

103^D CONGRESS
2^D SESSION

H. R. 4502

To include additional exchange rate policy information in reports required to be made by the Board of Governors of the Federal Reserve System and the Secretary of the Treasury to the Congress, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 26, 1994

Mr. GONZALEZ (for himself, Mr. FRANK of Massachusetts, Mr. KANJORSKI, and Mr. HINCHEY) introduced the following bill; which was referred to the Committee on Banking, Finance and Urban Affairs

A BILL

To include additional exchange rate policy information in reports required to be made by the Board of Governors of the Federal Reserve System and the Secretary of the Treasury to the Congress, 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 “Exchange Rate Policy
5 Reporting Act of 1994”.

1 **SEC. 2. PRESENTATION OF SEMIANNUAL REPORTS OF FED-**
2 **ERAL RESERVE BOARD TO CONGRESS.**

3 (a) IN GENERAL.—Section 2A of the Federal Reserve
4 Act (12 U.S.C. 225(a)) is amended—

5 (1) by striking “The Board of Governors of the
6 Federal Reserve System” where such term appears
7 in the 1st sentence and inserting “(a) IN GEN-
8 ERAL.—The Board of Governors of the Federal Re-
9 serve System”; and

10 (2) by adding at the end the following new sub-
11 sections:

12 “(b) PRESENTATION OF REPORTS TO THE CON-
13 GRESS.—

14 “(1) IN GENERAL.—During the 30-day periods
15 ending on February 20 and July 20 of each year,
16 the Chairman of the Board of Governors of the Fed-
17 eral Reserve System shall appear before the Com-
18 mittee on Banking, Finance and Urban Affairs of
19 the House of Representatives and Committee on
20 Banking, Housing, and Urban Affairs of the Senate,
21 upon the invitation of the chairman of each such
22 committee, to present and discuss the reports re-
23 quired under subsection (a).

24 “(2) APPEARANCE WITH SECRETARY OF THE
25 TREASURY.—The Chairman of the Board of Gov-
26 ernors of the Federal Reserve System shall make the

1 appearance required under paragraph (1) at the
2 same time as the Secretary of the Treasury appears
3 before such committees pursuant to section 3005 of
4 the Omnibus Trade and Competitiveness Act of
5 1988.

6 “(c) EFFECT OF MONETARY POLICY ON EXCHANGE
7 RATE.—Each report required under this section shall con-
8 tain a description of—

9 “(1) the effect the conduct of monetary policy
10 is having on the exchange rate of the United States
11 dollar and the effect the Board anticipates such pol-
12 icy will have on the exchange rate; and

13 “(2) the current and anticipated impact of the
14 exchange rate and any anticipated change in the ex-
15 change rate on domestic interest rates, employment,
16 production, inflation, wages, and economic growth.

17 “(d) INFORMATION ON CURRENCY SWAPS.—

18 “(1) IN GENERAL.—Each report required under
19 this section shall contain a description of—

20 “(A) all currency swap agreements in ef-
21 fect with any foreign entity;

22 “(B) any change since the preceding report
23 in any inventory of currencies under the
24 Board’s control; and

1 “(C) foreign loans and lines of credit from
2 or to, any foreign entity which are outstanding
3 at the time of the report.

4 “(2) DETAILED DESCRIPTIONS.—The report
5 shall include a detailed description of—

6 “(A) any foreign entity referred to in para-
7 graph (1);

8 “(B) all conditions of any swap agreement
9 or currency transaction referred to in para-
10 graph (1); and

11 “(C) the reasons for, and the benefits of,
12 any such agreement or transaction.

13 “(e) JULY UPDATES.—The report submitted by July
14 20 of each year shall contain—

15 “(1) a statement of the anticipated effect the
16 conduct of monetary policy will have on exchange
17 rates during the next calendar year; and

18 “(2) a statement of the anticipated changes
19 which will occur with respect to the matters required
20 to be reported under subsection (c) and (d).

21 **SEC. 3. REPORTS OF THE SECRETARY OF THE TREASURY**
22 **UNDER THE OMNIBUS TRADE AND COMPETI-**
23 **TIVENESS ACT OF 1988.**

24 Section 3005 of the Omnibus Trade and Competitive-
25 ness Act of 1988 (22 U.S.C. 5305) is amended—

1 (1) in subsection (a)—

2 (A) by striking “October 15” and inserting
3 “February 20 and July 20”; and

4 (B) by striking the 2d and 3d sentences;

5 (2) by redesignating subsection (c) as sub-
6 section (g); and

7 (3) in subsection (b)—

8 (A) by striking paragraph (5); and

9 (B) by redesignating paragraphs (1)
10 through (8) as paragraphs (4) through (10)
11 and inserting before paragraph (4) (as so redesi-
12 gnated) the following new paragraphs:

13 “(1) a statement of—

14 “(A) the Secretary’s plans and objectives
15 with respect to the exchange rate of the United
16 States dollar; and

17 “(B) the extent to which the Secretary has
18 been successful in achieving such objectives;

19 “(2) an analysis of—

20 “(A) the factors that are currently affect-
21 ing the exchange rate of the dollar; and

22 “(B) the current and anticipated impact of
23 the exchange rate of the dollar on—

1 “(i) domestic interest rates, employ-
2 ment, production, inflation, wages, and
3 economic growth;

4 “(ii) the current account and the fi-
5 nancial and capital account of the United
6 States;

7 “(iii) the international competitive
8 performance of United States industries;
9 and

10 “(iv) the external indebtedness of the
11 United States;

12 “(3) a description of—

13 “(A) all currency swap agreements in ef-
14 fect with any foreign entity;

15 “(B) any change since the preceding report
16 in any inventory of currencies under the Sec-
17 retary’s control; and

18 “(C) foreign loans and lines of credit from
19 or to, any foreign entity which are outstanding
20 at the time of the report;”;

21 (4) by inserting after subsection (b) the follow-
22 ing new subsections:

23 “(c) CHANGES IN POLICY.—

24 “(1) IN GENERAL.—This section shall not be
25 construed as requiring the plans disclosed in any re-

1 port under subsection (a) to be carried out by the
2 Secretary after such report is submitted to the Con-
3 gress if the Secretary determines that, because of
4 changing conditions and circumstances, such policies
5 cannot or should not be carried out or the objectives
6 for such plans cannot be achieved.

7 “(2) REPORT ON DETERMINATION.—If the Sec-
8 retary makes any determination described in para-
9 graph (1) with respect to any plans and objectives,
10 the Secretary shall include in the next report under
11 subsection (a) after such determination an expla-
12 nation for any revision or deviation from the plan or
13 objective.

14 “(d) REPORTS ON INTERVENTIONS.—If the Sec-
15 retary intervenes, or directs the Board of Governors of the
16 Federal Reserve System or any Federal reserve bank to
17 intervene, in the currency markets, the Secretary shall
18 submit a report to the Congress before the end of the 24-
19 hour period beginning at the time such intervention begins
20 describing the factors which prompted the intervention
21 and the objectives of the intervention.

22 “(e) JULY UPDATES.—The report submitted by July
23 20 of each year shall contain—

24 “(1) a statement of the Secretary’s plans and
25 objectives with respect to the exchange rate of the

1 United States dollar during the next calendar year;
2 and

3 “(2) a statement of the anticipated changes
4 which will occur with respect to the matters required
5 to be reported under paragraphs (2) and (3) of sub-
6 section (b).

7 “(f) APPEARANCE BEFORE CONGRESSIONAL COM-
8 MITTEES WITH THE CHAIRMAN OF THE FEDERAL RE-
9 SERVE BOARD.—The Secretary shall appear before the
10 Committee on Banking, Finance and Urban Affairs of the
11 House of Representatives and Committee on Banking,
12 Housing, and Urban Affairs of the Senate, upon the invi-
13 tation of the chairman of each such committee, to present
14 the report required under this section and answer ques-
15 tions relating to the report and United States policy at
16 the same time as the Chairman of the Board of Governors
17 of the Federal Reserve System appears before such com-
18 mittees pursuant to section 2A(b) of the Federal Reserve
19 Act.”.

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