

## Calendar No. 293

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, Mr. GRAHAM, Mr. HATCH, Mrs. CLINTON, Mr. OBAMA, Mr. KERRY, Mr. ISAKSON, Mr. COCHRAN, Mr. SALAZAR, and Mr. ROCKEFELLER) introduced the following bill; which was read twice and referred to the Committee on Finance

JULY 31, 2007

Reported by Mr. BAUCUS, with an amendment

[Strike out all after the enacting clause and insert the part printed in italic]

**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”.

# 1 **TITLE I—CURRENCY EXCHANGE**

## 2 **RATE OVERSIGHT REFORM**

### 3 **SEC. 111. DEFINITIONS.**

4 In this Act:

5 (1) **ADMINISTERING AUTHORITY.**—The term  
6 “administering authority” means the authority re-  
7 ferred to in section 771(1) of the Tariff Act of 1930  
8 (19 U.S.C. 1677(1)).

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

14 (3) **COUNTRY.**—The term “country” means a  
15 foreign country, dependent territory, or possession of  
16 a foreign country, and may include an association of  
17 2 or more foreign countries, dependent territories, or  
18 possessions of countries into a customs union out-  
19 side the United States.

20 (4) **EXPORTING COUNTRY.**—The term “export-  
21 ing country” means the country in which the subject  
22 merchandise is produced or manufactured.

23 (5) **FUNDAMENTAL MISALIGNMENT.**—The term  
24 “fundamental misalignment” means a significant  
25 and prolonged undervaluation of the prevailing real

1 exchange rate between the United States dollar and  
 2 a foreign currency from its medium-term equilibrium  
 3 level.

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

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

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

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

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

22 **SEC. 112. REPORT ON INTERNATIONAL MONETARY POLICY**  
 23 **AND CURRENCY EXCHANGE RATES.**

24 (a) REPORTS REQUIRED.—

1           (1) IN GENERAL.—Not later than March 15  
2           and September 15 of each calendar year, the Sec-  
3           retary, after consulting with the Chairman of the  
4           Board of Governors of the Federal Reserve System  
5           and the Advisory Committee on International Ex-  
6           change Rate Policy, shall submit to Congress, a  
7           written report on international monetary policy and  
8           currency exchange rates.

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

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

18               (1) an analysis of currency market develop-  
19               ments and the relationship between the United  
20               States dollar and the currencies of major economies  
21               and trading partners of the United States;

22               (2) a review of the economic and monetary poli-  
23               cies of major economies and trading partners of the  
24               United States, and an evaluation of how such poli-  
25               cies impact currency exchange rates;

1           ~~(3)~~ a description of any currency intervention  
2       by the United States or other major economies or  
3       trading partners of the United States; or other ac-  
4       tions undertaken to adjust the actual exchange rate  
5       relative to the United States dollar;

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

9                   ~~(A)~~ monetary and financial conditions;

10                  ~~(B)~~ accumulation of foreign assets;

11                  ~~(C)~~ macroeconomic trends;

12                  ~~(D)~~ trends in current and financial ac-  
13       count balances;

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

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

18                  ~~(G)~~ the size and growth of external indebt-  
19       edness;

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

22                  ~~(I)~~ capital controls, trade, and exchange  
23       restrictions;

24           ~~(5)~~ a list of currencies designated as fundamen-  
25       tally misaligned currencies pursuant to section

1       ~~113(a)(2)~~, and a description of any economic models  
 2       or methodologies used to establish the list;

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

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

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

12          ~~(9)~~ a description of any determination made  
 13      pursuant to section ~~118(a)~~.

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

1 Congress after taking into account all such comments re-  
2 ceived.

3 **SEC. 113. IDENTIFICATION OF FUNDAMENTALLY MIS-**  
4 **ALIGNED CURRENCIES.**

5 (a) IDENTIFICATION.—

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

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

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

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

23 (B) engaging in excessive reserve accumu-  
24 lation;

(C) introducing or substantially modifying for balance of payments purposes a restriction on, or incentive for, the inflow or outflow of capital, that is inconsistent with the goal of achieving full currency convertibility; or

(D) pursuing any other policy or action that, in the view of the Secretary, warrants designation for priority action.

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

#### **SEC. 114. NEGOTIATIONS AND CONSULTATIONS.**

(a) **IN GENERAL.**—Upon designation of a currency pursuant to section 113(a)(2), the Secretary shall seek bilateral consultations with the country that issues such currency in order to facilitate the adoption of appropriate policies to address the fundamental misalignment.

(b) **CONSULTATIONS INVOLVING CURRENCIES DESIGNATED FOR PRIORITY ACTION.**—With respect to each currency designated for priority action pursuant to section 113(a)(3), the Secretary shall, in addition to the consultations with the country described in subsection (a)—

(1) seek the advice of the International Monetary Fund with respect to the Secretary's findings in



1 the report submitted to Congress pursuant to section  
 2 112(a); and

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

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

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

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

1           (A) IN GENERAL.—The administering au-  
 2           thority shall ensure a fair comparison between  
 3           the export price and the normal value by ad-  
 4           justing the price used to establish export price  
 5           or constructed export price to reflect the funda-  
 6           mental misalignment of the currency of the ex-  
 7           porting country.

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

15        (2) FEDERAL PROCUREMENT.—

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

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

24        (3) REQUEST FOR IMF ACTION.—The United  
 25        States shall inform the Managing Director of the

1 International Monetary Fund of the failure of the  
 2 country to adopt appropriate policies to eliminate  
 3 the fundamental misalignment, and the actions the  
 4 country is engaging in that are identified in section  
 5 113(a)(3), and shall request that the Managing Di-  
 6 rector of the International Monetary Fund—

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

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

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

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

1 government of the country or for a project located  
 2 within the country.

3 ~~(b)~~ WAIVER.—

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

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

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

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

21 ~~(c)~~ REPORTS.—The Secretary shall describe any ac-  
 22 tion or determination pursuant to subsection (a) or (b)  
 23 in the first semiannual report required by section 112  
 24 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 dis-  
approval 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 re-  
solving clause of which is as follows: “That the Con-  
gress does not approve the determination of the  
President under section 116(c)(1)(B) of the Cur-  
rency 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 RESOLU-  
TIONS.—

(A) INTRODUCTION AND REFERRAL.—Res-  
olutions of disapproval—

(i) in the House of Representatives—

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

(II) shall be referred to the Com-  
mittee 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 ~~(e)~~ 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—

(A) advising the Secretary in the preparation of each report to Congress on international monetary policy and currency exchange rates; provided for in section 112; and

(B) advising the Congress and the President with respect to—

(i) international exchange rates and financial policies; and

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

(2) MEMBERSHIP.—

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

(i) CONGRESSIONAL APPOINTEES.—

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

(II) HOUSE APPOINTEES.—Four 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 (e) 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.

11 **SECTION 1. SHORT TITLE.**

12       *This Act may be cited as the “Currency Exchange Rate*  
 13 *Oversight Reform Act of 2007”.*

14 **SEC. 2. DEFINITIONS.**

15       *In this Act:*

16           (1) **ADMINISTERING AUTHORITY.**—*The term “ad-*  
 17 *ministering authority” means the authority referred*  
 18 *to in section 771(1) of the Tariff Act of 1930 (19*  
 19 *U.S.C. 1677(1)).*

20           (2) **AGREEMENT ON GOVERNMENT PROCURE-**  
 21 **MENT.**—*The term “Agreement on Government Pro-*  
 22 *curement” means the agreement referred to in section*  
 23 *101(d)(17) of the Uruguay Round Agreements Act (19*  
 24 *U.S.C. 3511(d)(17)).*

1           (3) *COUNTRY*.—The term “country” means a for-  
 2       foreign country, dependent territory, or possession of a  
 3       foreign country, and may include an association of 2  
 4       or more foreign countries, dependent territories, or  
 5       possessions of countries into a customs union outside  
 6       the United States.

7           (4) *EXPORTING COUNTRY*.—The term “exporting  
 8       country” means the country in which the subject mer-  
 9       chandise is produced or manufactured.

10          (5) *FUNDAMENTAL MISALIGNMENT*.—The term  
 11       “fundamental misalignment” means a significant  
 12       and sustained undervaluation of the prevailing real  
 13       effective exchange rate, adjusted for cyclical and tran-  
 14       sitory factors, from its medium-term equilibrium  
 15       level.

16          (6) *FUNDAMENTALLY MISALIGNED CURRENCY*.—  
 17       The term “fundamentally misaligned currency”  
 18       means a foreign currency that is in fundamental mis-  
 19       alignment.

20          (7) *REAL EFFECTIVE EXCHANGE RATE*.—The  
 21       term “real effective exchange rate” means a weighted  
 22       average of bilateral exchange rates, expressed in price-  
 23       adjusted terms.

24          (8) *SECRETARY*.—The term “Secretary” means  
 25       the Secretary of the Treasury.

1           (9) *STERILIZATION*.—The term “sterilization”  
 2           means domestic monetary operations taken to neu-  
 3           tralize the monetary impact of increases in reserves  
 4           associated with intervention in the currency exchange  
 5           market.

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

11          (11) *WTO AGREEMENT*.—The term “WTO Agree-  
 12          ment” means the agreement referred to in section 2(9)  
 13          of the Uruguay Round Agreements Act (19 U.S.C.  
 14          3501(9)).

15 **SEC. 3. REPORT ON INTERNATIONAL MONETARY POLICY**  
 16 **AND CURRENCY EXCHANGE RATES.**

17          (a) *REPORTS REQUIRED*.—

18           (1) *IN GENERAL*.—Not later than March 15 and  
 19           September 15 of each calendar year, the Secretary,  
 20           after consulting with the Chairman of the Board of  
 21           Governors of the Federal Reserve System and the Ad-  
 22           visory Committee on International Exchange Rate  
 23           Policy, shall submit to Congress, a written report on  
 24           international monetary policy and currency exchange  
 25           rates.

1           (2) *CONSULTATIONS.*—*On or before March 30*  
2           *and September 30 of each calendar year, the Sec-*  
3           *retary shall appear, if requested, before the Committee*  
4           *on Banking, Housing, and Urban Affairs and the*  
5           *Committee on Finance of the Senate and the Com-*  
6           *mittee on Financial Services and the Committee on*  
7           *Ways and Means of the House of Representatives to*  
8           *provide testimony on the reports submitted pursuant*  
9           *to paragraph (1).*

10          (b) *CONTENT OF REPORTS.*—*Each report submitted*  
11         *under subsection (a) shall contain—*

12                 (1) *an analysis of currency market developments*  
13                 *and the relationship between the United States dollar*  
14                 *and the currencies of major economies and trading*  
15                 *partners of the United States;*

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

20                 (3) *a description of any currency intervention by*  
21                 *the United States or other major economies or trading*  
22                 *partners of the United States, or other actions under-*  
23                 *taken to adjust the actual exchange rate relative to the*  
24                 *United States dollar;*

1           (4) *an evaluation of the domestic and global fac-*  
 2           *tors that underlie the conditions in the currency mar-*  
 3           *kets, including—*

4                     (A) *monetary and financial conditions;*

5                     (B) *accumulation of foreign assets;*

6                     (C) *macroeconomic trends;*

7                     (D) *trends in current and financial account*  
 8           *balances;*

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

11                    (F) *the impact of the external sector on eco-*  
 12           *nomical growth;*

13                    (G) *the size and growth of external indebt-*  
 14           *edness;*

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

17                    (I) *capital controls, trade, and exchange re-*  
 18           *strictions;*

19           (5) *a list of currencies designated as fundamen-*  
 20           *tally misaligned currencies pursuant to section*  
 21           *4(a)(2), and a description of any economic models or*  
 22           *methodologies used to establish the list;*

23           (6) *a list of currencies designated for priority ac-*  
 24           *tion pursuant to section 4(a)(3);*

(8) a description of any consultations conducted or other steps taken pursuant to section 5, 6, or 7, including any actions taken to eliminate the fundamental misalignment; and

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

(c) *CONSULTATIONS.—The Secretary shall consult with the Chairman of the Board of Governors of the Federal Reserve System and the Advisory Committee on International Exchange Rate Policy with respect to the preparation of each report required under subsection (a). Any comments provided by the Chairman of the Board of Governors of the Federal Reserve System or the Advisory Committee on International Exchange Rate Policy shall be submitted to the Secretary not later than the date that is 15 days before the date each report is due under subsection (a). The Secretary shall submit the report to Congress after taking into account all such comments received.*

23 **SEC. 4. IDENTIFICATION OF FUNDAMENTALLY MISALIGNED**  
24 **CURRENCIES.**

25      (a) *IDENTIFICATION.*—

1           (1) *IN GENERAL.*—*The Secretary shall analyze*  
 2           *on a semiannual basis the prevailing real effective ex-*  
 3           *change rates of foreign currencies.*

4           (2) *DESIGNATION OF FUNDAMENTALLY MIS-*  
 5           *ALIGNED CURRENCIES.*—*With respect to the cur-*  
 6           *rencies of countries that have significant bilateral*  
 7           *trade flows with the United States, and currencies*  
 8           *that are otherwise significant to the operation, sta-*  
 9           *bility, or orderly development of regional or global*  
 10          *capital markets, the Secretary shall determine wheth-*  
 11          *er any such currency is in fundamental misalignment*  
 12          *and shall designate such currency as a fundamentally*  
 13          *misaligned currency.*

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

18                 (A) *engaging in protracted large-scale inter-*  
 19                 *vention in one direction in the currency ex-*  
 20                 *change market, particularly if accompanied by*  
 21                 *partial or full sterilization;*

22                 (B) *engaging in excessive and prolonged of-*  
 23                 *ficial or quasi-official accumulation of foreign*  
 24                 *assets, for balance of payments purposes;*



1                   (C) introducing or substantially modifying  
 2                   for balance of payments purposes a restriction  
 3                   on, or incentive for, the inflow or outflow of cap-  
 4                   ital, that is inconsistent with the goal of achiev-  
 5                   ing full currency convertibility; or

6                   (D) pursuing any other policy or action  
 7                   that, in the view of the Secretary, warrants des-  
 8                   ignation for priority action.

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

12 **SEC. 5. NEGOTIATIONS AND CONSULTATIONS.**

13           (a) *IN GENERAL.*—Upon designation of a currency  
 14 pursuant to section 4(a)(2), the Secretary shall seek to con-  
 15 sult bilaterally with the country that issues such currency  
 16 in order to facilitate the adoption of appropriate policies  
 17 to address the fundamental misalignment.

18           (b) *CONSULTATIONS INVOLVING CURRENCIES DES-*  
 19 *IGNATED FOR PRIORITY ACTION.*—With respect to each cur-  
 20 rency designated for priority action pursuant to section  
 21 4(a)(3), the Secretary shall, in addition to seeking to con-  
 22 sult with a country pursuant to subsection (a)—

23                   (1) seek the advice of the International Monetary  
 24 Fund with respect to the Secretary's findings in the

1       report submitted to Congress pursuant to section 3(a);  
 2       and

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

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

9       (a) *IN GENERAL.*—Not later than 90 days after the  
 10      date on which a currency is designated for priority action  
 11      pursuant to section 4(a)(3), the Secretary shall determine  
 12      whether the country that issues such currency has adopted  
 13      appropriate policies, and taken identifiable action, to elimi-  
 14      nate the fundamental misalignment. The Secretary shall  
 15      promptly notify Congress of such determination and pub-  
 16      lish notice of the determination in the Federal Register. If  
 17      the Secretary determines that the country that issues such  
 18      currency has failed to adopt appropriate policies, or take  
 19      identifiable action, to eliminate the fundamental misalign-  
 20      ment, the following shall apply with respect to the country  
 21      until a notification described in section 7(b) is published  
 22      in the Federal Register:

23               (1) *ADJUSTMENT UNDER ANTIDUMPING LAW.*—  
 24      For purposes of an antidumping investigation or re-  
 25      view under subtitle B of title VII of the Tariff Act of

1       1930 (19 U.S.C. 1673 et seq.) the following shall  
2       apply:

3               (A) *IN GENERAL.*—*The administering au-*  
4               *thority shall ensure a fair comparison between*  
5               *the export price and the normal value by adjust-*  
6               *ing the price used to establish export price or*  
7               *constructed export price to reflect the funda-*  
8               *mental misalignment of the currency of the ex-*  
9               *porting country.*

10              (B) *SALES SUBJECT TO ADJUSTMENT.*—*The*  
11              *adjustment described in subparagraph (A) shall*  
12              *apply with respect to subject merchandise sold on*  
13              *or after the date that is 30 days after the date*  
14              *the currency of the exporting country is des-*  
15              *ignated for priority action pursuant to section*  
16              *4(a)(3).*

17              (2) *FEDERAL PROCUREMENT.*—

18               (A) *IN GENERAL.*—*The President shall pro-*  
19               *hibit the procurement by the Federal Government*  
20               *of products or services from the country.*

21               (B) *EXCEPTION.*—*The prohibition provided*  
22               *for in subparagraph (A) shall not apply with re-*  
23               *spect to a country that is a party to the Agree-*  
24               *ment on Government Procurement.*

1           (3) *REQUEST FOR IMF ACTION.*—*The United*  
 2           *States shall inform the Managing Director of the*  
 3           *International Monetary Fund of the failure of the*  
 4           *country to adopt appropriate policies, or to take iden-*  
 5           *tifiable action, eliminate the fundamental misalign-*  
 6           *ment, and the actions the country is engaging in that*  
 7           *are identified in section 4(a)(3), and shall request*  
 8           *that the Managing Director of the International Mon-*  
 9           *etary Fund—*

10                   (A) *consult with such country regarding the*  
 11                   *observance of the country's obligations under ar-*  
 12                   *ticle IV of the International Monetary Fund Ar-*  
 13                   *ticles of Agreement, including through special*  
 14                   *consultations, if necessary; and*

15                   (B) *formally report the results of such con-*  
 16                   *sultations to the Executive Board of the Inter-*  
 17                   *national Monetary Fund within 180 days of the*  
 18                   *date of such request.*

19           (4) *OPIC FINANCING.*—*The Overseas Private In-*  
 20           *vestment Corporation shall not approve any new fi-*  
 21           *nanancing (including insurance, reinsurance, or guar-*  
 22           *antee) with respect to a project located within the*  
 23           *country.*

24           (5) *MULTILATERAL BANK FINANCING.*—*The Sec-*  
 25           *retary shall instruct the United States Executive Di-*

1        *rector at each multilateral bank to oppose the ap-*  
 2        *proval of any new financing (including loans, other*  
 3        *credits, insurance, reinsurance, or guarantee) to the*  
 4        *government of the country or for a project located*  
 5        *within the country.*

6        *(b) WAIVER.—*

7                *(1) IN GENERAL.—The President may waive any*  
 8        *action provided for under subsection (a) if the Presi-*  
 9        *dent determines that—*

10                *(A) taking such action would cause serious*  
 11        *harm to the national security of the United*  
 12        *States; or*

13                *(B) it is in the vital economic interest of the*  
 14        *United States to do so and taking such action*  
 15        *would have an adverse impact on the United*  
 16        *States economy greater than the benefits of such*  
 17        *action.*

18                *(2) NOTIFICATION.—The President shall prompt-*  
 19        *ly notify Congress of a determination under para-*  
 20        *graph (1) (and the reasons for the determination, if*  
 21        *made under paragraph (1)(B)) and shall publish no-*  
 22        *tice of the determination (and the reasons for the de-*  
 23        *termination, if made under paragraph (1)(B)) in the*  
 24        *Federal Register.*

1       (c) *REPORTS.*—*The Secretary shall describe any ac-*  
 2       *tion or determination pursuant to subsection (a) or (b) in*  
 3       *the first semiannual report required by section 3 after the*  
 4       *date of such action or determination.*

5       **SEC. 7. PERSISTENT FAILURE TO ADOPT APPROPRIATE**  
 6               **POLICIES.**

7       (a) *PERSISTENT FAILURE TO ADOPT APPROPRIATE*  
 8       *POLICIES.*—*Not later than 360 days after the date on which*  
 9       *a currency is designated for priority action pursuant to*  
 10       *section 4(a)(3), the Secretary shall determine whether the*  
 11       *country that issues such currency has adopted appropriate*  
 12       *policies, and taken identifiable action, to eliminate the fun-*  
 13       *damental misalignment. The Secretary shall promptly no-*  
 14       *tify Congress of such determination and shall publish notice*  
 15       *of the determination in the Federal Register. If the Sec-*  
 16       *retary determines that the country that issues such currency*  
 17       *has failed to adopt appropriate policies, or take identifiable*  
 18       *action, to eliminate the fundamental misalignment, in ad-*  
 19       *dition to the provisions of section 6(a), the following shall*  
 20       *apply with respect to the country until a notification de-*  
 21       *scribed in subsection (b) is published in the Federal Reg-*  
 22       *ister:*

23               (1) *ACTION AT THE WTO.*—*The United States*  
 24       *Trade Representative shall request consultations in*  
 25       *the World Trade Organization with the country re-*

1        *garding the consistency of the country's actions with*  
 2        *its obligations under the WTO Agreement.*

3            (2) *REMEDIAL INTERVENTION.*—

4            (A) *IN GENERAL.*—*The Secretary shall con-*  
 5        *sult with the Board of Governors of the Federal*  
 6        *Reserve System to consider undertaking remedial*  
 7        *intervention in international currency markets*  
 8        *in response to the fundamental misalignment of*  
 9        *the currency designated for priority action, and*  
 10       *coordinating such intervention with other mone-*  
 11       *tary authorities and the International Monetary*  
 12       *Fund. In doing so, the Secretary shall consider*  
 13       *the impact of such intervention on domestic eco-*  
 14       *nomie growth and stability, including the im-*  
 15       *pact on interest rates.*

16           (B) *NOTICE TO COUNTRY.*—*At the same*  
 17        *time the Secretary takes action under subpara-*  
 18        *graph (A), the Secretary shall notify the country*  
 19        *that issues such currency of the consultations*  
 20        *under subparagraph (A).*

21           (b) *NOTIFICATION.*—*The Secretary shall promptly no-*  
 22        *tify Congress when a country that issues a currency des-*  
 23        *ignated for priority action pursuant to section 4(a)(3)*  
 24        *adopts appropriate policies, or takes identifiable action, to*

1 *eliminate the fundamental misalignment, and publish no-*  
 2 *tice of the action of that country in the Federal Register.*

3 (c) *WAIVER.—*

4 (1) *IN GENERAL.—The President may waive any*  
 5 *action provided for under this section, or extend any*  
 6 *waiver provided for under section 6(b), if the Presi-*  
 7 *dent determines that—*

8 (A) *taking such action would cause serious*  
 9 *harm to the national security of the United*  
 10 *States; or*

11 (B) *it is in the vital economic interest of the*  
 12 *United States to do so, and that taking such ac-*  
 13 *tion would have an adverse impact on the*  
 14 *United States economy substantially out of pro-*  
 15 *portion to the benefits of such action.*

16 (2) *NOTIFICATION.—The President shall prompt-*  
 17 *ly notify Congress of a determination under para-*  
 18 *graph (1) (and the reasons for the determination, if*  
 19 *made under paragraph (1)(B)) and shall publish no-*  
 20 *tice of the determination (and the reasons for the de-*  
 21 *termination, if made under paragraph (1)(B)) in the*  
 22 *Federal Register.*

23 (d) *DISAPPROVAL OF WAIVER.—If the President*  
 24 *waives an action pursuant to subsection (c)(1)(B), or ex-*  
 25 *tends a waiver provided for under section 6(b)(1)(B), the*



1 *waiver shall cease to have effect upon the enactment of a*  
 2 *joint resolution described in section 8(a)(2).*

3 *(e) REPORTS.—The Secretary shall describe any action*  
 4 *or determination pursuant to subsection (a), (b), or (c) in*  
 5 *the first semiannual report required by section 3 after the*  
 6 *date of such action or determination.*

7 **SEC. 8. CONGRESSIONAL DISAPPROVAL OF WAIVER.**

8 *(a) RESOLUTION OF DISAPPROVAL.—*

9 *(1) INTRODUCTION.—If a resolution of dis-*  
 10 *approval is introduced in the House of Representa-*  
 11 *tives or the Senate during the 90-day period (not*  
 12 *counting any day which is excluded under section*  
 13 *154(b)(1) of the Trade Act of 1974 (19 U.S.C.*  
 14 *2194(b)(1)), beginning on the date on which the*  
 15 *President first notifies Congress of a determination to*  
 16 *waive action with respect to a country pursuant to*  
 17 *section 7(c)(1)(B), that resolution of disapproval shall*  
 18 *be considered in accordance with this subsection.*

19 *(2) RESOLUTION OF DISAPPROVAL.—In this sub-*  
 20 *section, the term “resolution of disapproval” means*  
 21 *only a joint resolution of the two Houses of the Con-*  
 22 *gress, the sole matter after the resolving clause of*  
 23 *which is as follows: “That Congress does not approve*  
 24 *the determination of the President under section*  
 25 *7(c)(1)(B) of the Currency Exchange Rate Oversight*

1     *Reform Act of 2007 with respect to \_\_\_\_\_, of*  
 2     *which Congress was notified on \_\_\_\_\_.”, with*  
 3     *the first blank space being filled with the name of the*  
 4     *appropriate country and the second blank space being*  
 5     *filled with the appropriate date.*

6           (3) *PROCEDURES FOR CONSIDERING RESOLU-*  
 7     *TIONS.—*

8           (A) *INTRODUCTION AND REFERRAL.—Reso-*  
 9     *lutions of disapproval—*

10           (i) *in the House of Representatives—*

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

13                 (II) *shall be referred to the Com-*  
 14                 *mittee on Financial Services and, in*  
 15                 *addition, to the Committee on Rules;*  
 16                 *and*

17                 (III) *may not be amended by ei-*  
 18                 *ther Committee; and*

19           (ii) *in the Senate—*

20                 (I) *may be introduced by any*  
 21                 *Member of the Senate;*

22                 (II) *shall be referred to the Com-*  
 23                 *mittee on Banking, Housing, and*  
 24                 *Urban Affairs; and*

25                 (III) *may not be amended.*

1                   (B) COMMITTEE DISCHARGE AND FLOOR  
 2                   CONSIDERATION.—*The provisions of subsections*  
 3                   *(c) through (f) of section 152 of the Trade Act of*  
 4                   *1974 (other than paragraph (3) of such sub-*  
 5                   *section (f)) (19 U.S.C. 2192(c) through (f)) (re-*  
 6                   *lating to committee discharge and floor consider-*  
 7                   *ation of certain resolutions in the House and*  
 8                   *Senate) apply to a joint resolution of dis-*  
 9                   *approval under this section to the same extent as*  
 10                   *such subsections apply to joint resolutions under*  
 11                   *such section 152.*

12               (b) RULES OF HOUSE OF REPRESENTATIVES AND  
 13 SENATE.—*This section is enacted by Congress—*

14                   (1) *as an exercise of the rulemaking power of the*  
 15                   *House of Representatives and the Senate, respectively,*  
 16                   *and as such is deemed a part of the rules of each*  
 17                   *House, respectively, and the rules provided for in this*  
 18                   *section supersede other rules only to the extent that*  
 19                   *they are inconsistent with such other rules; and*

20                   (2) *with the full recognition of the constitutional*  
 21                   *right of either House to change the rules provided for*  
 22                   *in this section (so far as relating to the procedures of*  
 23                   *that House) at any time, in the same manner, and*  
 24                   *to the same extent as any other rule of that House.*

1 **SEC. 9. INTERNATIONAL FINANCIAL INSTITUTION GOVERN-**  
2 **ANCE ARRANGEMENTS.**

3 (a) *INITIAL REVIEW.*—Notwithstanding any other pro-  
4 vision of law, before the United States approves a proposed  
5 change in the governance arrangement of any international  
6 financial institution, as defined in section 1701(c)(2) of the  
7 International Financial Institutions Act (22 U.S.C.  
8 262r(c)(2)), the Secretary shall determine whether any  
9 member of the international financial institution that  
10 would benefit from the proposed change, in the form of in-  
11 creased voting shares or representation, has a currency that  
12 was designated a currency for priority action pursuant to  
13 section 4(a)(3) in the most recent report required by section  
14 3. The determination shall be reported to Congress.

15 (b) *SUBSEQUENT ACTION.*—The United States shall  
16 oppose any proposed change in the governance arrangement  
17 of the international financial institution (described in sub-  
18 section (a)), if the Secretary renders an affirmative deter-  
19 mination pursuant to subsection (a).

20 (c) *FURTHER ACTION.*—The United States shall con-  
21 tinue to oppose any proposed change in the governance ar-  
22 rangement of the international financial institution, pursu-  
23 ant to subsection (b), until the Secretary determines and  
24 reports to Congress that the proposed change would not ben-  
25 efit any member of the international financial institution,  
26 in the form of increased voting shares or representation,

1 *that has a currency that is designated a currency for pri-*  
 2 *ority action pursuant to section 4(a)(3).*

3 **SEC. 10. ADJUSTMENT FOR FUNDAMENTALLY MISALIGNED**  
 4 **CURRENCY DESIGNATED FOR PRIORITY AC-**  
 5 **TION.**

6 *(a) IN GENERAL.—Subsection (c)(2) of section 772 of*  
 7 *the Tariff Act of 1930 (19 U.S.C. 1677a(c)(2)) is amend-*  
 8 *ed—*

9 *(1) by striking “and” at the end of subpara-*  
 10 *graph (A);*

11 *(2) by striking the period at the end of subpara-*  
 12 *graph (B) and inserting “; and”; and*

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

14 *“(C) if required by section 6(a)(1) of the*  
 15 *Currency Exchange Rate Oversight Reform Act*  
 16 *of 2007, the percentage by which the domestic*  
 17 *currency of the producer or exporter is under-*  
 18 *valued in relation to the United States dollar.”.*

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

22 *“(37) PERCENTAGE UNDERVALUATION.—The ad-*  
 23 *ministering authority shall determine the percentage*  
 24 *by which the domestic currency of the producer or ex-*  
 25 *porter is undervalued in relation to the United States*

1        *dollar by comparing the nominal value associated*  
 2        *with the medium-term equilibrium exchange rate of*  
 3        *the domestic currency of the producer or exporter,*  
 4        *identified by the Secretary pursuant to section 3(b)(7)*  
 5        *of the Currency Exchange Rate Oversight Reform Act*  
 6        *of 2007, to the official daily exchange rate identified*  
 7        *by the administering authority for purposes of anti-*  
 8        *dumping proceedings.”.*

9        **SEC. 11. NONMARKET ECONOMY STATUS.**

10        *Paragraph (18)(B) of section 771 of the Tariff Act of*  
 11        *1930 (19 U.S.C. 1677(18)(B)) is amended—*

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

13        *and*

14                *(2) by redesignating clause (vi) as clause (vii)*

15        *and inserting after clause (v) the following:*

16                        *“(vi) whether the currency of the for-*  
 17                        *ign country is designated a currency for*  
 18                        *priority action pursuant to section 4(a)(3)*  
 19                        *of the Currency Exchange Rate Oversight*  
 20                        *Reform Act of 2007, and”.*

21        **SEC. 12. APPLICATION TO CANADA AND MEXICO.**

22        *Pursuant to article 1902 of the North American Free*  
 23        *Trade Agreement and section 408 of the North American*  
 24        *Free Trade Agreement Implementation Act (19 U.S.C.*  
 25        *3438), section 6(a)(1) and the amendments made by sec-*

1 *tions 10 and 11 shall apply with respect to goods from Can-*  
 2 *ada and Mexico.*

3 **SEC. 13. ADVISORY COMMITTEE ON INTERNATIONAL EX-**  
 4 **CHANGE RATE POLICY.**

5 *(a) ESTABLISHMENT.—*

6 *(1) IN GENERAL.—There is established an Advi-*  
 7 *sory Committee on International Exchange Rate Pol-*  
 8 *icy (in this section referred to as the “Committee”)*  
 9 *The Committee shall be responsible for—*

10 *(A) advising the Secretary in the prepara-*  
 11 *tion of each report to Congress on international*  
 12 *monetary policy and currency exchange rates,*  
 13 *provided for in section 3; and*

14 *(B) advising Congress and the President*  
 15 *with respect to—*

16 *(i) international exchange rates and fi-*  
 17 *nancial policies; and*

18 *(ii) the impact of such policies on the*  
 19 *economy of the United States.*

20 *(2) MEMBERSHIP.—*

21 *(A) IN GENERAL.—The Committee shall be*  
 22 *composed of 9 members as follows, none of whom*  
 23 *shall be from the Federal Government:*

24 *(i) CONGRESSIONAL APPOINTEES.—*

1                   (I) *SENATE APPOINTEES.*—*Four*  
 2                   *persons shall be appointed by the*  
 3                   *President pro tempore of the Senate,*  
 4                   *upon the recommendation of the Chair-*  
 5                   *men and Ranking Members of the*  
 6                   *Committee on Banking, Housing, and*  
 7                   *Urban Affairs and the Committee on*  
 8                   *Finance of the Senate.*

9                   (II) *HOUSE APPOINTEES.*—*Four*  
 10                  *persons shall be appointed by the*  
 11                  *Speaker of the House of Representa-*  
 12                  *tives upon the recommendation of the*  
 13                  *Chairmen and Ranking Members of the*  
 14                  *Committee on Financial Services and*  
 15                  *the Committee on Ways and Means of*  
 16                  *the House of Representatives.*

17                  (ii) *PRESIDENTIAL APPOINTEE.*—*One*  
 18                  *person shall be appointed by the President.*

19                  (B) *QUALIFICATIONS.*—*Persons shall be se-*  
 20                  *lected under subparagraph (A) on the basis of*  
 21                  *their objectivity and demonstrated expertise in*  
 22                  *finance, economics, or currency exchange.*

23                  (3) *TERMS.*—*Members shall be appointed for a*  
 24                  *term of 4 years or until the Committee terminates. An*



1        *individual may be reappointed to the Committee for*  
2        *additional terms.*

3            (4) *VACANCIES.—Any vacancy in the Committee*  
4        *shall not affect its powers, but shall be filled in the*  
5        *same manner as the original appointment.*

6            (b) *DURATION OF COMMITTEE.—Notwithstanding sec-*  
7        *tion 14(c) of the Federal Advisory Committee Act (5 U.S.C.*  
8        *App.), the Committee shall terminate on the date that is*  
9        *4 years after the date of the enactment of this Act unless*  
10       *renewed by the President pursuant to section 14 of the Fed-*  
11       *eral Advisory Committee Act (5 U.S.C. App.) for a subse-*  
12       *quent 4-year period. The President may continue to renew*  
13       *the Committee for successive 4-year periods by taking ap-*  
14       *propriate action prior to the date on which the Committee*  
15       *would otherwise terminate.*

16           (c) *PUBLIC MEETINGS.—The Committee shall hold at*  
17        *least 2 public meetings each year for the purpose of accept-*  
18        *ing public comments, including comments from small busi-*  
19        *ness owners. The Committee shall also meet as needed at*  
20        *the call of the Secretary or at the call of two-thirds of the*  
21        *members of the Committee.*

22           (d) *CHAIRPERSON.—The Committee shall elect from*  
23        *among its members a chairperson for a term of 4 years or*  
24        *until the Committee terminates. A chairperson of the Com-*

1 *mittee may be reelected chairperson but is ineligible to serve*  
 2 *consecutive terms as chairperson.*

3 *(e) STAFF.—The Secretary shall make available to the*  
 4 *Committee such staff, information, personnel, administra-*  
 5 *tive services, and assistance as the Committee may reason-*  
 6 *ably require to carry out its activities.*

7 *(f) APPLICATION OF FEDERAL ADVISORY COMMITTEE*  
 8 *ACT.—*

9 *(1) IN GENERAL.—The provisions of the Federal*  
 10 *Advisory Committee Act (5 U.S.C. App.) shall apply*  
 11 *to the Committee.*

12 *(2) EXCEPTION.—Except for the 2 annual public*  
 13 *meetings required under subsection (c), meetings of*  
 14 *the Committee shall be exempt from the requirements*  
 15 *of subsections (a) and (b) of sections 10 and 11 of the*  
 16 *Federal Advisory Committee Act (relating to open*  
 17 *meetings, public notice, public participation, and*  
 18 *public availability of documents), whenever and to the*  
 19 *extent it is determined by the President or the Sec-*  
 20 *retary that such meetings will be concerned with mat-*  
 21 *ters the disclosure of which would seriously com-*  
 22 *promise the development by the United States Govern-*  
 23 *ment of monetary and financial policy.*

1 **SEC. 14. REPEAL OF THE EXCHANGE RATES AND INTER-**  
2 **NATIONAL ECONOMIC POLICY COORDINA-**  
3 **TION ACT OF 1988.**

4 *The Exchange Rates and International Economic Pol-*  
5 *icy Coordination Act of 1988 (22 U.S.C. 5301 et seq.) is*  
6 *repealed.*

**Calendar No. 293**

110<sup>TH</sup> CONGRESS  
1<sup>ST</sup> Session

**S. 1607**

**A BILL**

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

JULY 31, 2007

Reported with an amendment