

at least in proportion to, Brazil's repayments to the IMF's SRF and to the Bank of Japan's swap facility. The Government of Brazil is guaranteeing the performance of the Banco Central's obligations under its agreement with the BIS, and, pursuant to the agreement, Brazil must maintain its gross international reserves at a level no less than the sum of the principal amount outstanding under the BIS facility, the principal amount outstanding under Japan's swap facility, and a suitable margin. Also, the participating central banks and the BIS must approve any Banco Central request for a drawing or roll-over from the BIS credit facility.

Before the financial crisis that hit Brazil last fall, Brazil had made remarkable progress toward reforming its economy, including reducing inflation from more than 2000 percent 5 years ago to less than 3 percent in 1998, and successfully implementing an extensive privatization program. Nonetheless, its large fiscal deficit left it vulnerable during the recent period of global financial turbulence. Fiscal adjustment to address that deficit therefore formed the core of the stand-by arrangement that Brazil reached with the IMF last December.

Despite Brazil's initial success in implementing the fiscal reforms required by this stand-by arrangement, there were some setbacks in passing key legislation, and doubts emerged about the willingness of some key Brazilian states to adjust their finances. Ultimately, the government secured passage of virtually all the fiscal measures, or else took offsetting actions. However, the initial setbacks and delays eroded market confidence in December 1998 and January 1999, and pressure on Brazil's foreign exchange reserves intensified. Rather than further deplete its reserves, Brazil in mid-January first devalued and then floated its currency, the real, causing a steep decline of the real's value against the dollar. As a consequence, Brazil needed to prevent a spiral of depreciation and inflation that could have led to deep financial instability.

After the decision to float the real, and in close consultation with the IMF, Brazil developed a revised economic program for 1999-2001, which included deeper fiscal adjustments and a transparent and prudent monetary policy designed to contain inflationary pressures. These adjustments will take some time to restore confidence fully. In the meantime, the strong support of the international community has been and will continue to be helpful in reassuring the markets that Brazil can restore sustainable financial stability.

Brazil's experience to date under its revised program with the IMF has been very encouraging. The exchange rate has strengthened from its lows of early March and has been relatively stable in recent weeks; inflation is significantly lower than expected and declining; inflows of private capital are resuming; and most analysts now believe that the

economic downturn will be less severe than initially feared.

Brazil's success to date will make it possible for it to repay a 30 percent portion of its first (December) drawing from the BIS credit facility and the Bank of Japan swap facility. With continued economic improvement, Brazil is likely to be in a position to repay the remainder of its BIS and Bank of Japan obligations relatively soon. However, Brazil has indicated that it would be inadvisable to repay 100 percent of the first BIS and Bank of Japan disbursements at this point, given the persistence of risks and uncertainties in the global economy. The timing of this repayment must take into account the risk that using Brazilian reserves to repay both first drawings in their entirety could harm market confidence in Brazil's financial condition. This could undermine the purpose of our support: protecting financial stability in Brazil and in other emerging markets, which ultimately benefits U.S. exports and jobs. Given that the BIS and Bank of Japan facilities charge a substantial premium over the 6-month Eurodollar interest rate, the Banco Central has an incentive to repay them as soon as is prudent.

The IMF stand-by arrangement and the BIS and Bank of Japan facilities constitute a vital international response to Brazil's financial crisis, which threatens the economic welfare of Brazil's 160 million people and of other countries in the region and elsewhere in the world. Brazil's size and importance as the largest economy in Latin America mean that its financial and economic stability are matters of national interest to the United States. Brazil's industrial output is the largest in Latin America; it accounts for 45 percent of the region's gross domestic product, and its work force numbers approximately 85 million people. A failure to help Brazil deal with its financial crisis would increase the risk of financial instability in other Latin American countries and other emerging market economies. Such instability could damage U.S. exports, with serious repercussions for our workforce and our economy as a whole.

Therefore, the BIS credit facility is providing a crucial supplement to Brazil's IMF-supported program of economic and financial reform. I believe that strong and continued support from the United States, other governments, and multilateral institutions are crucial to enable Brazil to carry out its economic reform program. In these unique and emergency circumstances, it is both appropriate and necessary to continue to make ESF financing available as needed for more than 6 months to guarantee this BIS credit facility, including any other rollover or drawing that might be necessary in the future.

WILLIAM J. CLINTON.

THE WHITE HOUSE, June 15, 1999.

By unanimous consent, the message was referred to the Committee on

Banking and Financial Services and ordered to be printed (H. Doc. 106-82).

¶64.15 H. RES. 62—UNFINISHED BUSINESS

The SPEAKER pro tempore, Mr. SHIMKUS, pursuant to clause 8, rule XX, announced the unfinished business to be the motion to suspend the rules and agree to the resolution (H. Res. 62) expressing concern over the escalating violence, the gross violations of human rights, and the ongoing attempts to overthrow a democratically elected government in Sierra Leone, as amended.

The question being put,

Will the House suspend the rules and agree to said resolution, as amended?

The vote was taken by electronic device.

It was decided in the	}	Yeas	414
affirmative		Nays	1
		Answered present	1

¶64.16 [Roll No. 205] YEAS—414

Abercrombie	Coble	Gephardt
Ackerman	Coburn	Gibbons
Aderholt	Collins	Gilchrest
Allen	Combest	Gillmor
Andrews	Condit	Gilman
Archer	Conyers	Gonzalez
Armey	Cook	Goode
Bachus	Cooksey	Goodlatte
Baird	Costello	Goodling
Baker	Cox	Gordon
Baldacci	Cramer	Goss
Baldwin	Crane	Graham
Ballenger	Crowley	Granger
Barcia	Cubin	Green (TX)
Barrett (NE)	Cummings	Green (WI)
Barrett (WI)	Cunningham	Greenwood
Bartlett	Davis (FL)	Gutierrez
Barton	Davis (IL)	Gutknecht
Bass	Davis (VA)	Hall (OH)
Bateman	Deal	Hall (TX)
Becerra	DeFazio	Hansen
Bentsen	DeGette	Hastings (FL)
Bereuter	Delahunt	Hastings (WA)
Berkley	DeLauro	Hayes
Berman	DeLay	Hayworth
Berry	DeMint	Hefley
Biggert	Deutsch	Herger
Bilbray	Diaz-Balart	Hill (IN)
Bilirakis	Dickey	Hill (MT)
Bishop	Dicks	Hilleary
Blagojevich	Dingell	Hilliard
Biley	Dixon	Hinches
Blumenauer	Doggett	Hinojosa
Blunt	Doollittle	Hobson
Boehlert	Doyle	Hoefl
Boehner	Dreier	Hoekstra
Bonilla	Duncan	Holden
Bonior	Dunn	Holt
Bono	Edwards	Hooley
Borski	Ehlers	Horn
Boswell	Ehrlich	Hostettler
Boucher	Emerson	Hoyer
Boyd	Engel	Hulshof
Brady (PA)	English	Hunter
Brown (FL)	Eshoo	Hutchinson
Brown (OH)	Etheridge	Hyde
Bryant	Evans	Inslee
Burr	Everett	Isakson
Burton	Ewing	Istook
Callahan	Farr	Jackson (IL)
Calvert	Fattah	Jackson-Lee
Camp	Filner	(TX)
Campbell	Fletcher	Jefferson
Canady	Foley	Jenkins
Cannon	Forbes	John
Capps	Ford	Johnson (CT)
Capuano	Fossella	Johnson, E. B.
Carson	Fowler	Johnson, Sam
Castle	Frank (MA)	Jones (NC)
Chabot	Franks (NJ)	Jones (OH)
Chambliss	Frelinghuysen	Kanjorski
Chenoweth	Frost	Kaptur
Clay	Gallegly	Kasich
Clayton	Ganske	Kelly
Clement	Gejdenson	Kennedy
Clyburn	Gekas	Kildee