 (4) VACANCIES.—Any vacancy in the Com-
19 mittee shall not affect its powers, but shall be filled
20 in the same manner as the original appointment.

21 (b) DURATION OF COMMITTEE.—The Committee
22 shall terminate on the date that is 4 years after the date
23 of the enactment of this Act unless renewed by the Presi-
24 dent pursuant to section 14 of the Federal Advisory Com-
25 mittee Act (5 U.S.C. App.) for a subsequent 4-year period.

1 The President may continue to renew the Committee for
 2 successive 4-year periods by taking appropriate action
 3 prior to the date on which the Committee would otherwise
 4 terminate.

5 (c) PUBLIC MEETINGS.—The Committee shall hold
 6 at least 1 public meeting each year for the purpose of ac-
 7 cepting public comments. The Committee shall also meet
 8 as needed at the call of the Secretary or at the call of
 9 two-thirds of the members of the Committee.

10 (d) CHAIRPERSON.—The Committee shall elect from
 11 among its members a chairperson for a term of 4 years
 12 or until the Committee terminates. A chairperson of the
 13 Committee may be reelected chairperson but is ineligible
 14 to serve consecutive terms as chairperson.

15 (e) STAFF.—The Secretary shall make available to
 16 the Committee such staff, information, personnel, admin-
 17 istrative services, and assistance as the Committee may
 18 reasonably require to carry out its activities.

19 (f) APPLICATION OF FEDERAL ADVISORY COM-
 20 MITTEE ACT.—

21 (1) IN GENERAL.—The provisions of the Fed-
 22 eral Advisory Committee Act (5 U.S.C. App.) shall
 23 apply to the Committee.

24 (2) EXCEPTION.—Except for the annual public
 25 meeting required under subsection (c), meetings of

1 the Committee shall be exempt from the require-
 2 ments of subsections (a) and (b) of sections 10 and
 3 11 of the Federal Advisory Committee Act (relating
 4 to open meetings, public notice, public participation,
 5 and public availability of documents), whenever and
 6 to the extent it is determined by the President or the
 7 Secretary that such meetings will be concerned with
 8 matters the disclosure of which would seriously com-
 9 promise the development by the United States Gov-
 10 ernment of monetary and financial policy.

11 **SEC. 123. REPEAL OF THE EXCHANGE RATES AND INTER-**
 12 **NATIONAL ECONOMIC POLICY COORDINA-**
 13 **TION ACT OF 1988.**

14 The Exchange Rates and International Economic
 15 Policy Coordination Act of 1988 (22 U.S.C. 5301–5306)
 16 is repealed.

17 **TITLE II—TAX REFORM**

18 **SEC. 201. PERMANENT SUBPART F EXEMPTION FOR ACTIVE**
 19 **FINANCING INCOME.**

20 (a) BANKING, FINANCING, OR SIMILAR BUSI-
 21 NESSES.—Subsection (h) of section 954 of the Internal
 22 Revenue Code of 1986 (relating to special rule for income
 23 derived in the active conduct of banking, financing, or
 24 similar businesses) is amended by striking paragraph (9).

1 (b) INSURANCE BUSINESSES.—Subsection (e) of sec-
2 tion 953 of such Code (relating to exempt insurance in-
3 come) is amended by striking paragraph (10) and by re-
4 designating paragraph (11) as paragraph (10).

5 (c) EFFECTIVE DATE.—The amendments made by
6 this section shall apply to taxable years of a foreign cor-
7 poration beginning after the date of the enactment of this
8 Act, and to taxable years of United States shareholders
9 with or within which such taxable years of such foreign
10 corporation end.

○