

Calendar No. 327

105TH CONGRESS }
2d Session }

SENATE

{ REPORT
{ 105-169

MAKING SUPPLEMENTAL APPROPRIATIONS FOR THE INTERNATIONAL
MONETARY FUND FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 1998,
AND FOR OTHER PURPOSES

MARCH 17, 1998

Mr. STEVENS, from the Committee on Appropriations,
submitted the following

REPORT

[To accompany S. 1769]

The Committee on Appropriations reports the bill (S. 1769) making supplemental appropriations for the International Monetary Fund for the fiscal year ending September 30, 1998, and for other purposes reports favorably thereon and recommends that the bill do pass.

The accompanying bill addresses the President's funding requests contained in budget estimate No. 1, transmitted on February 8, 1998 (H. Doc. 105-213). The President's request proposed: advance appropriations to the Department of State to provide arrearage payments to the United Nations [U.N.] and other international organizations; and appropriations for the International Monetary Fund [IMF].

MULTILATERAL ECONOMIC ASSISTANCE

FUNDS APPROPRIATED TO THE PRESIDENT

LOANS TO INTERNATIONAL MONETARY FUND

NEW ARRANGEMENTS TO BORROW AND QUOTA INCREASE

The Committee has provided full funding for the dollar equivalent of the administration's request for 2,462,000,000 in special drawing rights for the new arrangements to borrow [NAB] and the dollar equivalent of 10,622,000,000 in special drawing rights for the U.S. share of the quota increase for the International Monetary Fund [IMF]. In addition, authority has been provided to consolidate and use funds previously appropriated to the general arrangements to borrow [GAB] for NAB purposes. The Committee understands that under the agreed budget procedures, the transfer of dollars will not be scored as a budgetary outlay because the United States receives in exchange another monetary asset in the form of a liquid, interest bearing claim on the IMF backed by its gold reserves.

Funding for the NAB was included in the fiscal year 1998 Foreign Operations, Export Financing and Related Programs appropriations bill as passed by the Senate. Committee action reflects the Senate's prior disposition of the administration's request. The combination of the GAB and NAB resources will make available approximately \$48,000,000,000 in an emergency facility designed to respond to major international financial crises. The Committee recognizes that the NAB improves burden sharing by expanding the number of contributors yet protects substantial U.S. control over activation of the line of credit.

The Committee acknowledges that the programs recently established for Thailand, Indonesia, and South Korea placed unexpected pressure on the IMF's liquidity and further recognizes these initiatives as important efforts to stabilize the financial and economic conditions in each of these nations. The Committee remains concerned that disruption and decline in Asian economies have consequences in United States export opportunities, jobs, income, and economic growth.

UNITED STATES QUOTA, GENERAL PROVISIONS

SEC. 101. *Conditions for the use of quota resources.*—The Committee establishes conditions which the Secretary of the Treasury must certify have been met prior to the transfer of funds to fulfill the U.S. quota subscription. The conditions address ongoing concerns about the systemic problems which have caused the financial crises prompting Fund intervention. Specifically, the Committee has required the Secretary certify that stand-by agreements and other uses of the Fund's resources require the borrower: (1) to guarantee nondiscriminatory treatment in debt resolution proceedings between domestic and foreign creditors and debtors, (2) to comply with international trade obligations; and (3) to eliminate the practice of directed lending or subsidies for favored enterprises and individuals.

SEC. 102. *Transparency and oversight.*—The Committee establishes requirements to assure improvements in access by both the General Accounting Office and the public to documents and information on Fund operations, programs and policy reviews, and lending decisions. Timely public access to information and transparency in Fund deliberations will enhance market and public confidence in loans and other uses of the Fund's resources.

SEC. 103. *Advisory Commission.*—The Committee requires the Secretary of the Treasury to establish an International Financial Institution Advisory Commission consisting of former Secretaries of the Treasury. The Commission is to report to Congress on the future role, if any, of the Fund and the implications of consolidation with the International Bank for Reconstruction and Development and the World Trade Organization.

SEC. 104. *Conference.*—The Committee has required the President to convene a conference of the members of the International Monetary Fund, the International Bank for Reconstruction and Development, and the World Trade Organization to consider a possible merger and their current capacity to contribute to global financial stability and economic growth.

SEC. 105. *Reports.*—The Committee requires regular reports from the Secretary of the Treasury, in consultation with the U.S. Executive Director at the Fund, providing information on borrowers' regulatory conditions, standards for capitalization, burden-sharing of losses between the public and private sector and plans to pay back loans. Given concerns that heavy debt burden generates additional borrowing, creating a cycle of debt accumulation, the Committee has required the Secretary to report on the plan and schedule for borrowers to assure elimination or restitution of all international debt obligations. The Committee also requires annual reporting on the direct and indirect recipients of Fund resources.

SEC. 106. *Certifications.*—The Committee has established certification requirements for the semiconductor, steel, automobile, and textile and apparel industries. The Committee is concerned that Korea has engaged in unfair trade practices that have disadvantaged these industries.

The Committee also finds that a healthy U.S.-based semiconductor industry is vital to national security interests. Further, the Committee finds certain foreign countries have directed official

lending to favored export-oriented industries, including the semiconductor industry and that these practices threaten the existence of the U.S.-based industry. Therefore, the Committee believes U.S. policy should ensure that no U.S. resources should be made available directly, or indirectly, to promote unfair competition against the American semiconductor industry.

COMPLIANCE WITH PARAGRAPH 7(C), RULE XXVI OF THE
STANDING RULES OF THE SENATE

Pursuant to paragraph 7(c) of rule XXVI, the Committee ordered reported the accompanying bill and S. 1768 enbloc, both subject to amendment and subject to scoring, by recorded vote of 26–2, a quorum being present.

| Yeas | Nays |
|------------------|---------------|
| Chairman Stevens | Mr. Faircloth |
| Mr. Cochran | Mr. Kohl |
| Mr. Specter | |
| Mr. Domenici | |
| Mr. Bond | |
| Mr. Gorton | |
| Mr. McConnell | |
| Mr. Burns | |
| Mr. Shelby | |
| Mr. Gregg | |
| Mr. Bennett | |
| Mr. Campbell | |
| Mr. Craig | |
| Mrs. Hutchison | |
| Mr. Byrd | |
| Mr. Inouye | |
| Mr. Hollings | |
| Mr. Leahy | |
| Mr. Bumpers | |
| Mr. Lautenberg | |
| Mr. Harkin | |
| Ms. Mikulski | |
| Mr. Reid | |
| Mrs. Murray | |
| Mr. Dorgan | |
| Mrs. Boxer | |

BUDGETARY IMPACT

Section 308(a)(1)(A) of the Congressional Budget and Impoundment Control Act of 1974 (Public Law 93–344), as amended, requires that the report accompanying a bill providing new budget authority contain a statement detailing how that authority compares with the reports submitted under section 302 of the act for the most recently agreed to concurrent resolution on the budget for the fiscal year.

FIVE-YEAR PROJECTION OF OUTLAYS

In compliance with section 308(a)(1)(C) of the Congressional Budget Act of 1974 (Public Law 93–344), as amended, the following

table contains 5-year projections associated with the budget authority provided in the accompanying bill:

| | | |
|--|---------------|----------|
| | [In millions] | |
| Budget authority: Fiscal year 1998 | | \$17,861 |
| Outlays: | | |
| Fiscal year 1998 | | |
| Fiscal year 1999 | | |
| Fiscal year 2000 | | |
| Fiscal year 2001 | | |
| Fiscal year 2002 and future years | | |

NOTE.—Consistent with the funding recommended in the bill for the International Monetary Fund and in accordance with section 314(b)(3) the Congressional Budget Act of 1974, as amended, the Committee anticipates that the Budget Committee will file a revised section 302(a) allocation for the Committee on Appropriations reflecting an upward adjustment of \$17,861,000,000 in budget authority.

ASSISTANCE TO STATE AND LOCAL GOVERNMENTS

In accordance with section 308(a)(1)(D) of the Congressional Budget Act of 1974 (Public Law 93-344), as amended, the financial assistance to State and local governments is as follows:

| | | |
|--------------------------------|---------------|--|
| | [In millions] | |
| New budget authority | | |
| Fiscal year 1998 outlays | | |

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL

(Amounts in dollars)

| Doc. No. | Supplemental request | Committee recommendation | Committee recommendation compared with supplemental request (+ or -) |
|--|--|--------------------------|--|
| FISCAL YEAR 1998 SUPPLEMENTAL APPROPRIATIONS | | | |
| DEPARTMENT OF STATE | | | |
| International Organizations and Conferences | | | |
| 105-213 | Arrearage payments (advance appropriation, fiscal year 1999) | \$475,000,000 | — \$475,000,000 |
| 105-213 | Advance appropriation, fiscal year 2000 | 446,000,000 | — 446,000,000 |
| | Total, International Organizations and Conferences | 921,000,000 | — 921,000,000 |
| MULTILATERAL ECONOMIC ASSISTANCE | | | |
| Funds Appropriated to the President | | | |
| International Monetary Fund | | | |
| 105-213 | United States quota, International Monetary Fund | \$14,500,000,000 | |
| 105-213 | Loans to International Monetary Fund | 3,400,000,000 | |
| | Total, International Monetary Fund | 17,900,000,000 | |
| Grand total, all titles (net) | | | |
| | Fiscal year 1998 (net): | 17,900,000,000 | — 921,000,000 |
| | New budget (obligational) authority | (17,900,000,000) | (— 921,000,000) |
| | Advance appropriation, fiscal year 1999 | (475,000,000) | (— 475,000,000) |
| | Advance appropriation, fiscal year 2000 | (446,000,000) | (— 446,000,000) |