

House Calendar No. 24

104TH CONGRESS
1ST SESSION

H. RES. 80

[Report No. 104-53]

Requesting the President to submit information to the House of Representatives concerning actions taken through the exchange stabilization fund to strengthen the Mexican peso and stabilize the economy of Mexico.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 10, 1995

Ms. KAPTUR (for herself, Mr. ABERCROMBIE, Mr. DEFazio, Mr. EVANS, Mr. HUNTER, Mr. KLINK, Mr. LIPINSKI, Mr. ROHRABACHER, Mr. SANDERS, Mr. TAYLOR of Mississippi, Mrs. THURMAN, Mr. VISCLOSKY, and Ms. DANNER) submitted the following resolution; which was referred to the Committee on Banking and Financial Services

FEBRUARY 27, 1995

Additional sponsors: Mrs. CHENOWETH, Mr. DUNCAN, Mrs. MINK of Hawaii, Mr. TALENT, Mr. TRAFICANT, Mr. STEARNS, Mr. BURTON of Indiana, Mr. MYERS of Indiana, Mr. HUTCHINSON, Mr. BAKER of California, Mr. DORNAN, Mr. KINGSTON, Mr. DELLUMS, Mr. FUNDERBURK, Mr. FOLEY, Mr. FILNER, Mr. GORDON, Mr. HOLDEN, and Mr. BROWN of Ohio

FEBRUARY 27, 1995

Reported with an amendment, referred to the House Calendar, and ordered to be printed

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

[For text of introduced resolution, see copy of resolution as introduced on February 10, 1995]

RESOLUTION

Requesting the President to submit information to the House of Representatives concerning actions taken through the exchange stabilization fund to strengthen the Mexican peso and stabilize the economy of Mexico.

1 *Resolved, That the President is hereby requested to pro-*
2 *vide to the House of Representatives (consistent with the*
3 *rules of such House), not later than 14 days after the adop-*
4 *tion of this resolution, the following documents in the pos-*
5 *session of the executive branch, if not inconsistent with the*
6 *public interest:*

7 (1) *Any document concerning—*

8 (A) *the condition of the Mexican economy;*
9 *and*

10 (B) *any consultations between the Govern-*
11 *ment of Mexico and the Secretary of the Treas-*
12 *ury (or any designee of the Secretary), the Inter-*
13 *national Monetary Fund, or the Bank for Inter-*
14 *national Settlements.*

15 (2) *Any document containing—*

16 (A) *a description of the activities of the*
17 *central bank of Mexico, including the reserve po-*
18 *sitions of such central bank and data relating to*
19 *the functioning of Mexican monetary policy;*

1 (B) information regarding the implementa-
2 tion and the extent of wage, price, and credit
3 controls in the Mexican economy;

4 (C) a complete documentation of Mexican
5 tax policy and any proposed changes to such
6 policy;

7 (D) a description of all financial trans-
8 actions, both inside and outside of Mexico, di-
9 rectly involving funds disbursed from the ex-
10 change stabilization fund and the International
11 Monetary Fund, including transactions with—

12 (i) individuals;

13 (ii) partnerships;

14 (iii) joint ventures; and

15 (iv) corporations;

16 (E) a list of planned or pending regulations
17 of the Government of Mexico affecting the private
18 sector of the Mexican economy; and

19 (F) any efforts to privatize public sector en-
20 tities in Mexico.

21 (3) Any document concerning any legal analysis
22 with regard to the authority of the President or the
23 Secretary of the Treasury under section 5302 of title
24 31, United States Code, the Bretton Woods Agree-
25 ments Act, the Special Drawing Rights Act, the Gold

1 *Reserve Act of 1934, or any other law or legal author-*
2 *ity to use the stabilization fund to implement the*
3 *President's proposed Mexican support package.*

4 (4) *Any document concerning any legal opinion*
5 *regarding the applicability or nonapplicability of the*
6 *provisions of the Federal Credit Reform Act of 1990*
7 *to the exchange stabilization fund.*

8 (5) *Any document concerning any agreement be-*
9 *tween the United States and the Government of Mex-*
10 *ico (or any other appropriate Mexican entity) to pro-*
11 *vide assured sources of repayment for all payments by*
12 *the United States in connection with any short-, in-*
13 *termediate-, or long-term credit facility made avail-*
14 *able to Mexico after December 31, 1994.*

15 (6) *Any document concerning the implementa-*
16 *tion by the President and the Secretary of the Treas-*
17 *ury (or any designee of the Secretary) of the author-*
18 *ity under section 5302 of title 31, United States Code,*
19 *with respect to any credit facility described in para-*
20 *graph (5).*

21 (7) *Any document concerning efforts by the*
22 *international community to stabilize the economy of*
23 *Mexico and the current status of negotiations with*
24 *other countries to improve the capacity of inter-*
25 *national institutions to handle similar crises.*

1 (8) Any document concerning the extent to which
2 Mexico is complying with the terms and conditions
3 agreed to in connection with the exercise of the au-
4 thority under section 5302 of title 31, United States
5 Code, with respect to any credit facility described in
6 paragraph (5), including any document concerning
7 the extent to which—

8 (A) the Government of Mexico has agreed to
9 use the proceeds of any loan which has been
10 made, or any security for which any guarantee
11 has been issued, through any such facility to help
12 strengthen the Mexican peso and help stabilize fi-
13 nancial and exchange markets by facilitating the
14 refinancing or redemption of short-term debt in-
15 struments issued by the Government of Mexico;

16 (B) the Government of Mexico has agreed to
17 provide—

18 (i) a comprehensive financial plan
19 which includes a description of the intended
20 use of any such loan or security; and

21 (ii) ongoing reports on the implemen-
22 tation of the financial plan while any such
23 loan or security is outstanding;

24 (C) the Government of Mexico is respecting
25 the autonomy of the central bank of Mexico and

1 *the mandate of such bank to seek stability with*
2 *respect to the purchasing power of the Mexican*
3 *peso;*

4 *(D) the central bank of Mexico is pursuing*
5 *a noninflationary monetary and credit policy*
6 *that controls credit expansion and the growth of*
7 *the Mexican money supply in order to maintain*
8 *the Mexican peso as a strong currency;*

9 *(E) the central bank of Mexico is providing*
10 *on a periodic basis to the Board of Governors of*
11 *the Federal Reserve System and other appro-*
12 *priate governmental entities information nec-*
13 *essary to make an assessment with respect to the*
14 *policy described in subparagraph (D), including*
15 *central bank money supply and monetary policy*
16 *data;*

17 *(F) the Government of Mexico is implement-*
18 *ing the privatization policy established by such*
19 *Government to transfer enterprises currently*
20 *owned or controlled by the Government to pri-*
21 *vate ownership;*

22 *(G) the Government of Mexico continues to*
23 *permit entry of foreign direct investment into*
24 *Mexico and the repatriation of investments from*
25 *Mexico by United States nationals; and*

1 (H) the Government of Mexico is pursuing
2 market-oriented measures to stem the flow of do-
3 mestically owned capital from Mexico.

4 (9) Any document concerning any analysis of
5 the resources which the International Monetary Fund
6 has agreed to make available in response to the Mexi-
7 can financial crisis.

8 (10) Any document concerning—

9 (A) the percentage of the resources which the
10 International Monetary Fund has agreed to
11 make available in response to the Mexican finan-
12 cial crisis which are attributable to capital con-
13 tributions to such Fund by the United States;
14 and

15 (B) the extent to which the participation of
16 the International Monetary Fund in inter-
17 national efforts to strengthen the Mexican peso
18 and stabilize the economy of Mexico is likely to
19 require additional contributions to such Fund by
20 the member states of the Fund, including the
21 United States.

22 (11) Any document concerning any agreement
23 between the United States and the Government of
24 Mexico detailing the fee structure and the terms and
25 conditions under which loans, loan guarantees, and

1 *other financial support may be made available to*
2 *Mexico through the stabilization fund established*
3 *under section 5302 of title 31, United States Code, in-*
4 *cluding—*

5 *(A) any document concerning background*
6 *materials on the assessment of the Mexican econ-*
7 *omy and any United States Government ration-*
8 *alization for pressing the central bank of Mexico*
9 *to increase interest rates from 40 percent to 50*
10 *percent;*

11 *(B) any document concerning the frame-*
12 *work agreement entered into on or about Feb-*
13 *ruary 21, 1995, which serves as the umbrella ac-*
14 *cord for the provision of any such loan, loan*
15 *guarantee, or other financial support;*

16 *(C) any document concerning the medium-*
17 *term exchange stabilization agreement entered*
18 *into on or about February 21, 1995, which speci-*
19 *fies the terms and conditions for medium-term*
20 *swap transactions between the United States and*
21 *Mexico;*

22 *(D) any document concerning the guarantee*
23 *agreement entered into on or about February 21,*
24 *1995, which specifies the terms and conditions*

1 for the issuance of guarantees by the United
2 States of debt securities issued by Mexico; and

3 (E) any document concerning the oil pro-
4 ceeds facility agreement entered into on or about
5 February 21, 1995, which establishes a mecha-
6 nism to provide an assured source of repayment
7 of United States resources.

8 (12) Any document concerning the assured
9 source of repayment to the United States for any
10 short-, intermediate-, or long-term credit facility
11 made available to Mexico after December 31, 1994.

12 (13) Any document concerning the net worth of
13 Pemex, the historical annual revenues of Pemex, the
14 projected annual revenues during the 5-year period
15 beginning on the date of the adoption of this resolu-
16 tion, and the extent to which the proceeds from the
17 sale of Mexican oil to customers within Mexico or out-
18 side of Mexico—

19 (A) are required to be paid to the Govern-
20 ment of Mexico as taxes or as payments in lieu
21 of taxes; or

22 (B) have been pledged as collateral for the
23 repayment of any loans or other extensions of
24 credit to the Government of Mexico or to Pemex

1 *other than any credit facility described in para-*
2 *graph (12).*

3 (14) *Any document concerning the value of any*
4 *oil the proceeds from the sale of which are pledged to*
5 *assure the repayment of any financial assistance pro-*
6 *vided by the United States to Mexico, the documenta-*
7 *tion received by the United States in connection with*
8 *such pledge, and the manner in which the United*
9 *States may exercise any rights under such pledge to*
10 *obtain the proceeds as repayment for losses incurred.*

11 (15) *Any document concerning any assurances*
12 *given by the Government of Mexico to the United*
13 *States Government with respect to changes in past*
14 *economic policies or the adoption of a new economic*
15 *plan.*

16 (16) *Any document concerning the decision by*
17 *the President to use the assets of the exchange sta-*
18 *bilization fund established under section 5302 of title*
19 *31, United States Code, in connection with any*
20 *short-, intermediate-, or long-term credit facility*
21 *made available to Mexico after December 31, 1994.*

22 (17) *Any document concerning the criteria used*
23 *by the President or the Secretary of the Treasury (or*
24 *any designee of the Secretary) in making any deci-*
25 *sion to use the assets of the exchange stabilization*

1 *fund to respond to any economic, balance of pay-*
2 *ments, or exchange crisis in any country and the*
3 *facts on which such determinations were made with*
4 *respect to Poland, in 1989, and to Mexico in Decem-*
5 *ber of 1994 and early 1995.*

6 *(18) Any document concerning how the use of the*
7 *assets of the exchange stabilization fund as a source*
8 *of credit to Mexico compares with all prior uses of the*
9 *assets of the fund since 1945 for all other countries*
10 *under section 5302 of title 31, United States Code,*
11 *with regard to—*

12 *(A) the dollar amount of each transaction;*

13 *(B) the type of the transaction, such as*
14 *loan, loan guarantee, or swap agreement (as de-*
15 *finied in section 11(e)(8)(D)(vi) of the Federal*
16 *Deposit Insurance Act);*

17 *(C) the purpose of the transaction, such as*
18 *whether it was to support the United States dol-*
19 *lar, to support a foreign currency, or any other*
20 *purpose;*

21 *(D) the duration, in years, of the trans-*
22 *action during which any credit was or is per-*
23 *mitted to remain outstanding;*

1 (E) any security or collateral pledged to as-
2 sure repayment with respect to each such trans-
3 action; and

4 (F) the existence of any agreement involving
5 the International Monetary Fund or the Board
6 of Governors of the Federal Reserve System in
7 connection with each such transaction and the
8 terms of each agreement by such Fund or Board.

9 (19) Any document concerning debts owed by the
10 Government of Mexico and any entity owned or con-
11 trolled by the Government of Mexico to United States
12 public or private creditors which are outstanding as
13 of the date of the adoption of this resolution, the sta-
14 tus of each such debt (including whether such debt has
15 been refinanced), and the collateral or security
16 pledged to assure repayment of such debt.

17 (20) Any document concerning an accounting of
18 all the fund flows through the exchange stabilization
19 fund established under section 5302 of title 31, United
20 States Code, during the 24-month period ending on
21 the date of the adoption of this resolution, including
22 the identification of the amount of and purpose for
23 each transaction involving such fund during such pe-
24 riod.

1 (21) Any document concerning the balance of
2 available assets in the exchange stabilization fund as
3 of the date of the adoption of this resolution.

4 (22) Any document concerning the amount by
5 which the total principal amount of loans, loan guar-
6 antees, and other extensions of credit which the Presi-
7 dent has announced will be made available to Mexico
8 exceeds the total amount of available assets in the ex-
9 change stabilization fund established under section
10 5302 of title 31, United States Code, and the means
11 for covering the shortfall, if any.

12 (23) Any document concerning the departure of
13 the International Monetary Fund from the Fund's
14 customary guidelines for country assistance, includ-
15 ing any recommendation made by the President or
16 any other officer or employee in the executive branch
17 to the Fund regarding the amount of financial assist-
18 ance the Fund was preparing to make available to
19 Mexico, and any reciprocal agreement made by the
20 executive branch to the Fund for making such assist-
21 ance available in an amount greatly in excess of the
22 customary guidelines.

23 (24) Any document concerning the factual cir-
24 cumstances pursuant to which the Bank for Inter-
25 national Settlements has become a lender to individ-

1 *ual countries beyond the Bank's customary role as a*
2 *clearinghouse for central banks.*

3 *(25) Any document concerning the financial ob-*
4 *ligations of the Board of Governors of the Federal Re-*
5 *serve System to the Bank for International Settle-*
6 *ments.*

7 *(26) Any document concerning the relationship*
8 *among the Board of Governors of the Federal Reserve*
9 *System, the Bank for International Settlements, and*
10 *the central banks of other countries which are affili-*
11 *ated with such Bank in any manner with regard to*
12 *assigning or apportioning the ultimate liability for*
13 *any loss incurred in connection with the extension of*
14 *credit by such Bank to the Government of Mexico.*

15 *(27) Any document concerning any discrepancy*
16 *between the amount the President announced is avail-*
17 *able in the exchange stabilization fund established*
18 *under section 5302 of title 31, United States Code,*
19 *and the amount shown as being available in such*
20 *Fund in the monthly statement of the public debt of*
21 *the United States on December 31, 1994.*

22 *(28) Any document concerning conditions which*
23 *were put on the credit facilities made available to*
24 *Mexico through the exchange stabilization fund or the*
25 *Board of Governors of the Federal Reserve System*

- 1 *that were requested by members of the investment*
- 2 *community.*

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