FOREIGN CURRENCY

Many agencies of the Government are engaged in activities throughout the world which involve payments in foreign currencies. From some governmental activities, particularly those concerning the sale of surplus agricultural commodities, the Government acquires foreign currencies without spending United States dollars.

Most currencies accrue to the credit of the United States because of past or current international agreements primarily dealing with (1) sales of commodities (usually surplus agricultural items) to foreign purchasers for local currencies or (2) loans of dollars or foreign currencies which may be repaid in the currency of the borrower. Sales of commodities for foreign currency are expected to be phased out over the next few years.

A large part of the foreign currencies owned by the United States is committed by the terms of the international agreements under which the currencies were received. They must be used on a loan or grant basis for mutually beneficial purposes in the host country and are therefore called "country-use" currencies. Currencies available for the purposes of United States agencies are called "United States-use" currencies.

COUNTRY-USE CURRENCIES

A large amount of foreign currency is used outside of the appropriation process, as summarized in the following table, for loans and grants for common defense and economic development in the host country.

Summary of Foreign Currency Transactions for Country Use Fiscal Year 1966

	(Millions of dollar equivalent)
Balances brought forward	$1,384
Collections:	
Public Law 480 sales (note)	789
Foreign assistance program	2
Net transfer from U.S. uses	27
Total available	$2,202
Expenditures:	
Public Law 480 country loans and grants	$ 736
Public Law 480 loans to private enterprise	37
Other foreign assistance programs	12
Adjustments due to changes in exchange rates	409
Balance carried forward to fiscal year 1967	1,008
Total	$2,202

Note: Under the foreign assistance program established by Public Law 480, 83d Cong., the United States accepts foreign currency in payment for agricultural commodities and their products. Sales are made to countries unable to expand commercial purchases because of a lack of dollar exchange. Foreign currencies received are deposited to the account of the U.S. Treasury and can be used only as stated in section 104 of Public Law 480. As set forth in title I of Public Law 480, foreign currency proceeds accruing from sales are used, in some cases, without appropriation. For example, section 104(c) of Public Law 480 permits the use of foreign currencies for the "common defense" without appropriation. These funds are controlled by the Department of Defense and the Bureau of the Budget. Other sections of the law permit the use of foreign currency by the Agency for International Development without appropriation.