HOUSE OF REPRESENTATIVES—*Thursday, April 30, 1987*

The House met at 10 a.m.

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

We confess, O God, that we so often see the difficulties of life—the very real problems that face us as individuals and as a nation. While we understand our focus is often on the stresses of life, yet we realize, gracious God, that our greatest emotion ought to be a spirit of thanksgiving for the gifts of life—thanksgiving for friends and family and colleagues, thanksgiving for opportunities for service to others, thanksgiving for love and life. We are grateful, O God, for all Your gifts and pray Your blessing upon us. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

Mr. BARTON of Texas. Mr. Speaker, pursuant to clause 1, rule I, I demand a vote on agreeing to the Speaker's approval of the Journal.

The SPEAKER. The question is on the Chair's approval of the Journal.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. BARTON of Texas. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 291, nays 96, answered "present" 4, not voting 42, as follows:

[Roll No. 74]

YEAS—291

Ackerman	Berman	Bryant
Akaka	Bevill	Byron
Alexander	Biaggi	Campbell
Anderson	Bilirakis	Cardin
Andrews	Boggs	Carper
Anthony	Boland	Carr
Applegate	Boner (TN)	Chapman
Archer	Bonior (MI)	Chappell
Aspin	Bonker	Clarke
Atkins	Bosco	Clinger
AuCoin	Boucher	Coats
Baker	Boulter	Coelho
Barnard	Boxer	Coleman (MO)
Bartlett	Brennan	Coleman (TX)
Bateman	Brooks	Collins
Bates	Broomfield	Combest
Beilenson	Brown (CA)	Conte
Bennett	Brown (CO)	Coyne
Bereuter	Bruce	Crockett
Daniel	Kastenmeier	Ray
Darden	Kemp	Regula
Davis (MI)	Kennedy	Richardson
DeFazio	Kennelly	Rinaldo
Dellums	Kildee	Robinson
Derrick	Kleczka	Roe
DeWine	Kolter	Roemer
Dicks	Kostmayer	Rose
Donnelly	LaFalce	Rostenkowski
Dorgan (ND)	Lancaster	Roth
Dornan (CA)	Lantos	Rowland (CT)
Dowdy	Lehman (CA)	Rowland (GA)
Downey	Lehman (FL)	Roybal
Duncan	Leland	Russo
Durbin	Lent	Sabo
Dwyer	Levin (MI)	Saiki
Dymally	Levine (CA)	Sawyer
Dyson	Lewis (GA)	Scheuer
Early	Lightfoot	Schneider
Eckart	Lipinski	Schuette
Edwards (CA)	Lowry (WA)	Schumer
English	Lujan	Sharp
Erdreich	Luken, Thomas	Shaw
Espy	MacKay	Shumway
Evans	Manton	Shuster
Fascell	Markey	Sisisky
Fawell	Martinez	Skaggs
Fazio	Matsui	Slattery
Feighan	Mavroules	Slaughter (NY)
Fish	Mazzoli	Smith (FL)
Flake	McCurdy	Smith (IA)
Flippo	McDade	Smith (NE)
Florio	McEwen	Smith (TX)
Foglietta	McHugh	Snowe
Foley	McMillan (NC)	Solarz
Frank	McMillen (MD)	Spence
Garcia	Mfume	Spratt
Gaydos	Mica	St Germain
Gejdenson	Miller (CA)	Staggers
Gephardt	Miller (WA)	Stallings
Gibbons	Mineta	Stark
Gilman	Moakley	Stenholm
Glickman	Mollohan	Stokes
Gonzalez	Montgomery	Stratton
Gradison	Morella	Studds
Grant	Morrison (CT)	Sweeney
Gray (IL)	Morrison (WA)	Swift
Gray (PA)	Mrazek	Synar
Green	Murtha	Tallon
Guarini	Myers	Tauke
Gunderson	Nagle	Taylor
Hall (OH)	Natcher	Thomas (GA)
Hall (TX)	Neal	Torricelli
Hamilton	Nelson	Towns
Hammerschmidt	Nichols	Traficant
Harris	Nowak	Traxler
Hatcher	Oakar	Udall
Hayes (IL)	Oberstar	Valentine
Hefner	Olin	Vander Jagt
Hertel	Ortiz	Vento
Holloway	Owens (NY)	Visclosky
Hopkins	Owens (UT)	Volkmer
Horton	Oxley	Walgren
Howard	Panetta	Watkins
Hoyer	Patterson	Waxman
Hubbard	Pease	Weiss
Huckaby	Pepper	Weldon
Hughes	Perkins	Wheat
Hutto	Petri	Whitten
Ireland	Pickett	Williams
Jeffords	Pickle	Wilson
Jenkins	Porter	Wise
Johnson (CT)	Price (IL)	Wolpe
Johnson (SD)	Price (NC)	Wortley
Jontz	Pursell	Wyden
Kanjorski	Quillen	Wylie
Kaptur	Rahall	Yates
Kasich	Ravenel	Yatron

NAYS—96

Armey	Boehlert	Cheney
Badham	Bunning	Clay
Barton	Burton	Coble
Bentley	Callahan	Coughlin
Bliley	Chandler	Courter
Craig	Konnyu	Rogers
Crane	Kyl	Roukema
Dannemeyer	Lagomarsino	Saxton
Daub	Latta	Schaefer
Davis (IL)	Leach (IA)	Sensenbrenner
DeLay	Lewis (CA)	Sikorski
Dickinson	Lewis (FL)	Skeen
DioGuardi	Lloyd	Slaughter (VA)
Dreier	Lott	Smith, Denny (OR)
Emerson	Mack	Smith, Robert (NH)
Fields	Madigan	Smith, Robert (OR)
Frenzel	Marlenee	Solomon
Gallegly	Martin (IL)	Stangeland
Gallo	Martin (NY)	Stump
Gekas	McCandless	Sundquist
Gingrich	McCollum	Swindall
Goodling	Michel	Thomas (CA)
Grandy	Miller (OH)	Upton
Gregg	Molinari	Vucanovich
Hansen	Moorhead	Walker
Hastert	Nielson	Weber
Hefley	Packard	Whittaker
Henry	Parris	Wolf
Hiler	Pashayan	Young (AK)
Hunter	Penny	Young (FL)
Hyde	Rhodes	
Jacobs	Ridge	
Kolbe	Roberts	

ANSWERED "PRESENT"—4

Ballenger	Murphy
Hawkins	Obey

NOT VOTING—42

Annunzio	Gordon	McGrath
Bilbray	Hayes (LA)	McKinney
Borski	Herger	Meyers
Buechner	Hochbrueckner	Moody
Bustamante	Houghton	Rangel
Conyers	Inhofe	Ritter
Cooper	Jones (NC)	Rodino
de la Garza	Jones (TN)	Savage
Dingell	Leath (TX)	Schroeder
Dixon	Livingston	Schulze
Edwards (OK)	Lowery (CA)	Skelton
Ford (MI)	Lukens, Donald	Smith (NJ)
Ford (TN)	Lungren	Tauzin
Frost	McCloskey	Torres

□ 1020

Mr. GALLEGLY changed his vote from "yea" to "nay."

Mrs. COLLINS changed her vote from "nay" to "yea."

Mr. HORTON changed his vote from "present" to "yea."

So the Journal was approved.

The result of the vote was announced as above recorded.

CONGRATULATING THE HONORABLE WILLIAM H. NATCHER ON HIS VOTING RECORD

The SPEAKER. The Chair desires to make an announcement of some historic significance, and I know one of great interest to many Members of this Chamber.

Whenever a historic milestone is reached, it is worthy of our observing it, particularly when that historic milestone is one of proven, undeviating dedication to duty on the part of any public servant, and most particularly a Member of the U.S. House of Representatives.

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

Today in the rollcall just passed, one such noteworthy milestone has occurred. The Honorable BILL NATCHER has been a Member of this body since his swearing in on January 6, 1954, a period slightly exceeding 33 years.

During the entirety of that period, BILL NATCHER has never missed being present and recorded on a rollcall vote or a quorum call.

During these years, he has cast 10,879 rollcall votes, and answered 4,121 quorum calls, making a total, as of this vote just taken, of exactly 15,000 rollcalls without ever having missed one time.

In spite of our determination that 1-minute speeches will not be accepted today in order that we may complete the bill, notwithstanding that, the Chair would like to make an exception and recognize the gentleman from Kentucky [Mr. NATCHER].

PRIDE IN SERVICE

(Mr. NATCHER asked and was given permission to address the House for 1 minute.)

Mr. NATCHER. Mr. Speaker, one of the nicest things that has happened to me during my lifetime, next to my marriage and the birth of my two children, was the day that I was elected a Member of the Congress of the United States.

It has been a distinct honor and privilege, Mr. Speaker, serving with you and all of the ladies and gentlemen that sit here today, and all of the Members in the House and in the other body.

Since March 4, 1789, we have had 11,173 Members to serve in both bodies. Five hundred and ninety, Mr. Speaker, served in both Houses.

I believe that I have served with about 2,000 Members; I think that is correct, and I have enjoyed every day of it, and I want you to know this.

I doubt if I could make 15,000 more, but I am going to try.

APPOINTMENT AS MEMBERS OF THE COMMISSION ON THE U.S. HOUSE OF REPRESENTATIVES BICENTENARY

The SPEAKER. Pursuant to section 3 of House Resolution 101, 100th Congress, the Chair appoints as members of the Commission on the U.S. House of Representatives Bicentenary the following Members of the House:

Mrs. BOGGS of Louisiana, chairman;
Mr. SHARP of Indiana;
Mr. FOGLIETTA of Pennsylvania;
Mr. SHUSTER of Pennsylvania;
Mr. GINGRICH of Georgia; and
Mr. HENRY of Michigan.

And the following former Members of the House:

Mr. Vandergriff of Texas; and
Mr. Rhodes of Arizona.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Hallen, one of its clerks, announced that the Senate had passed with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 1157. An act to provide for an acreage diversion program applicable to producers of the crop of winter wheat harvested in 1987, and otherwise to extend assistance to farmers adversely affected by natural disasters in 1986.

REQUEST FOR PERMISSION TO OFFER AMENDMENT TO H.R. 3, TRADE AND INTERNATIONAL ECONOMIC POLICY REFORM ACT OF 1987, NOTWITHSTANDING THE RULE

Mr. SOLOMON. Mr. Speaker, I rise to ask unanimous consent of this body to be able to offer an amendment which was inadvertently omitted by the Republican Members of the Rules Committee in offering it to the Rules Committee.

It is a terribly important amendment that was duly filed at the desk. It was one of the major issues before the Committee on Foreign Affairs.

It simply would require the Defense Department to reclaim its authority to regulate the sale of military, intelligence, and high technology to these countries which I have just been able to get declassified.

Mr. Speaker, those countries, and you all should pay attention, are Syria, Libya, Iran, and Iraq.

If I am able to offer my amendment, which I understand that the gentleman from Washington [Mr BONKER], who is the major manager of this bill in our Committee on Foreign Affairs, has no objection to the debate on, I would appreciate it very much if this Member would not be set out.

The SPEAKER. The gentleman from New York [Mr. SOLOMON] asks unanimous consent that, notwithstanding the rule adopted on Tuesday of this week, the amendment just described shall be made in order.

Mr. SOLOMON. Limited to 10 minutes of time of debate.

Mr. SPEAKER. And limited to 10 minutes of time inclusive of both sides.

Mr. SOLOMON. Five minutes to each side, Mr. Speaker.

The SPEAKER. During consideration of the trade bill.

Mr. SOLOMON. It is an amendment to section 3 which could be offered at the discretion of the Speaker at any time during the debate.

The SPEAKER. Members have heard the unanimous-consent request. Is there objection to the request of the gentleman from New York?

Mr. MICA. Mr. Speaker, reserving the right to object, I would like to ask the gentleman from New York [Mr. SOLOMON] a question about his amendment.

Is this the amendment that was defeated 2 to 1 in the Committee on Foreign Affairs?

□ 1030

Mr. SOLOMON. Yes, it was.

Mr. MICA. Is this the amendment that was not provided for in the rules as my amendment was not provided for in the rules?

Mr. SOLOMON. I do not know that your amendment was offered in committee, but I think yours was not allowed either.

Mr. MICA. Both amendments were offered in the Rules Committee, my amendment and the gentleman from New York's amendment, as I understand it. Neither was provided for in the rule. One went 100 percent in one direction, one went 100 percent in the other direction and the committee felt that the moderation position of the Committee on Foreign Affairs should remain intact. Is this the amendment we are talking about?

Mr. SOLOMON. With all due respect to that member from Florida, a member of the Committee on Foreign Affairs, a member that I have the greatest respect for and that member that helped me straighten out the United Nations, as delegates to the United Nations last year, let me say that, yes, that is the amendment and perhaps the gentleman would not object, allow my amendment on the floor, he could air his side, I would air mine and then this body could work its will.

Mr. BERMAN. Mr. Speaker, will the gentleman yield?

Mr. MICA. Under my reservation, I yield to the gentleman from California.

Mr. BERMAN. I thank the gentleman for yielding.

I think it is only appropriate, Mr. Speaker, on the gentleman's reservation to point out that as to a number of the countries the gentleman has just mentioned, this country, in the Export Administration Act, has significant foreign policy and antiterrorist controls which require not only Commerce participation, but State Department participation in all licensing, not only of military equipment, but of any dual use high technology items which may in any way enhance the military capabilities of any of those countries mentioned and that this issue and the question of review authority by parties concerned with combating terrorism and our foreign policy interests are fully provided for in the existing law and are unaffected by the amendments presented in the trade bill.

Mr. SOLOMON. If I could reclaim my time just for a moment, I would just say that the reason we need the Defense Department to oversee ap-

proval of the sale of high technology which is militarily strategic is because the Commerce Department was not doing its job. If I could go ahead and read the rest of these names, you would understand why we need disarmament on the floor today.

Mr. AUCOIN. Mr. Speaker, I object.

Mr. MICA. Mr. Speaker, I believe I have the time and I would have objected, but I understand the gentleman will object.

Mr. AUCOIN. Mr. Speaker, I object.

Mr. SOLOMON. I guess it does not pay to be a nice guy like I was yesterday.

The SPEAKER. Objection is heard.

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. The Chair will recognize one other Member for a 1-minute speech having recognized the gentleman from Kentucky [Mr. NATCHER]. The Chair recognizes for 1 minute the gentleman from Massachusetts [Mr. CONTE].

NATCHER'S 15,000TH VOTE

(Mr. CONTE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CONTE. Mr. Speaker, I rise to offer my congratulations to my good friend—and I mean good friend—BILL NATCHER, who just cast consecutive vote No. 15,000.

I have served with the gentleman—and I mean gentleman—from Kentucky for the past 29 years.

It is fitting that his first election in August of 1953 was a special election, because BILL NATCHER is a special man.

He has spent his 33 years here paying attention to the things that matter to him and that make him such a wonderful Congressman and such a man of the House.

What has he done?

He brings his dedication to duty and his integrity to every daily act; he knows more about the rules of the House than the Parliamentarian; he treats both Members and staff with gentle grace; he pays attention to every detail of every issue; and he votes.

Boy does he vote! Fifteen thousand consecutive votes counting quorum calls and rollcalls. Some people wish that this last vote had been on something more meaningful than the House Journal.

Let me ease your minds. I know BILL NATCHER; I have sat with him every day in hearings and markup in the Labor, HHS, and Education Subcommittee for more years than we care to remember. Some of you newer Members may not know this, but BILL NATCHER has kept his own daily journal since his arrival. Someday, that journal will be the basis for political science courses in colleges and universities across the Nation. That is why, to BILL NATCHER, a vote on the Journal is as important as a vote on some multibillion dollar spending bill.

With this vote, BILL NATCHER has voted consecutively more than anyone in the history of the Congress. Congratulations, Chairman NATCHER, the 100th Congress now is truly historic.

TRADE AND INTERNATIONAL ECONOMIC POLICY REFORM ACT OF 1987

The SPEAKER. Pursuant to House Resolution 151 and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 3.

□ 1037

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 3) to enhance the competitiveness of American industry, and for other purposes, with Mr. BEILENSON in the chair.

The CHAIRMAN. When the Committee of the Whole rose on Wednesday, April 29, 1987, pending was amendment numbered 8 offered by the gentleman from New York [Mr. LENT]. The gentleman from New York [Mr. LENT] had 9 minutes remaining in support of his amendment, and the gentleman from Texas [Mr. BRYANT] had 9 minutes remaining in opposition.

The Chair recognizes the gentleman from New York [Mr. LENT].

Mr. LENT. Mr. Chairman, I yield 1 minute to the gentleman from Utah [Mr. NIELSON].

Mr. NIELSON of Utah. Mr. Chairman, I rise in support of the Lent amendment.

Yesterday, the opponents of this legislation said they have fixed the problems of the Securities Industry Association and the Shell Oil Co.

But they haven't fixed the problems of the National Association of Manufacturers, the Business Roundtable, the American Council of Life Insurance, many multinational companies that have been operating as good corporate citizens in the United States for years, like American Petrofina and the Ciba-Geigy Drug Co., and the Federal Reserve have not been fixed. They all support the Lent amendment. In addition, many new corporate citizens who have spent billions to bring plants to the United States, like Toyota and Nissan, are supporting the Lent amendment. If the Bryant provision has been fixed so well, why are the very groups whose billions in investment in the United States are at stake still expressing concern and supporting the Lent amendment?

The Lent amendment in no way whatsoever "guts" the Bryant provisions. It permits exemptions only if they are justified by preponderance of the evidence on the record.

The Bryant amendment, which passed the Energy and Commerce Committee by 21 to 20, is based on the presumption that foreign investment in the United States is bad, and I reject that presumption emphatically.

So there can't be any "secret deals" to grant exemptions. And if anyone actually believes the Secretary of Commerce would not be objective in ruling on exemptions, the amendment requires that he take into account a whole series of factors in making his decision, including U.S. employment and taxes, the trade balance, and the impact on real estate, securities, and natural resources markets.

All this debate boils down to one simple question: Shouldn't we allow a little reasonable flexibility in what is now an inflexible, controversial, and possibly damaging requirement in the trade bill? I say we must, and that is why I strongly support the Lent amendment.

Mr. BRYANT. Mr. Chairman, I yield 1 minute to myself.

Mr. Chaiman, I want to reiterate what I said yesterday. This provision in the bill which was adopted by the Committee on Energy and Commerce is a basic and simple provision that provides for the reporting of foreign ownership in the United States which has doubled in the last 5 years. The same kind of information would now be available to use as it is now available to virtually all other countries in the world. It is not complicated, it is not extensive, it simply requires that foreign ownership of a significant size be reported in the United States henceforth.

Mr. Chairman, I yield 1 minute to the gentleman from New Jersey [Mr. FLORIO].

Mr. FLORIO. Let me strongly support the provision included in the bill by Mr. BRYANT. In the sense it is a commonsense provision that says that we should have a financial right to know what it is that is taking place in our markets and therefore we should have these reporting requirements as to foreign significant interests that are investing in this country.

□ 1040

The Commerce Department would be given the authority that is retained by most governments in this world to know about the interests that are taking place in their economy.

This authority is long overdue. The amendment of the gentleman from New York retains the concept, because to attempt to oppose the concept that

we ought to know what is going on would be totally unacceptable. But unfortunately, the gentleman's amendments guts the substance by providing for massive exemptions, and would effectively let the foreign investor define whether it is he will report or not. That would be a result that would not make a lot of sense.

I would ask the body to reject the amendment of the gentleman from New York and accept the concept that the gentleman from Texas [Mr. BRYANT] has included in this bill.

Mr. LENT. Mr. Chairman, I yield 1 minute to the gentleman from Indiana [Mr. COATS].

Mr. COATS. Mr. Chairman, I appreciate the gentleman for yielding.

The gentleman from New Jersey mentioned substance. There are substantive problems with the Bryant provision as incorporated in this bill. Let me just mention a couple of them.

What is a "group" under the Bryant provision? It looks like every member of any fund, or any trust fund, pooled investment fund, investment adviser, or anyone else who had 25-percent foreign participation would be covered.

Based on this group definition, would not all the thousands of individuals, foreign or American, who participate in those kinds of pension funds or other mutual funds or trusts, have to file the requisite reports and the annual updates, no matter how small their individual investment?

Mr. MARKEY yesterday said that debt is exempt. But what is and what is not considered debt? If a partnership agreement guarantees a partner that he will receive certain specific assets in repayment of his investments if the partnership is liquidated, is that debt? How about preferred stock with a mandatory dividend that is cumulative if not paid? Is that debt?

This amendment presents serious problems. It does exactly the opposite of what we ought to be encouraging and what we want; that is, foreign investors to invest their money here in the United States providing American jobs.

I urge support of the Lent amendment.

One final thing. There is absolutely no flexibility in the Secretary of Commerce with respect to disclosure in this provision. So while Shell Oil Co. got a special exemption because it would have been harmed competitively by having to disclose its confidential financial data, isn't it true that without the Lent amendment, the Secretary could not help any other company that showed up with a similar problem?

I say it's not fair to admit there could be problems with the Bryant provision, but not allow any authority to solve them. That is why I urge all Members to support the Lent amendment.

Mr. BRYANT. Mr. Chairman, I yield 1 minute to the gentlewoman from Ohio [Ms. KAPTUR].

Ms. KAPTUR. Mr. Chairman, I rise in opposition to the Lent amendment, which seeks to give the Secretary of Commerce authority to exempt broad classes of foreign investors from registration of their interests in the United States.

Let me point out that this is a special time in our country. For the first time since before World War I, we have become a net debtor nation, which means that we now owe others more money than they owe us. We are experiencing unprecedented inflows of foreign investment into the United States, literally seeing it double in the last 5 years.

In my view, many segments of our defense industrial base are threatened. At this moment, 25 percent of this country's machine tool industry is owned by foreign investors, none of which have to register.

The bill, as drafted, merely requires basic disclosure to help America know what is happening to it when we are experiencing these huge unprecedented flows of foreign investment into our country.

The bill does not place any limits on foreign investment; it just allows us to track it. Americans ought to know who is buying and who has the potential to control our business, our industry, our banking institutions and our defense industrial base.

The bill will not discourage foreign investment. People want to invest here because we are still a growing economy.

What are we asking from foreign investors? We are not nationalizing their companies, as many foreign nations have done to our companies abroad over the years. We are not telling them they must have a local partner who has majority control, as many foreign nations do to our investors now. We are not telling them how much they must export, or who they must hire, as other nations routinely tell our companies abroad.

We are asking only that as they enter, they sign in. That they tell us who they are and what their major investments in U.S. businesses are. If they own a controlling interest in a large U.S. company, one whose business decisions can have a profound effect on American workers and communities, we are asking that they name the people who are exercising that control, and supply a balance sheet.

Why are they so intent on operating in secret? And why should we let them?

I urge my colleagues to defeat this amendment and support the Bryant language in the committee bill to require registration of foreign-held interests in U.S. business and property.

Mr. LENT. Mr. Chairman, I yield 2 minutes to the gentleman from Texas [Mr. FIELDS].

Mr. FIELDS. Mr. Chairman, I rise in support of the amendment offered by my colleague from New York [Mr. LENT].

During the Energy and Commerce Committee's consideration of H.R. 3, a foreign disclosure amendment was adopted by a 21-to-20 vote. The foreign disclosure provisions require a foreign investor to register his holdings in the United States.

Information a foreign investor must provide includes: the identity of the investor, his nationality, the investment acquired, the price paid for the investment and other such information as the Secretary of Commerce may require.

The Secretary of Commerce is then required to release proprietary information gathered from foreign investors to the public.

I might point out that the Department of Commerce already collects data on direct foreign investment in the United States in aggregate form. The International Trade Administration collects data on individual transactions and assesses their implications. Any direct investments which might negatively affect U.S. national interests are reviewed by the Interagency Committee on Foreign Investment. So, direct foreign investment data is available now for legitimate purposes.

Mr. Chairman, the author of the foreign disclosure language, Mr. BRYANT, contends that he does not intend to inhibit foreign investment in the United States. But, I am concerned that the required public disclosure of sensitive, proprietary information will drive foreign investors away from the United States—particularly, that coming from Mexico across the Rio Grande.

Foreign investment has financed our Federal budget deficit, provided funds for U.S. business expansion and created jobs for American workers. The safe haven for investment the United States provides strengthens our economy. It is a tremendous advantage the United States has over many other nations.

The sponsors of the foreign disclosure language in H.R. 3 assure us they do not want to discourage foreign investment. The Lent amendment puts their assurances in legislative language.

The Lent amendment gives the Secretary of Commerce the authority to exempt foreign investor disclosure when that exemption is necessary to prevent a substantial impairment of beneficial foreign investment in the United States.

I urge my colleagues to look beyond the superficial simplicity of foreign disclosure language and recognize the potentially damaging effects this lan-

guage could have on the U.S. economy.

Support the Lent amendment—give the Secretary of Commerce reasonable authority to prevent damaging withdrawal of foreign investment from the United States.

Mr. BRYANT. Mr. Chairman, how much time do I have remaining?

The CHAIRMAN. The gentleman from Texas [Mr. BRYANT] has 6 minutes remaining.

Mr. BRYANT. Mr. Chairman, I yield 1 minute to the gentleman from Maryland [Mr. MCMILLEN].

Mr. MCMILLEN of Maryland. Mr. Chairman, I rise in opposition to the amendment offered by my colleague, the gentleman from New York.

Earlier this year I attended a meeting held by my colleague from California, Mr. DORNAN. At this meeting, an internal high level Japanese Government memo was brought to our attention. This memo stated that Japanese investment in the United States will be targeted to congressional districts where it would result in the most political benefits. Such political benefits include PAC contributions to influence elections, the rallying of workers employed by foreign investors to political causes, and the use of direct and portfolio investment to influence the American political process.

Mr. Chairman, it is obvious that the Japanese and other foreign investors plan to use their dollars from trade surpluses to gain as much leverage in this country's decisionmaking as possible. In a report from the Special Trade Representatives Office, over $30 billion in foreign capital inflows are unaccounted for by present disclosure requirements. These funds could be foreign investors developing excessive influence in our political process, drug money, or flight capital from corrupt leaders such as Duvalier and Marcos.

Mr. Chairman, if we are to retain our domestic political and economic sovereignty that is clearly threatened by the influx of foreign capital into the United States we must be fully apprised of the extent of such investment through rigid disclosure requirements. Foreign investment already totals well over $1 trillion in the United States. With the fall in the value of the dollar, foreign investors have been given a huge discount on American assets which will surely increase the flow of foreign capital into the United States. I, therefore, urge my colleagues to vote with me in defeating the amendment before us.

Mr. LENT. Mr. Chairman, I yield 2 minutes to the gentleman from Minnesota [Mr. FRENZEL].

Mr. FRENZEL. Mr. Chairman, I rise in strong opposition to section 703 of H.R. 3 which would impose additional, unfair reporting requirements on foreign investors, and in favor of the Lent substitute, which makes the requirements slightly more palatable by granting the Secretary of Commerce the authority to waive them in certain cases.

Section 703, which I would call the maybe we can get our interests rates up to 20 percent again amendment mandates the following: Privately held companies in which a foreigner has acquired a 25-percent interest must report for public disclosure the location of all facilities in the United States, the identity and nationality of directors and officers and their compensation, related business transactions, officers, and "significant civil litigation." Similar requirements apply to foreigners with an investment in U.S. property.

Lacking any arguments that they care to articulate clearly, proponents only mention that we have a right to more information about foreign investors because they are somehow suspects. My guess is that the real motives lie along the lines of harassment.

This provision, discriminatory against foreigners, would violate the principle of national treatment and undercut U.S. efforts to eliminate barriers to U.S. investment abroad. A top objective for the Uruguay Round of Trade Negotiations which this bill authorizes, getting an agreement on investment restrictions will be difficult to achieve if we have just increased our own. If our trading partners enacted mirror restrictions against the foreign investments of U.S. companies they would be tempted to pull up stakes I am sure.

Federal Reserve Chairman, Paul Volcker, and other economists have testified in numerous occasions before the Ways and Means Committee that economic expansion in this country and lower interest rates are due in no small measure to the faith that foreigners have in our market and their willingness to invest here. If this were not the case, we would be denied the foreign capital that supported 3 million jobs in the United States in 1985.

As dissenters in the committee report point out, the United States is known for its respect for personal property and the privacy of individuals. Sending signals that we now intend to hassle foreign investors is, I believe, a misguided and somewhat dangerous way to proceed. The retroactive nature of the requirements is highly unfair to those who decided to invest here based on current regulations.

Finally, the Department of Commerce and the Securities and Exchange Commission already have numerous reporting mechanisms in place to monitor foreign investment if that is the intention of the proponents of this section. Comprehensive data exists and to require more paperwork and public disclosure of foreign investors will only send their needed capital fleeing to stock exchanges and plant sites in other countries.

The substitute language offered by Mr. LENT to subsection J of the section 703 would authorize the Secretary of Commerce to exempt a person, interest, or class of interests from the reporting requirements if he determines the exemption is necessary to prevent a "substantial impairment of beneficial foreign investment in the United States." It's the least we can do to improve an exceedingly unwise provision and I urge my colleagues to support the Lent substitute.

Mr. Chairman, the gentleman from Texas [Mr. FIELDS] stated the case accurately a few moments ago. Under existing law, the Department of Commerce keeps sufficient data so that policymakers can make responsible decisions.

The extra data required by the gentleman from Texas [Mr. BRYANT], article 703, is expensive to maintain, would not be much help, and is going to discourage foreign investors from investing in the United States.

It is a pretty simple proposition. This country has the lowest savings rate in the industrialized world. Our closest competitor is Canada, with a rate twice our size. Germany and Japan have from three to five times higher rate of savings than we do.

Because our Congress is profligate and openhanded, we incur about $200 billion of deficit every year. With our consumers on their usual spending binge, as was noted here yesterday, there simply is not enough capital in the United States of America to carry our economy and provide more jobs.

□ 1050

Thank heaven for offshore capital, for imported capital to keep this country going, to provide jobs for our people. If we pass the Bryant amendment, we can't keep it out. We can recapture those old glory days of Jimmy Carter when we had interest rates of 20 percent and more.

Do not pass this amendment which is calculated only to harass foreign investors. What I will do is discourage the marginal investors, and deny America the capital it needs to move forward.

If you like high interest rates, you will love, the Bryant amendment. I only wish the Lent amendment would strike it all instead of touching it lightly with a glove.

Mr. Chairman, I urge support for the Lent amendment.

Mr. BRYANT. Mr. Chairman, I yield 1 minute to the gentlewoman from Illinois [Mrs. COLLINS].

Mrs. COLLINS of Illinois. Mr. Chairman, many people seem to think that the selling of America is the way we ought to go now. As has already been said for the first time in our Nation

since World War I, America has been selling off its assets. It seems strange to me that we are embracing the selling of interests and sometimes even controlling interests in our banks, in our farmlands, in our refineries, in our buildings, and in our major corporations.

I happen to have been in Honolulu during the break that we just had and somebody was telling me that about 25 percent of that State is now owned by foreign capital.

At first glance, this investment might seem beneficial, but it carries a huge risk. For the first time since World War I, the United States has become a debtor nation—the largest in the world. America even ranks ahead of Brazil and Mexico in indebtedness.

Evidence also indicates that billions of dollars are being funnelled by Third World nations into our economy. This capital input siphons off the funds needed for development and counters the objectives of U.S. foreign development assistance. In one of the worst cases, the Philippine dictator, Ferdinand Marcos, invested billions of dollars in American real estate and other assets. Much of this money was skimmed directly from United States aid.

Growing foreign ownership threatens U.S. competitiveness, and with it our independence and prosperity. Foreign investors, through economic leverage, are gaining access to sensitive high technology and research. This information enables foreign nations to out compete us with our own research.

It seems to me that if we are selling off our assets, as some have said so that we can have jobs, this is a very short-sighted view. It is like selling off the family jewels so we can have a night out on the town.

Our economy has become so dependent on foreign capital that many economists, among whom is the Federal Reserve Chairman, Paul Volcker, have warned that a major withdrawal of this capital could lead the United States into an economic tailspin. I am sure we do not want that to happen.

While the Bryant amendment will not stop this practice, it will provide the information we need in order to make sound economy policy.

Originally, I had reservations regarding the Bryant amendment, I was concerned that the public disclosure requirement would adversely affect the securities industry. These problems, however, have now been alleviated.

Since 1980, known cumulative capital inflows into the United States from abroad have more than doubled. Foreign investments now total almost a trillion dollars. This capital has been deposited in U.S. banks, and some invested in U.S. corporate stocks, bonds, and Government securities. I for one, want to know to what extent.

In order to understand the full impact of foreign investment, we need to know its full extent. The disclosure provision insures that this information will be available. The amendment requires foreign investors to publicly register all major U.S. investments with the Department of Commerce, disclose the major interests behind them, and provide information about the investor and the nature of the investor's business.

This will not restrict foreign investment. It requires no greater disclosure than that required by other nations. It will, however, provide policymakers and the American people with the information needed to analyze the impact of foreign capital. And it will allow us to ascertain which nations are buying into America.

The American people deserve to know who owns America.

I think we ought to defeat the Lent amendment.

Mr. LENT. Mr. Chairman, I yield 2 minutes to the gentleman from Florida [Mr. GIBBONS].

Mr. GIBBONS. Mr. Chairman, I am going to vote for the Lent amendment because it makes the best of a bad situation we have with this rule. This provision should be stricken in its entirety.

We should be standing on the shores of America saying, "Bring us your savings. Invest them in America." That is what we did when America had its greatest growth. That is how the West was developed. That is how the railroads were built. That is how we got the great steel mills and the other things that we have in this country that made this country great.

Foreigners brought their savings here and invested in America, and it did not take anything away from us. The mills are here. The railroads are here. If we do not like the way they are run, we can regulate them, and we did. If we do not like the way they are not paying their fair share, we can tax them, and believe it or not, if we do not like them, we can confiscate them; but we should never, never tell people, "Don't build jobs in America." That is what you are doing when you regulate foreign investment.

Now, there is already a statute that prohibits investment in certain sensitive industries in America. If you want to add to those, let us bring them up and add to them; but do not get mad at your friends. Do not say, "Don't bring your savings here."

You know, Americans are very poor savers. I do not know why, but we are, and we have, since the beginning of this country, depended on foreigners to do our savings for us.

Why get mad at ourselves? Why not welcome that capital here? Why not regulate it while it is here? It has never done anything bad to us here. No one can point to one example in 200 years of American history when bringing capital to the United States from a foreign country has hurt this country. Can anybody think of an example?

Do not get mad at yourself. Do not run the capital out. Keep building America. Keep building jobs. We can regulate them. We can tax them and if necessary we can confiscate them.

Mr. BRYANT. Mr. Chairman, I yield 1 minute to the gentleman from Kansas [Mr. GLICKMAN].

Mr. GLICKMAN. Mr. Chairman, I ask my colleagues, what is wrong with a simple clearinghouse of information to determine the extent and nature of foreign investment in this country? What is wrong with disclosure of foreign ownership of securities, of farm land and real estate? Until we know what is going on, we do not know the extent of the problem, or potential danger, of foreign ownership.

Knowledge is power in this world, and without knowledge of foreign ownership, we could become the ultimate colonialized nation.

The Lent amendment would keep us in the dark, keep us ignorant about who is buying what in this country.

Defeat the Lent amendment.

Mr. LENT. Mr. Chairman, I yield myself the balance of my time.

Mr. Chairman, I do not oppose the purpose of the Bryant provision. I just want to make sure that we do not burn down the barn to save the pig!

The Bryant provision is so confusing, it is Byzantine. It requires reports and then more reports. It is unclear whether a foreign investor would have to file 1, or 2, or 4, or 10 or 20 reports.

One thing we do know is that the good foreign investors we want in the United States are not going to risk a fine or a prison sentence provided for in the Bryant provision to find out.

Without my amendment, $344 billion in foreign investment in the United States could be at risk.

You can improve the Bryant provision by adopting this escape valve amendment, which simply enables the Secretary of Commerce to step in and grant certain exemptions if we experience a significant flight of foreign capital that undermines the stability of our markets or increases our trade imbalance or costs American jobs. It is a sensible amendment. It improves the Bryant provision and I urge its adoption.

Mr. BRYANT. Mr. Chairman, I yield 30 seconds to the gentleman from Illinois [Mr. DURBIN].

Mr. DURBIN. Mr. Chairman, recently during the scandal involving the Philippines, President Marcos created an elaborate investment scheme which may have involved funds into safe havens in the United States. The Bryant language would have required disclosure. The Lent language would

have allowed this concealment to continue.

During the Iranian crisis and the Libyan crisis, different Presidents of the United States pledged that they would freeze the assets of those foreign nationals in the United States and found themselves totally impotent for lack of information.

The Bryant language would give them that information. Vote against the Lent amendment.

Mr. BRYANT. Mr. Chairman, I yield 1 minute to the gentleman from North Dakota [Mr. DORGAN].

Mr. DORGAN of North Dakota. Mr. Chairman, the Bryant amendment is clear, it is simple and it is correct. It is not an attempt to discourage foreign investment in this country. It is an attempt to understand what kind of foreign investment is taking place and what it might mean to the future of this country. That is why I support the Bryant amendment. It is very simple and, in my judgment, correct. I oppose the Lent amendment and hope we can preserve the Bryant amendment.

□ 1100

Mr. BRYANT. Mr. Chairman, how much time do I have remaining?

The CHAIRMAN. The gentleman from Texas [Mr. BRYANT] has 2 minutes remaining.

Mr. BRYANT. Mr. Chairman, I yield myself the remainder of my time.

Mr. Chairman, I want to reiterate the basic fact that is before us today, and that is that foreign ownership of American banks, farmland, manufacturing companies, and every other type of asset has doubled in the last 5 years.

The Committee on Energy and Commerce has brought forward a reasonable proposal which requires only significant amounts of foreign investment to be reported here, not in complicated form, nothing difficult, nothing expensive. In fact, all that has to be reported is the identity and nationality of the foreign investor, the date that the interest was acquired, the size of it, and the purchase price of the interest.

In the unique case where control of a privately held company is sold to a foreign investor, then that company has to begin filing the same thing, and no more, that our publicly held corporations have to file at the present time, and that is all.

The Lent amendment would completely obviate the purposes of this fact-gathering amendment by saying that the Secretary of Commerce could waive entire classes of investments, entire classes of persons, without having to undergo any type of factual review. That is a mistake.

Mr. Chairman, I have heard many Members come forward and say, "I'm concerned. I've gotten a letter from a major foreign company in my district, and I don't know whether I can go along with you because I'm under a little bit of pressure."

Let me say something. That is a situation that we are trying to avoid in this country. This amendment does not prohibit foreign investment, but it says, "By golly, it's time that we knew what was going on in our own country."

I ask today for information. That is all that the sponsors of this provision ask for. That is all that the Energy and Commerce Committee asks for. And because that is all that this provision asks for, the Securities industry, Shell Oil Co. and I would point out to the gentlemen from the other side, the insurance council, all of their objections have been removed. None object any further.

This is a reasonable proposal. I urge Members to vote against the Lent amendment and vote in favor of information.

Mr. SMITH of Florida. Mr. Chairman, will the gentleman yield?

Mr. BRYANT. I yield to the gentleman from Florida.

Mr. SMITH of Florida. I thank the gentleman for yielding.

Mr. Chairman, I rise in support of the language and against the Lent amendment.

Mr. JONTZ. Mr. Chairman, today I rise in opposition to the amendment. The amendment of the gentleman from New York [Mr. LENT] undermines the purpose of title VII, section 703. The rapid growth of foreign holdings and investments in this country, while a reflection of international confidence in our economic vitality and political stability, is also a cause of concern to those of us worried about the impact this investment has on the overall economic health of our country, and on American jobs.

Today, we have no way to obtain accurate information about the exact nature and extent of foreign holdings in the United States. Given that current provisions in U.S. law do not require foreign investors to disclose their U.S. holdings or their identities, the result is a climate conducive to impropriety and outright illegality. The heavy United States investments of former Philippine President Ferdinand Marcos is recent evidence of this.

The high level of foreign investment in the United States has also had negative consequences for our national economy. The vast influx of foreign capital in the 1980's has allowed us to temporarily finance our large budget deficit. At the same time though, this increasing dependence on foreign capital makes our economy increasingly vulnerable to the periodic upheavals inherent in the international economics scene.

Finally, this influx of foreign investment and our inability to ascertain the exact nature of the investor and the investment also poses serious concerns in the area of national security. The possibility that a hostile foreign power could utilize the ambiguities and loopholes in U.S. laws to procure property or partial ownership in firms involved in work crucial to national security poses problems is frightening.

Such an effort on the part of the Soviets to buy United States banks in the mid-1970's was in fact foiled by the efforts of our intelligence services. This success, however, should not blind us to the reality that the Soviets or some other international power, whether friendly or hostile, might attempt a similiar undertaking.

Mr. Chairman, as a key participant in a global economy the United States cannot isolate itself from international economic or technological developments. At the same time, we must recognize that our open participation in the global economy contains risks that may adversely affect the health of our economy and the status of thousands of American jobs. It is for these reasons that I urge the House to oppose the amendment and preserve the integrity of section 703. Without 703 intact, we have no way of knowing what foreign investments have been made in the United States.

The CHAIRMAN. All time under the rule having expired, the question is on the amendment offered by the gentleman from New York [Mr. LENT].

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. LENT. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 190, noes 230, not voting 13, as follows:

[Roll No. 75]

AYES—190

Archer	Dornan (CA)	Kemp
Armey	Downey	Kolbe
AuCoin	Dreier	Konnyu
Badham	Duncan	Kyl
Baker	Edwards (OK)	LaFalce
Ballenger	Emerson	Lagomarsino
Bartlett	English	Latta
Barton	Fascell	Leach (IA)
Bateman	Fawell	Lent
Bates	Fields	Lewis (CA)
Bereuter	Fish	Lewis (FL)
Bilirakis	Foley	Lightfoot
Bliley	Frenzel	Lott
Boehlert	Gallegly	Lowery (CA)
Bonker	Gallo	Lujan
Boulter	Gejdenson	Lungren
Broomfield	Gekas	Mack
Brown (CO)	Gibbons	Madigan
Buechner	Gilman	Marlenee
Bunning	Gingrich	Martin (IL)
Burton	Goodling	Martin (NY)
Callahan	Gordon	McCandless
Carper	Gradison	McCollum
Chandler	Grandy	McDade
Cheney	Green	McEwen
Clinger	Gregg	McGrath
Coats	Gunderson	McMillan (NC)
Coble	Hammerschmidt	Meyers
Coleman (MO)	Hansen	Michel
Combest	Hastert	Miller (OH)
Conte	Hefley	Miller (WA)
Cooper	Henry	Molinari
Coughlin	Herger	Moody
Courter	Hiler	Moorhead
Craig	Hopkins	Morella
Crane	Horton	Morrison (WA)
Daniel	Houghton	Mrazek
Dannemeyer	Hutto	Myers
Daub	Hyde	Nielson
de la Garza	Inhofe	Owens (UT)
DeLay	Ireland	Oxley
DeWine	Jeffords	Packard
Dickinson	Johnson (CT)	Parris
DioGuardi	Kasich	Pease

Petri	Schumer	Sundquist
Porter	Sensenbrenner	Swindall
Pursell	Shaw	Synar
Quillen	Shumway	Tauke
Ravenel	Shuster	Taylor
Rhodes	Skeen	Thomas (CA)
Ridge	Slaughter (VA)	Upton
Rinaldo	Smith (IA)	Vander Jagt
Ritter	Smith (NE)	Vucanovich
Roberts	Smith (NJ)	Walker
Robinson	Smith (TX)	Weber
Rogers	Smith, Denny (OR)	Weiss
Rostenkowski	Smith, Robert (NH)	Weldon
Roukema	Smith, Robert (OR)	Whittaker
Rowland (CT)	Solomon	Wolf
Saiki	Spence	Wortley
Saxton	Stangeland	Wylie
Schaefer	Stump	Young (AK)
Schneider		Young (FL)
Schuette		
Schulze		

NOES—230

Ackerman	Frost	Mollohan
Akaka	Garcia	Montgomery
Anderson	Gaydos	Morrison (CT)
Andrews	Gephardt	Murphy
Anthony	Glickman	Murtha
Applegate	Gonzalez	Nagle
Aspin	Grant	Natcher
Atkins	Gray (IL)	Neal
Barnard	Gray (PA)	Nelson
Beilenson	Guarini	Nichols
Bennett	Hall (TX)	Nowak
Bentley	Hamilton	Oakar
Berman	Harris	Oberstar
Bevill	Hatcher	Obey
Biaggi	Hawkins	Olin
Bilbray	Hayes (IL)	Ortiz
Boggs	Hayes (LA)	Owens (NY)
Boland	Hefner	Panetta
Boner (TN)	Hertel	Pashayan
Bonior (MI)	Hochbrueckner	Patterson
Bosco	Holloway	Penny
Boucher	Howard	Pepper
Boxer	Hoyer	Perkins
Brennan	Hubbard	Pickett
Brooks	Huckaby	Pickle
Brown (CA)	Hughes	Price (IL)
Bruce	Hunter	Price (NC)
Bryant	Jacobs	Rahall
Bustamante	Jenkins	Rangel
Byron	Johnson (SD)	Ray
Campbell	Jones (NC)	Regula
Cardin	Jones (TN)	Richardson
Carr	Jontz	Rodino
Chapman	Kanjorski	Roe
Chappell	Kaptur	Roemer
Clarke	Kastenmeier	Rose
Clay	Kennedy	Roth
Coelho	Kennelly	Rowland (GA)
Coleman (TX)	Kildee	Roybal
Collins	Kleczka	Russo
Conyers	Kolter	Sabo
Coyne	Kostmayer	Savage
Crockett	Lancaster	Sawyer
Darden	Lantos	Scheuer
Davis (IL)	Leath (TX)	Sharp
Davis (MI)	Lehman (CA)	Sikorski
DeFazio	Lehman (FL)	Sisisky
Derrick	Leland	Skaggs
Dicks	Levin (MI)	Slaughter (NY)
Dingell	Levine (CA)	Smith (FL)
Donnelly	Lewis (GA)	Snowe
Dorgan (ND)	Lipinski	Solarz
Dowdy	Lloyd	Spratt
Durbin	Lowry (WA)	St Germain
Dwyer	Luken, Thomas	Staggers
Dymally	Lukens, Donald	Stallings
Dyson	MacKay	Stark
Early	Manton	Stenholm
Eckart	Markey	Stokes
Edwards (CA)	Martinez	Stratton
Erdreich	Matsui	Studds
Espy	Mavroules	Sweeney
Evans	Mazzoli	Swift
Fazio	McCloskey	Tallon
Feighan	McCurdy	Thomas (GA)
Flake	McHugh	Torricelli
Flippo	McMillen (MD)	Towns
Florio	Mfume	Traficant
Foglietta	Mica	Traxler
Ford (MI)	Miller (CA)	Udall
Ford (TN)	Mineta	Valentine
Frank	Moakley	Vento
Visclosky	Wheat	Wolpe
Volkmer	Whitten	Wyden
Walgren	Williams	Yates
Watkins	Wilson	Yatron
Waxman	Wise	

NOT VOTING—13

Alexander	Hall (OH)	Slattery
Annunzio	Livingston	Tauzin
Borski	McKinney	Torres
Dellums	Schroeder	
Dixon	Skelton	

□ 1120

Mr. NICHOLS, Mr. HUNTER, and Mr. ROTH changed their votes from "aye" to "no."

Messrs. McEWEN, HUNTER, and DOWNEY of New York changed their votes from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. HOYER

Mr. HOYER. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment offered by Mr. HOYER: Page 807 after line 22, insert the following:

SEC. 880. SENSE OF CONGRESS REQUESTING THE PRESIDENT TO INSTRUCT THE SECRETARY OF THE TREASURY TO ENFORCE SECTION 1307 OF TITLE 19, UNITED STATES CODE, WITHOUT DELAY.

(a) CONGRESSIONAL FINDINGS.—The Congress finds that—

(1) its February 1983 report to the Congress on forced labor in the Union of Soviet Socialist Republics, the Department of State confirmed that Soviet forced labor is used "to produce large amounts of primary and manufactured goods for both domestic and Western export markets", and that such labor is used as an integral part of Soviet national economy;

(2) the Central Intelligence Agency has compiled a list of over three dozen products made by Soviet forced labor and imported by the United States, and that items on the September 27, 1983 list include chemicals, gold, uranium, aluminum, wood products and glassware;

(3) the International Commission on Human Rights has concluded that the Soviet Union "continues the deplorable practice of forced labor in manufacturing and construction projects: and that prisoners "are forced to work under conditions of extreme hardship including malnutrition, inadequate shelter and clothing, and severe discipline";

(4) the Congress is on record as opposing forced labor, having enacted a prohibition (which has been codified in section 1307 of title 19, United States Code) on the importation of goods made with such labor and having passed in the Ninety-eighth Congress by unanimous vote a resolution calling such practices morally reprehensible and calling upon the President to express to the Soviet Union the opposition of the United States to such policies;

(5) the prohibition enacted by the Congress declares that "goods, wares, articles, and merchandise mined, produced or manufactured wholly or in part in any foreign country by convict labor or/and forced labor or/and indentured labor under penal sanctions shall not be entitled to entry at any of the ports of the United States, and the importation thereof is hereby prohibited";

(6) there is ample knowledge of the Soviet forced labor system to require enforcement of the prohibition codified in section 1307 of title 19, United States Code; and

(7) the delay in enforcing the law brings into question the commitment of the United States to protest the inhumane treatment of prisoners in the Soviet Gulag, an estimated ten thousand of whom are political and religious prisoners according to the Department of State.

(b) SENSE OF CONGRESS.—It is the sense of the Congress that the President should express to the Soviet Union in the firmest possible terms the strong moral opposition of the United States to the slave labor policies of the Soviet Union by every means possible, including refusing to permit the importation into the United States of any products made in whole or in part by such labor.

(c) PRESIDENTIAL ACTION.—The President is hereby requested to instruct the Secretary of the Treasury to enforce section 307 of the Tariff Act of 1930 (19 U.S.C. 1307) without delay.

The CHAIRMAN. Under the rule, the gentleman from Maryland [Mr. HOYER] will be recognized for 15 minutes, and a Member opposed will be recognized for 15 minutes.

The Chair would inquire if any Member opposes the amendment and desires to be recognized in opposition.

Mr. FRENZEL. Mr. Chairman, I desire to be recognized.

The CHAIRMAN. The gentleman from Minnesota [Mr. FRENZEL] will be recognized for 15 minutes in opposition to the amendment.

The Chair recognizes the gentleman from Maryland [Mr. HOYER] for 15 minutes in support of his amendment.

Mr. HOYER. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, this amendment is not new to the House floor. In point of fact, this amendment has passed unanimously before.

Nor is it new to the Congress of the United States. Indeed we have been discussing during the course of this debate fair labor laws in other nations, competing with our Nation, which we believe has fair and open laws to protect our workers.

This amendment deals with an existing section of the United States Code, section 1307.

The law is clear, Mr. Chairman. It says "all goods produced wholly or in part by forced labor shall not be entitled to entry at any of the ports of the United States."

The CIA and the U.S. Customs Service have certified that there are certain goods exported from the Soviet Union that utilize forced labor. The Treasury Department, however, has not acted to invoke a ban against the Soviet forced labor goods because it wants evidence that specific products, that is, brand names on specific shipments, are made with forced labor. But, Mr. Chairman, the law does not require a finding of specific items,

rather, it requires that when goods of a particular class are made with forced labor and when such a finding exists as it does now, the burden of proof shifts to the importer to prove the goods are not made with forced labor.

The House should know, Mr. Chairman, that despite improvements in many areas of Soviet life, glasnost has not reached into the forced labor camps. Thousands remain in subhuman conditions in those camps. Food is rationed or denied as punishment; clothes are rationed in Siberian winter; family visits are regularly denied.

Last December Anatoly Marchenko, founder of the Moscow Helsinki Monitoring Group, died in one of these camps. Three more Ukranian Helsinki monitors have died in recent years.

We cannot wait for glasnost to reach the camps. We must help push glasnost into the camps. We should give hope to those who labor in these sites. We should deprive the marketplace for these goods made from the forced sweat and blood of prisoners of conscience.

Now as to the market impact, there are those who claim this will be perceived as economic warfare. It will not. The United States imports are a very small percentage of Soviet made goods. The estimates of goods affected by such a ban range from 5 to 34 percent of all Soviet imports. The dollar impact is insignificant.

Therefore, a ban on these goods will not unduly affect our marketplace. But even if it did, why would it be economic warfare to require the Soviets to live up to the Helsinki Final Act, the Madrid Concluding Document, the 1926 Antislavery Convention, the ILO Forced Labor Convention 29 of 1930, the United Nations Charter and other international documents which the Soviets are party to?

At the outset I said that the House adopted an almost identical resolution by a vote of 402 to nothing in 1983. The Senate failed to act. In point of fact, the Senate has a stronger provision that it is offering through the offices of Senator ARMSTRONG.

I urge my colleagues to vote in favor of this amendment and send this signal to the President and the Department of the Treasury that the United States should not import goods made with forced labor or that the law should be enforced to the fullest extent possible.

□ 1130

Let me also make clear that this is existing law and affects all countries equally. I have mentioned the Soviet Union, but we do not single them out. It affects all countries who fall into the category of utilization of forced labor.

Our markets ought not be opened to such forced labor when a finding is made of such utilization.

Mr. ROSTENKOWSKI. Mr. Chairman, will the gentleman yield?

Mr. HOYER. I yield to the gentleman from Illinois.

Mr. ROSTENKOWSKI. Mr. Chairman, I congratulate the gentleman on his observations and his amendment.

I want the gentleman to know that the Committee on Ways and Means has reviewed this and finds it not objectionable at all. As a matter of fact, we encourage it.

Mr. KEMP. Mr. Chairman, will the gentleman yield?

Mr. HOYER. I yield to the gentleman from New York.

Mr. KEMP. Mr. Chairman, I thank the gentleman for yielding, and I rise in strong support of the Hoyer amendment. I also congratulate the gentleman for his statement, for his leadership, for this cochairmanship of the Helsinki Watch Committee and his deep and profound concern for human rights.

I think this is a very important amendment. I particularly want to point out to my colleagues that I think this is a propitious time, a very important time for us to be sending this signal. Some of our colleagues yesterday wanted to take very strong action against Asia, and particularly at a time when the Prime Minister of Japan is visiting the United States. They thought it would send a good signal to Japan to open up their markets to vote for the Gephardt amendment, irrespective of how you voted on that.

At the moment in which the State Department and the Foreign Ministry of the Soviet Union are talking and negotiating and getting ready for further talks on IMB reductions, it seems to me absolutely timely for the United States Congress to send a very sharp signal to the Soviet Union that we are not going to neglect that aspect of our relationship with regard to human rights so important to those in the West who cherish the Judeo-Christian value of human liberty and human freedom.

I am a strong supporter and congratulate my friend, the gentleman from Maryland [Mr. HOYER]. I also want to commend the gentleman from Colorado [Mr. ARMSTRONG] for helping this push in the U.S. Senate.

Mr. FEIGHAN. Mr. Chairman, will the gentleman yield?

Mr. HOYER. I yield to the gentleman from Ohio.

Mr. FEIGHAN. Mr. Chairman, I would support the gentleman's amendment. I congratulate the gentleman for raising this issue in the context of the legislation today. I think it is extremely important that we realize how unconscionable it is that we would allow the importation of goods that have been made literally by slave labor.

As the gentleman has indicated, this is an issue that has been brought to the House in the past and recent years and has received overwhelming support. I would hope that today we are able to provide the same measure of support in the House on a vote on this amendment in support of the gentleman's efforts.

I salute the gentleman.

Mr. Chairman, I rise today to praise Mr. HOYER for his leadership of the Helsinki Commission and to commend him for introducing this amendment to the trade bill.

The Hoyer amendment simply asks the President to enforce U.S. law already on the books: This amendment asks the President to instruct the Secretary of the Treasury to stop importing goods that were produced wholly or in part by forced labor. To date, the Treasury Department has refused to enforce this law.

By refusing to enforce this law, the administration has turned its back on political prisoners and forced laborers in the Soviet Union. The Soviet gulag—the largest forced labor system in the world—is a network of 1,100 labor camps with 5 million people, including ten thousand political prisoners. These prisoners are forced to do work that no others would do, regardless of compensation. They are forced to work up to 14 hours each day, 7 days each week, trying to fill impossible production quotas. They are forced to live in cold, dark, wet, rat-infested quarters. They are forced to cut timber in freezing Siberia—in temperatures of 55 degrees below zero celsius. They are forced to construct furniture under conditions so terrible that they lose fingers and entire hands. They are forced to make glassware, without dust masks so that they breathe in clouds of glass dust, without gloves so that glass fibers eat the skin of their hands which become large open wounds.

And as Aleksandr Ginzburg—a former Soviet political prisoner and member of the Moscow Helsinki group—testified during a hearing of the Helsinki Commission, the guards at these Soviet labor camps taunt their prisoners, telling the prisoners that they are "working for the West"—that they are "producing these things for the West" under these terrible conditions.

Indeed, when the United States imports glass chandeliers or wood products or any other goods made by slave labor in the Soviet Union, we become accomplices to this unconscionable practice. This must not be. We must stop importing goods made by slave labor in the Soviet Union. I urge your support for this amendment.

Mr. HOYER. Mr. Chairman, I want to recognize the leadership and the effort of my distinguished friend from the State of Virginia [Mr. WOLF], as a cosponsor of this amendment. He has been so very deeply committed to this issue and has raised it in the context of the Treasury Postal Subcommittee deliberations on the Treasury Department's budget.

I want to acknowledge and thank him for his leadership on this effort.

Mr. Chairman, I reserve the balance of my time.

Mr. FRENZEL. Mr. Chairman, I yield 5 minutes to the gentleman from Virginia [Mr. WOLF].

Mr. WOLF. Mr. Chairman, I rise in strong support of the Hoyer amendment to the trade bill and urge unanimous support of this provisions.

The dependence of the Soviet Union on slave labor is well documented by our Government in State Department and CIA reports. Eyewitness confirmation by former prison camp inmates such as Nathan Shcharansky not only support our findings but expound on them, asserting almost everything produced in the Soviet Union is connected to slave labor. All official evidence affirms the need to adopt the Hoyer amendment.

The Soviet Union employs the largest slave labor system in the world. Since 1930, there has been a U.S. law that should prevent our support of this system, yet the U.S. Government's reluctance to comply with this law impedes our own industries' ability to compete and effectively supports the abhorrent practice of enslaved labor. Mr. HOYER's amendment to the trade bill gives us the opportunity to change this nonenforcement policy, underscoring and illuminating to others the human rights atrocities taking place in the Soviet Union, while boosting United States industries competitive power.

Abundant evidence exists documenting the brutal working conditions withstood by the Soviet workers. Measures to goad production by prisoners include starvation and exposure to subzero temperatures. Desperation will pervade a labor camp and prisoner self-mutilation and suicide will follow. The continued Soviet use of slave labor to systematically bolster their economy indicates our need to strongly and clearly state the United States' position on the deplorable practice of forced labor.

Because the evidence is there, because we're here to improve trade conditions for our country, I urge your support for this amendment. It's already the law; let's see that it's enforced.

Mr. BIAGGI. Mr. Chairman, I rise in full support of the amendment offered by my colleague, Mr. HOYER, to direct the President to inform the Soviet Union of the United States' opposition to Soviet forced labor policy. This amendment stems from House Concurrent Resolution 83, which I have cosponsored. I am proud that this amendment includes actions with its words. It calls upon the President to enforce section 307 of the 1930 Tariff Act, which prohibits the importation of any product made, in whole or in part, by slave labor.

The United States Customs Service has reported that many products from the Soviet Union have been made by forced labor including tea, crude petroleum, motor fuel, gold ore, glassware, and wood products. By continuing to allow the importation of these products we are condoning slave labor. I urge my colleagues to join me in ensuring this 57-year-old law is enforced—we must not allow slave labor to continue.

Mr. GILMAN. Mr. Chairman, I rise in strong support of the amendment of the gentleman from Maryland [Mr. HOYER] to express the sense of Congress that the administration should work harder to bar the importation of items manufactured with slave labor and I commend the gentleman for his tireless diligent efforts in our right to improve respect for human rights though the world.

Mr. Chairman, those of us who take a special interest in the fate of political, religious, cultural, or ethnic dissidents in the Soviet Union sooner or later find it sadly necessary to focus on the terrible fate of those who are imprisoned for their beliefs or their nonviolent actions. It is not at all uncommon for those who transgress the rules of the Soviet system to find themselves working under the most appalling conditions—conditions which may well be called slavery.

Although laws against importing goods manufactured under slave labor conditions have been on the books for years, many of us share the concern, raised by the gentleman, from Maryland that these laws are not being enforced effectively by our Treasury Department and its Customs Service. The American people do not want to buy products created out of the tears of the Soviet people.

Accordingly, I urge my colleagues to send a message to the administration—that we want the laws on the books relating to slave-labor goods enforced strictly and I invite our Congress to support the pending amendment.

Mr. HOYER. Mr. Chairman, I had a number of other Members who wanted to speak on this issue. They do not appear to be on the floor at this point in time.

Mr. FRENZEL. Mr. Chairman, I am in the same embarrassing position.

Mr. Chairman, I yield myself 1 minute.

Mr. Chairman, I rose in technical disagreement with this amendment, but, as usual, the compelling oratory of the gentleman from Maryland has swayed me. Obviously, all of the members of the Commission who have spoken, and others who worked on this project, should have the congratulations and the thanks of the House of Representatives.

I assume that the vote will be unanimous and that there will be no need for a record vote.

Mr. Chairman, I yield back the balance of my time.

Mr. HOYER. Mr. Chairman, I yield back the balance of my time.

Mr. CHAIRMAN. All time has expired.

The question is on the amendment offered by the gentleman from Maryland [Mr. HOYER].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. DONALD E. LUKENS

Mr. DONALD E. LUKENS. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment offered by Mr. DONALD E. LUKENS: Page 776, line 8, delete "paragraph (2)" and insert "paragraphs (2), (3)".

After paragraph (2) insert, "(3) Section 806 applies to articles entered on or after the 90th day after the date of the enactment of this Act.

MODIFICATION OF AMENDMENT OFFERED BY MR. DONALD E. LUKENS

Mr. DONALD E. LUKENS. Mr. Chairman, I ask unanimous consent to modify my amendment as follows: In line 4 of the amendment strike "90th" and insert "60th".

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

Mr. FRENZEL. Mr. Chairman, I reserve the right to object merely to observe that the gentleman from Ohio has checked out his amendment with both sides of the Committee on Ways and Means and particularly with the original author of this specific provision, the gentleman from Tennessee [Mr. DUNCAN].

From this side, and for the gentleman from Tennessee [Mr. DUNCAN], I can say that we have no objection to it, and I understand that on the majority side, there is no objection.

Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

Mr. ROSTENKOWSKI. Mr. Chairman, I reserve the right to object.

I have reviewed with the gentleman from Ohio [Mr. DONALD E. LUKENS] the intention of his amendment with the modification. I agree with it and I urge support of the amendment, as modified.

Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The text of the amendment, as modified, is as follows:

Amendment offered by Mr. DONALD E. LUKENS, as modified: Page 776, line 8, delete "paragraph (2)" and insert "paragraphs (2), (3)".

After paragraph (2) insert, "(3) Section 806 applies to articles entered on or after the 60th day after the date of the enactment of this Act.

The CHAIRMAN. Under the rule, the gentleman from Ohio [Mr. DONALD E. LUKENS] will be recognized for 15 minutes, and a Member opposed will be recognized for 15 minutes.

The Chairman recognizes the gentleman from Ohio [Mr. DONALD E. LUKENS].

Mr. DONALD E. LUKENS. Mr. Chairman, I thank the gentleman from Illinois [Mr. ROSTENKOWSKI] and

the gentleman from Minnesota [Mr. FRENZEL] for making my position clear.

I would like to explain the intent of the amendment, as simple as it is.

Basically, there are some glove manufacturers in the United States, because of the double-tiered tariff that has been in existence, this bill would affect. It would create one level of tariff for all gloves imports into the United States. I have such a glove manufacturer in my district. I am under the impression there are half a dozen to a dozen other glove manufacturers that could be affected.

What we are trying to do, instead of the bill's language as currently written, which would give them only 15 days to order, process through Customs and arrive in the United States for sale their foreign purchases, this would give them 60 days. Because of the unfairness of 15 days, the period is so short that they could order at one price and find that the tax or tariffs imposed on them actually makes a loss for them in the purchase of the gloves.

□ 1140

So for that purpose, Mr. Chairman, I rise to amend this bill, and I ask the support of the Members for my amendment.

The CHAIRMAN. The gentleman from Ohio [Mr. DONALD E. LUKENS] reserves the balance of his time.

The Chair will inquire whether any Member is opposed to the amendment and wishes to seek time in opposition to the amendment.

If not, the gentleman from Ohio [Mr. DONALD E. LUKENS] yields back the balance of his time, and all time has expired.

The question is on the amendment, as modified, offered by the gentleman from Ohio [Mr. DONALD E. LUKENS].

The amendment, as modified, was agreed to.

AMENDMENT OFFERED BY MR. KONNYU

Mr. KONNYU. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment offered by Mr. KONNYU: On page 845, beginning on line 19, thru page 858, line 15, strike all of Title X.

The CHAIRMAN. Under the rule, the gentleman from California [Mr. KONNYU] will be recognized for 20 minutes and a Member opposed will be recognized for 20 minutes.

The Chair now recognizes the gentleman from California [Mr. KONNYU].

Mr. KONNYU. Mr. Chairman, I yield myself such time as I may consume.

Mr. KONNYU. Mr. Chairman, the United States, through the trade deficit, has sent about $170 billion overseas where it is parked, and, of course, the holders of those dollars want to do something about that, and that action, of course, is to send it back to the United States, either through investment, for the buying of additional goods and services, or selling it to the U.S. Government in exchange for securities.

Because of the tremendous deficit that exists in terms of spending by the Federal Government, what has been happening is that those extra $170 billion of overseas dollars have been sucked back in by the U.S. Government. So, therefore, those dollars that should have stayed overseas to cheapen the value of the dollar and to make the yen and the German mark and the French franc more expensive cannot do their job.

So what this Congress and the President have done is to try, through other means of reducing our trade deficit, to solve the problem, because the natural economic answer is simply not working to alleviate the problem caused by our Federal spending deficit. So in trying to cure this horrible deficit problem, Members of this Congress have come up with various solutions.

One of those is this title X in the current bill. It is an unfortunate solution. Let me explain why. If title X goes into law, the cost of Government in the United States is going to increase significantly, and that is because title X eliminates substantial competition for the purchase of some $200 billion, worth of goods for the U.S. Government, and through that elimination of competition we are going to have cost increases.

Some people say, "Oh, gee, that's not true. We are not going to make the taxpayers pay even more for the same amount of government." But here is what the Congressional Budget Office—and that is not the Reagan administration, that is not Japan; that is our own Congressional Budget Office—said about this specific title X provision. The Congressional Budget Office said, "The decrease in competition would likely result in Federal agencies having to pay higher prices." Now, that is an independent biased observer.

In these times that are very tough on those who want government services and on those who want a stronger defense, to force the government to spend more dollars is a rather tragic situation, and, therefore, I oppose the bill.

Mr. Chairman, I yield 1 minute to the gentlewoman from Nebraska [Mrs. SMITH].

Mrs. SMITH of Nebraska. Mr. Chairman, I thank the gentleman for yielding time to me.

Mr. Chairman, I rise today in strong support of the amendment offered by my friend from California, Mr. KONNYU.

The Buy America provisions in title X of this trade bill, according to U.S. Trade Representative Clayton Yeutter, could not be effectively implemented, are too costly from both an economic and policy perspective, and would not improve the existing situation.

Adoption of the Konnyu amendment would eliminate one of the most objectionable titles of this bill. I wish the House had an opportunity to further improve the bill by striking the Ocean Transportation Practices title.

This title, which is a thinly veiled cargo-preference initiative, is anticompetitive and protectionist.

It has no place in an omnibus trade bill designed to improve U.S. competitiveness, and I urge my colleagues who will be conferees to strike this title from the final bill.

If enacted, these provisions would subject—for the first time—private commerical shipping decisions to Government regulation. This title would create a large bureaucracy within the Federal Maritime Commission to investigate the trade practices of any nation discriminating against the use of expensive, rust-bucket U.S.-flag vessels in the carriage of ocean cargo.

If the FMC were to find that a foreign nation were using unfair practices, that nation would be required to reduce its cargo share by allocating the remaining shares to other—probably more costly—flagships.

I call that back-door cargo preference.

There may be some in the Congress who honestly believe that prohibiting American exporters from choosing the most safe and efficient ocean transportation carriers for their cargo will improve the competitiveness of American exports. I disagree.

Cargo preference increases export costs, it increases the cost of goods to consumers, and it invites retaliation—especially against U.S. agricultural exports—by foreign nations.

It's a bad idea, pure and simple.

I believe this provision not only compromises the objectives of the trade bill, but is certain to weaken relationships with U.S. trading partners worldwide.

And in my opinion, the Congress should have better things to do than to dream up ways to beg foreign nations to retaliate against U.S. agricultural exports.

Mr. KONNYU. Mr. Chairman, I reserve the balance of my time.

The CHAIRMAN. Does any Member who is opposed to the amendment seek time?

Mr. BROOKS. Mr. Chairman, I am opposed, and I claim time in opposition to the amendment.

The CHAIRMAN. The gentleman from Texas [Mr. BROOKS] is recog-

nized for 20 minutes in opposition to the amendment.

Mr. BROOKS. Mr. Chairman, I yield myself 4 minutes.

Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from California [Mr. KONNYU] to strike the Buy American Act from the trade bill. The arguments used by the opponents of this legislation are as worn and tattered as the promises of our trading partners to open up their markets. We know that these promises have not been kept. Instead, other nations have continued to pursue government procurement practices that blatantly discriminate against U.S. firms.

Mr. Chairman, the simple principle behind the Buy American Act of 1987 is that the U.S. Government should not be buying products from countries whose governments refuse to buy American products. In 1979, we signed in international agreement on government procurement in which we agreed to open up our Government market to foreign firms in other signatory countries and they would do the same for our firms.

We have kept our part of that bargain. In fact, our Government seems to be going out of its way to help foreign firms. In one case, a U.S. Government backed loan helped a Dutch firm compete against American companies for a U.S. Government contract. In another case involving a contract for military sidearms, DOD went so far as to exclude all U.S. suppliers from competing. The Army refused to even open the bid submitted by Smith & Wesson, a Massachusetts firm. Instead, they awarded a $75 million contract to the Beretta Corp. of Italy.

The fact is that we have opened up 4½ times more of our Government market than all the other signatories combined. Unfortunately, there does not appear to be much reason for optimism for any improvement in this situation. In January of this year, Ambassador Mansfield included the following comment in a cable describing a recent meeting he had with Japanese trade officials on supercomputers:

> In the end, the Japanese side acknowledged it is unwilling to take any steps to improve access for U.S. manufacturers to the Government-procured portion of the Japanese market.

Japan is not alone in pursuing predatory practices against our computer industry. If the French Government had lived up to its trade commitments last year, thousands of French schoolchildren might be using Apple computers today. The French Government blatantly manipulated the procurement process to prevent apple from competing and to make certain that the contract went to a French firm.

Mr. Chairman, we must recognize that these governments have no intention of ever making significant purchases of U.S. products under current procedures. We must do something to show them that we expect to be treated fairly and that we expect them to play by the same rules as we do. This is precisely what the Buy American Act of 1987 is intended to do. This legislation is not protectionist, it is not too harsh, and it is not costly. It is a statement that the U.S. Government will not continue to aid and abet those countries that have targeted for extinction our most vital industries—steel, autos, textiles, electronics, computers. If those countries want to do business with our Government, they are going to have to play by the Rules. That is all this bill says. I have no fear of American firms competing with foreign firms, even on their own turf, as long as we are given an even chance. I believe the American taxpayers would agree that we should not be spending their tax dollars to support countries that discriminate against our firms, take our jobs, and thumb their noses at us. I urge defeat of the amendment to strike this provision.

□ 1150

Mr. KONNYU. Mr. Chairman, I yield 2 minutes to the gentleman from Utah [Mr. NIELSON].

Mr. NIELSON of Utah. Mr. Chairman, I rise in strong support of the Konnyu amendment.

I believe the Buy America Act will increase the cost of procurement to our armed services and all other branches of our Government. The additional procurement costs will increase our trade deficit and also our budget deficit. The gentlewoman from Nebraska [Mrs. SMITH] has indicated the adverse impact of the Buy America amendment on agriculture which again will increase both deficits because we will have to use U.S.-flagships to a greater extent and that will increase the cost of everything we ship from this country.

I oppose this on a number of other grounds.

While the Buy America amendment is well-intentioned to help address serious trade questions, its practical effect is to tie the President's hands as he attempts to forge a tough and effective trade policy.

We do not question the fact that foreign governments have been consistently discriminating against American businesses as they attempt to secure contracts on foreign government procurements. At the same time, we recognize, the U.S. Government has consistently bent over backward to be fair in allowing foreign business to compete for Federal Government contracts in many areas. Reciprocity is definitely needed. Where we differ from the Buy America amendment is in the preferred approach to achieve nondiscriminatory procurements by foreign governments.

The amendment has several flaws. First, it would constrain the President's power to negotiate with foreign governments by mandating retaliation on a strict schedule. Experience has shown that eliminating the President's flexibility in such situations is a no-win scenario. Countermeasures would inevitably be taken by the foreign government involved, and the goal of open markets and free trade would be destroyed.

Second, the amendment would raise the profile of procurement disputes with foreign governments to a highly visible and formal legal kind of settlement. Businesses attest to the fact that the best and most lasting results are achieved by a decidedly more low-key approach. Since the signing of the International Agreement on Government Procurement in 1979, American businesses have been extremely reluctant to come forward in a public and forceful way to present evidence that they have been discriminated against by a foreign government in its procurement process. They have a legitimate fear that even if they should prevail with the foreign government in this instance, overt or subtle retaliation would be certain to be taken against them by the foreign government with regard to their other business in that country. Those successes which have been achieved have occurred through quiet work under Presidential discretion, without going through the dispute settlement mechanism required by the Buy America provisions of H.R.3.

Third, the requirement for a fixed period limitation on formal dispute settlement procedures forces the President to consider intentionally violating U.S. international obligations under the International Agreement on Government Procurement. Since no time limit now exists on dispute settlement cases, the United States would have to take steps against a country even though an international panel of reviewers might not have yet reached a conclusion on the validity of our claims. As the United States enters a new round of multilateral trade talks aimed at achieving consensus on new trade disciplines, this kind of requirement will not enhance American credibility.

Fourth, it is entirely possible that this provision would be very costly to put into effect. While an amendment was added in the Government Operations Committee requiring the President to include in his annual report to the Congress a statement of the costs of this bill in terms of Federal Government procurement, the provision would still eliminate a great deal of competition in the U.S. market, resulting in increased costs on many Government contracts. In addition, given the extensive reviews required by the legislation, the administrative costs of this bill alone could be substantial.

I urge the adoption of the Konnyu amendment to eliminate this unwise provision from the bill.

Mr. BROOKS. Mr. Chairman, I yield 2 minutes to the gentleman from Wisconsin [Mr. KLECZKA].

Mr. KLECZKA. Mr. Chairman, I rise in opposition to the gentleman from California's amendment.

The gentleman's amendment strikes from H.R. 3 provisions which would for the first time set U.S. Government procurement practices on an equal footing with those of other nations. Later today, the distinguished minority leader will offer a broader amend-

ment that would also remove this same language.

I urge you to vote against both of these amendments because the Buy American Act amendments contained in H.R. 3 are both fair to our trading partners and effective in strengthening our trade policy.

The Buy American provisions of this trade bill were originally introduced as H.R. 1750 by the most distinguished chairman of the Committee on Government Operations and that committee's ranking minority member, Mr. HORTON. These provisions deal solely with U.S. Government procurement.

Countries have frequently favored Government purchase of domestic goods as a nontariff barrier against foreign goods. Government procurement is not covered by the GATT agreement, largely because it has been standard practice for countries to use government procurement to promote strategtic economic development at home.

Only in 1979 was agreement reached on a Government Procurement Code which limits discrimination against foreign firms in government procurement practices.

Only 20 nations, including the United States, have signed the code. The General Accounting Office [GAO] has found some of the signators, notably Italy, France, and Japan, to be lax in their compliance with the code. The most recent statistics available to GAO show that, even assuming full compliance with the code, the United States opened up four times more of our Government market than all of the other signatory governments combined.

The Buy American provisions seek to address trade inequities that result when countries do not agree to sign the Government Procurement Code and when signators do not comply with its terms.

Most important, the Buy American Act amendments allow for flexibility by the President or the heads of departments, bureaus, and agencies. Exceptions are allowed when found to be in the public interest or in order to prevent a monopoly.

Under the terms of the bill, memorandums of understanding with foreign governments can be used to waive provisions of the Buy American provisions by a determination of the President or by the U.S. Trade Representative, if so delegated by the President. Memorandums of understanding are frequently used by the Department of Defense to avoid Buy American restrictions. It is most appropriate that the President make this determination, for we need to have a balancing of U.S. interests that the Defense Department cannot provide.

The disagreement before us in this amendment represents the fundamental issue that divides this body on trade policy. This disagreement is over whether or not the United States will possess the ability to establish a level playing field or whether we will pursue the administration's version of unilateral free trade.

The administration would have us believe free trade can be achieved by blind faith in the willingness of other nations to engage in free trade. I wish this were true but the facts do not support it.

The key to achieving free trade in the world today is reciprocity. Reciprocity is essential because free trade only works when everyone abides by the same rules. This concept best embodies the theme of this trade bill and of the Buy American provisions in it.

It is true that the U.S. economy had such unprecedented strength in the years following World War II that we were able to sustain our own growth and that of other nations as well. But times have changed and so must we.

I recognize that our response to unfair trade practices is just one of the things that must change. I recognize that unfair trade practices cannot account for most of our trade imbalance; but if we are asking our workers and our businesses to be more competitive, the least that Congress can do is to deliver fair rules for the game.

There is no better place to begin than Government procurement. If the U.S. Government will not agree to Buy American goods with U.S. tax dollars paid by our citizens, who will?

Even the Office of Management and Budget seemed to endorse the Buy American provisions in this bill at a Government Operations hearing in March. At that time, OMB's Administrator for Federal Procurement Policy acknowledged that the administration was still formulating a position on the bill but went on to say:

> We do not view this legislation as protectionist in nature. Rather, its purpose is to improve the operation of the International Agreement on Government Procurement.

No doubt many in the executive branch would like to pursue their purchases without consideration for U.S. trade concerns. This is a luxury we can no longer afford. Increased productivity cannot come without effort and without short-term sacrifices for long-term gain.

U.S. trade and economic competitiveness must be elevated in our priorities to the level of a national security issue. We cannot be secure if we are not productive. The Buy American provisions are essential if we are to strategically guide our economy back to a position of strength in the world.

I urge my colleagues to vote against the amendment.

Mr. KONNYU. Mr. Chairman, I yield 2 minutes to the gentleman from Iowa [Mr. LIGHTFOOT].

Mr. LIGHTFOOT. Mr. Chairman, I rise in support of the amendment of the gentleman from California [Mr. KONNYU] to strike title X of the bill.

Title X would impose on the U.S. Trade Representative a number of requirements intended to open up foreign government procurement markets to U.S. exporters. That is a goal everyone can support, but the simple truth is that title X will not get us there. Instead, title X most likely will result in a tit-for-tat chain reaction which would worsen the current situation and raise costs to the American taxpayer in the process.

Mr. Chairman, let's take a moment to ask ourselves what is the appropriate role of the Government procurement process. I believe the answer to that question is to provide the Government with quality goods and services it needs in the most cost efficient manner possible. In carrying out that function, we have a responsibility to the taxpayers to keep costs to the bare minimum.

If foreign goods or services turn out to be more cost effective than those of domestic producers, then it becomes a judgment as to how far we are willing to spend our own tax dollars to make up the difference to buy American products. It is in this regard that I believe title X would go much too far in the effect it would have.

What is particularly alarming about title X is that no one knows how some of the requirements in this title will affect our trade policy because they have not been given thorough enough consideration. In fact, the bill which contains these requirements spent a total of only about 10 days in the Committee on Government Operations. It is also my understanding that the bill was not even considered by the Committee on Ways and Means, where it probably belonged in the first place.

As a member of the Committee on Government Operations, I still have some unanswered questions about the potential impact title X would have on our trade policy, and the U.S. Trade Representative has informed the committee that the language in this title is so vague that he is unable to determine what he is required to do. What the U.S. Trade Representative does know is that he had plenty of authority to deal with the problem under current law and that he will continue to use that authority to help American exporters in a less confrontational, more productive approach to gaining access to foreign government procurement markets.

In conclusion, Mr. Chairman, title X is another well-intended but simplistic solution to a complex problem that it will not help solve. It's expensive, it would be extremely difficult to implement, and it's bad public policy—plain and simple. I therefore urge my col-

leagues to support the Konnyu amendment to delete title X.

Mr. BROOKS. Mr. Chairman, I yield 2 minutes to the gentleman from Alabama [Mr. ERDREICH].

Mr. ERDREICH. Mr. Chairman, I thank the gentleman for yielding this time.

Mr. Chairman, I rise in strong opposition to the motion to strike.

The Buy America provisions are very simply provisions for reciprocity. Why on Earth should we perpetuate Uncle Sam being Uncle Patsy, where our companies cannot get into foreign markets. Those nations will not buy our products. This very simply says, "OK, if you want as a matter of just fairness and equity, as a matter of reciprocity, your country's companies will have the chance to sell their products to our Government agencies when they go about the business of procurement."

Just yesterday, Mr. Chairman, I had a small businessman from Birmingham, AL, visit me. He does not deal much in international trade, but he was seeking to obtain an opportunity to sell to the South Korean Department of Defense. South Korea said, "Well, we might talk to you some," but they said, "There is one extra provision we want to make you familiar with."

He said, "What is that?"

They said, "We want to assure that your contract, if you get a contract with us, will include a 50-percent purchase of South Korean products and services inside your contract with us"—a slight little added requirement to this small businessman when he was seeking to make that sale to that particular nation.

Yes, indeed, these other countries put all sorts of requirements, or in many instances just slap prohibitions of our products going into their markets or being purchased by their procurement agencies.

It is past time that we add teeth to a Buy America provision. What is wrong with insisting on reciprocity? It is time that we put that and keep that in this bill, Mr. Chairman.

Mr. KONNYU. Mr. Chairman, I yield 2 minutes to the gentleman from Illinois [Mr. CRANE].

Mr. CRANE. Mr. Chairman, I thank the gentleman from California for yielding this time and commend him for his amendment.

Mr. Chairman, this provision in the trade bill was originally introduced as H.R. 1750. The Buy America provision would force the closure of U.S. Government procurement markets as the primary means of increasing our leverage over foreign countries which we believe have offensive government procurement practices.

The legislation was jointly referred to both the Ways and Means Committee and the Government Operations Committee. This provision was incorporated into H.R. 3 as the title on Government Operations, without ever being considered by the Ways and Means Committee. A provision that can affect up to 200 billion dollars' worth of purchasing deserves at least to be looked at by the Ways and Means Committee before we rush to inclusion of it in this overall trade package.

Unilateral closure of our Government procurement markets would violate our international commitments, as well.

Enactment of this provision could subject our exporters to possible retaliation.

Further, it is an expensive provision. It would eliminate much of the competition in the U.S. procurement markets, leading to greater costs for the products acquired under the procurement process.

We already have a mechanism to encourage countries to eliminate their Buy National provisions. In the Trade Agreements Act of 1979, the Congress legislated a powerful incentive to nonsignatory countries to the International Government Procurement Code to get rid of their own Buy National policies and join the code. The incentive—we totally deny them access to our code-covered market until such time that they take steps to do away with their Buy National policies.

Currently, disputes between U.S. firms and foreign trading partners go to the USTR for a quiet low-key settlement. The Buy America provision would make these disputes highly publicized legal cases.

□ 1200

Firms prefer to keep these disputes in low profile, becaue they fear negative publicity could lead to a reduction in their business in the country with whom they have the dispute.

The Buy America provision would tie the President's hands in dealing with other countries suspected of trading violations as well.

Mr. Chairman, I urge our colleagues by all means to support this most important amendment offered by the gentleman from California.

Mr. BROOKS. Mr. Chairman, I yield 2 minutes to the gentleman from Massachusetts [Mr. BOLAND], whose State is the home of the great Smith & Wesson.

Mr. BOLAND. Mr. Chairman, I will let Smith & Wesson know that the gentleman gave them that plug here.

Mr. Chairman, I strongly support the inclusion of the Brooks-Horton Buy America Act of 1987 in the trade bill, and urge my colleagues to resist all efforts to delete it.

The mix of principles which should guide our national trade policy is certainly a matter of fair debate, and I would agree that the ramifications of a number of initiatives in this area are only understandable, if at all, by economists. But I believe that there is fundamental agreement in this country that the single principle which ought to undergird the world trading system is fairness. The products of the United States ought to enjoy the same access to the West German market, as the products of West Germany have to Japan's market, and the products of Japan have to the market of the United States. I thought we had recognized that free trade meant fair trade. And I thought this trade bill was a reflection of the fact that there do exist situations in which the principle of fairness does not apply to trade, and that those situations can no longer be tolerated.

Nowhere, it seems to me, is it more important that we ensure that principle of fairness is scrupulously applied than in those instances in which the U.S. Government buys products from abroad. That is the purpose of the Brooks-Horton legislation which comprises title X of this bill. This title simply prohibits U.S. Government agencies from purchasing goods from nations whose governments discriminate against U.S. goods and services in making procurements. What could be fairer than that? What could better reflect the principle which ought to guide U.S. procurement policy?

I am sure that many of my colleagues have had to try and explain to constituents, as I have, why the U.S. Government should buy foreign products at all. It is a difficult task, especially when you are speaking, as I have, with employees of firms that have lost U.S. Government contracts to foreign competition. It is difficult for those people to accept the fact that if we are to be able to sell our products to foreign governments, our Government must be willing to buy overseas. Sure, we can give a preference to domestic firms as the various Buy America clauses do, but we cannot shut foreign goods out of our Government's $200 billion procurement market and expect our products to be welcomed by the purchasing agents of other countries. That argument, which I happen to believe to be true, is tough to sell. And it becomes impossible when we are confronted with instances in which other governments maintain procurement practices that discriminate against foreign firms. Title X of this bill says those practices must cease, as the price for continued access by the products of the countries maintaining them to the U.S. Government procurement market. That's called fairness. I am frankly surprised that there is any question about it.

I have heard the arguments from those opposed to this provision of the bill, or other provisions, or amendments; arguments which say, "No, let's

not do that, the risks of retaliation are too great." From those arguments you would think that the United States enjoys a favorable position in world trade today, that our products enjoy free access to other markets, that free trade rather than discriminatory trade is the order of the day. If that were true, perhaps retaliation would be a real threat—if a good situation were going to be made bad, perhaps we would have something to fear. But we must deal with a system of world trade badly in need of reform. And if there is ever to be reform, this Nation cannot be afraid to identify countries that give lip service to the notion of free trade while in practice preventing its existence. And it cannot hesitate to use whatever leverage is available to encourage those countries to adopt new policies which will bring their words in line with their deeds. That is the purpose of this title and of this bill. Both deserve our support.

Mr. KONNYU. Mr. Chairman, I yield 1 minute to the gentleman from New York [Mr. HORTON].

Mr. HORTON. Mr. Chairman, the Government Operations Committee reported out the Buy America Act after having a hearing which was held on Wednesday, March 25. At that hearing one of the witnesses was Robert Bedell, who is the Administrator of the Office of Federal Procurement Policy in the OMB.

In his testimony on this bill he stated:

It is the policy of the U.S. Government to promote full and open competition in the award of contracts by our Government in accordance with the agreement and insist on like treatment by others.

Now this is the only witness that appeared on behalf of the administration from OMB. He further says:

We believe that the Buy America amendments of 1987 have similar objectives. We support these objectives. We do not view this legislation as protectionist in nature. Rather, its purpose is to improve the operation of the international agreement on government procurement.

Mr. Chairman, we introduced this bill—Mr. BROOKS and myself—in order to provide for open procurement and make sure that we were being treated fairly. The International Agreement of Government Procurement, was signed in 1979 by the United States and 18 other countries.

The CHAIRMAN. The time of the gentleman from New York [Mr. HORTON] has expired.

Mr. BROOKS. Mr. Chairman, I yield 2 minutes to the gentleman from New York [Mr. HORTON].

Mr. CONTE. Mr. Chairman, will the gentleman yield?

Mr. HORTON. I yield to the gentleman from Massachusetts.

Mr. CONTE. I thank the gentleman for yielding.

Mr. Chairman, I want to associate myself with the gentleman's remarks and state that I strongly oppose this amendment, and commend the gentleman from Texas for that sterling speech which he made here on the floor of the House.

Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from California [Mr. KONNYU] and in strong support of the Buy American provisions in the bill.

Mr. Chairman, I have long been a supporter of Buy American legislation. In fact, I fought for Buy American amendments in the past for hand tools, paper for Social Security cards, and heavy electrical equipment. I am also continuing my fight on the 9-millimeter handgun, firmly convinced that it is in our national interest for our Defense Department to Buy American whenever U.S. products are competitive and would not compromise our defense preparedness. I remain of the belief that U.S. tax dollars should be used to support American industry whenever possible in Government procurement.

The Buy American provisions in the committee bill embody an important concept of that philosophy. Countries which practice unfair trade against the United States should not be allowed to benefit by bidding on U.S. Government contracts. To permit such would add insult to injury and stand the concepts of fair trade and reciprocity on their heads. Accordingly, the committee bill prevents nations which discriminate against U.S. goods and services from participating in Government procurement. That provision is not only just, it is essential.

I join my good friends from Texas, Mr. BROOKS, and New York, Mr. HORTON, in urging Members to vote down this amendment and support the committee provisions. Let's not have U.S. tax dollars supporting nations that discriminate against fair U.S. trade. Let's preserve integrity in our Buy American Program.

Mr. HORTON. Mr. Chairman, 18 countries signed that, and it is our view, based on the testimony which we received in the hearing from the GAO and others, that in spite of the fact that our doors are open, according to the information that we received, in the last year for which figures were publicly available, 64 percent of the nondefense U.S. Government procurements were open to foreign participation, but only 24 percent were available in other countries to our country.

Mr. Chairman, I just want to make sure that we undertand that there are organizations that are in favor of this Buy America Act. AT&T, for example, has informed me that they are in favor of the Buy America Act.

I have a letter from Apple Computer, Inc., signed by James Johnson, director, government affairs, in which he says:

APPLE COMPUTER, INC.,
Reston, VA.

Hon. FRANK HORTON,
Member of Congress, Rayburn Office Building, Washington, DC.

DEAR CONGRESSMAN HORTON: The leadership and employees of Apple Computer Incorporated are pleased to give you our strong and unqualified support for the Buy American Act of 1987. We wish to commend you for your tireless efforts to insure that true competition exists in foreign government procurement. The legislation which you have sponsored will help bring common sense and fair play to our government's purchasing policies.

We agree with the intent of your legislation to support American companies in their efforts to sell products abroad. This legislation sends an important message to foreign governments that, in fact, forbid, prohibit and frustrate attempts by American companies to sell to their governments. It provides them with a meaningful incentive to remove unfair discriminatory trade barriers.

In almost every developing nation in the world, as well as many major industrialized nations, American companies are forbidden or frustrated in their attempts to sell products to the governments as well as in the commercial marketplaces of those countries. As has been clearly pointed out in the April 9, 1987, Government Operations Committee Report, these barriers to free and fair trade are erected even by those countries who sell products to the United States Government. In too many cases our openness is not reciprocated by most foreign governments.

For these reasons we fully support the Buy American Act of 1987.

Sincerely,

JAMES A.R. JOHNSON,
Director, Government Affairs,
Apple Computer, Inc.

Mr. BROOKS. Mr. Chairman, I yield 2 minutes to the gentleman from Florida [Mr. GIBBONS], the distinguished ranking Democrat on the Committee on Ways and Means, a longtime descendant of early Florida residents.

Mr. GIBBONS. I thank the gentleman for yielding time to me.

Mr. Chairman, we share jurisdiction with the Committee on Government Operations of this subject matter. Mr. BROOKS sent his amendment to us, and while we never considered it in the full committee, we did consider it at the staff level. Mr. BROOK's staff worked with our staff, and we worked out what we thought were our major differences.

We have a Government Procurement Code that was entered into after the Tokyo round. I must say that the Government Procurement Code has not worked as well for U.S. manufacturers as it has for other manufacturers. I think that Mr. BROOK's amendment to the Government Procurement Code will be a healthy stick to help get reciprocity in this area, and therefore I support the Brooks amendment.

Mr. KONNYU. Mr. Chairman, how much time do we have remaining?

The CHAIRMAN. The gentleman from California [Mr. KONNYU] has 10 minutes remaining and the gentleman from Texas [Mr. BROOKS] has 5 minutes remaining.

Mr. KONNYU. Mr. Chairman, I yield 1 minute to the gentlewoman from Maryland [Mrs. BENTLEY].

Mrs. BENTLEY. Mr. Chairman, title X of the trade bill contains amendments to title 41, section 10 of the United States Code, more commonly known as Buy America.

There is a need for Buy America legislation. Title X, contrary to what you might think, weakens the current Buy America law.

Buy America is based on a simple premise: American taxpayer dollars are better spent on goods and services manufactured or developed in the United States.

Americans pay taxes on hard earned wages. We here, in Congress, are constitutionally and—morally—charged with spending their money in their best interest.

I submit America's best interest includes keeping Americans employed. If the United States buys from American firms, more Americans will have work.

Too often, we hear bandied about these Chambers that it's cheaper overseas—that the product is better made overseas.

It is cheaper? Yes, only if you ignore the 42.1 cents out of every dollar that goes back—by way of taxes—to United States, State, and local coffers.

Our country has minimum wage, child labor, and environmental laws. Because of this, the United States is a better place to live. However, these laws carry a cost. A cost that has been placed on U.S. firms. If we were to repeal the laws that protect our workers and the workplace, we, in the United States, could beat the competition overseas. But, our workers, our constituents would suffer. How can we condone such abuses abroad? How can we spend U.S. foreign aid dollars on one hand to improve the condition of our fellow man in the world, and then with our trade policy subsidize sweat shops overseas?

Congress can and must be the court of equity for the American workers—who are our constituents. We are the ones responsible for keeping America—and not Japan—working.

A vote against Buy America, to me, is tantamount to an admission that Americans can't do the job.

Title X weakens Buy America.

Not only can you drive a Japanese truck, but you can also power a French train through a gaping loophole—as long as these engines of our destruction are assembled in a "least developed country" as defined by GATT.

And, if a constituent is the sole supplier of a product to the United States, the United States can go shopping overseas. Why overseas? If one American company can make something, why not another?

Last, the Department of Defense can exempt Federal agency procurement by including that procurement in a memorandum of understanding. Need I remind you these memoranda are classified, and we, in Congress, only see them if we have a need to know?

If you want Buy American—that is if you spell buy—b-u-y, then you will vote for the Konnyu amendment striking title X. If you want By America—that is if you spell bye—b-y-e, as in bye-bye to American tax dollars overseas to foreign workers, then vote against the Konnyu amendment.

□ 1210

Mr. BROOKS. Mr. Chairman, how much time do I have remaining?

The CHAIRMAN. The gentleman from Texas [Mr. BROOKS], who is entitled to finish up, has only 5 minutes remaining, and the gentleman from California [Mr. KONNYU] has 9 minutes remaining.

Mr. KONNYU. Mr. Chairman, I yield 1 minute to the gentleman from Georgia [Mr. SWINDALL].

Mr. SWINDALL. Mr. Chairman, I rise in support of this amendment because I believe that the Buy American argument inadvertently sends the wrong message to our own industries as well as our foreign competition.

While I am supportive of efforts to encourage the purchase of American goods, current marketing efforts to encourage the American people to buy American reflects a fundamental lack of understanding as to the complexity of the trade issue.

For example, for the last several years we have engaged in ad campaigns that encourage people to buy any label that says "Made in America." Rather than encouraging people to buy American products simply because they carry such a label, we ought to be encouraging individuals to buy products that are made in America because the label infers "Made Better in America." Which I hope that all American goods are of the highest quality, the fact of the matter is that some of our goods are not. And this fact is underscored by the most recent trade figures.

It has been widely reported that unfair trade practices account for only 15 percent of the $170 billion trade deficit. That means that with completely open markets we would still have $145 billion in trade deficits. We must come to grips with the fact that we have lost some of our competitive edge.

To now respond by prohibiting the Federal Government from procuring goods from other nations is missing the point entirely and encouraging us to avoid rather than confront the real problems.

Instead of focusing our attention on merely purchasing goods because they are made in America I believe that we need to focus on how to improve the quality of our goods to the point that people will automatically buy American goods because they know that American goods are made better. That in a nut shell is the American tradition and that in a nut shell is how America will regain its competitive edge.

I urge my colleagues to support this amendment to strike the forced Buy American provisions so that we can move forward in addressing the real problems that have caused our trade deficit rather than trying to camouflage them.

Mr. KONNYU. Mr. Chairman, I yield such time as he may consume to the gentleman from California [Mr. LEWIS].

Mr. LEWIS of California. Mr. Chairman, I am not going to take any time, but I want the gentleman to know I very much appreciate his making this effort on behalf of those in California who are concerned about the issue he is addressing. It is a tough problem and the gentleman is doing a fine job and I really appreciate this effort.

Mr. KONNYU. Mr. Chairman, I yield 2 minutes to the gentleman from Minnesota [Mr. FRENZEL].

Mr. FRENZEL. Mr. Chairman, I want to rise in strong support of the Konnyu amendment striking title X. This title amends the Buy America Act to place severe new restrictions on U.S. Government procurement.

The so-called Brooks provisions establish a flat prohibition against the awarding of any U.S. Government procurement contract to countries that discriminate against U.S. goods and services in any category. Under existing law, foreign bidders already have a penalty of 12 percent, 50 percent in the case of limited defense contracts that are even available to foreign firms, because of price preferences given to U.S. firms. Now we want to say no to foreign contractors. Of course at the same time we will be pulling the rug out from under U.S. firms that are seeking to bid in foreign markets.

Government procurement in all countries, including the United States is carefully regulated and controlled, with certain departments, entities, and types of products restricted and others totally open. The Brooks provisions basically state that the United States may keep its own restriction but other countries must not discriminate against U.S. efforts to bid in foreign markets. This is unrealistic and contrary to our international agreements.

The Brooks provisions do waive the prohibition for those countries that are signatories to the Government Procurement Code. However, it establishes what amounts to a unilateral dispute settlement procedure designed to determine whether a code country is in good standing. This in itself is a violation of the code's own dispute settlement procedures. Also, the Brooks provisions would have the effect of eliminating other legitimate foreign

competition, and give code signatories a significant new benefit for which they have paid no concessions.

Mr. BROOKS. Mr. Chairman, I yield 2 minutes to the gentleman from Pennsylvania [Mr. CLINGER].

Mr. CLINGER. Mr. Chairman, I would like to underscore the point that was made by our colleague from Florida, Mr. GIBBONS. That is that we do have a Government procurement code. It has not worked as well for the United States as we had hoped. We have not gotten the kind of reciprocity we would hope.

What this provision in this bill would do is give some teeth to our ability to enforce what many nations in the world have already agreed to, and that is to provide open procurement for their government markets.

Mr. Chairman, I rise in opposition to the amendment.

I spoke at length during general debate about the merits of the title which the amendment would delete, and do not want to repeat myself here. I would take the time of the Members only to state my view that the language which the Government Operations Committee approved by voice vote would be extremely helpful in expanding Government procurement markets for American businesses overseas.

This title has been attacked as protectionist legislation which would encourage retaliation by our trading partners. Mr. Chairman, I opposed the Gephardt amendment, and I will continue to oppose measures which are protectionist and which would encourage retaliation. I am convinced that title X does not by any means fit this description. Title X would to the contrary force other countries to open their Government markets, on a nondiscriminatory basis, to American-made products. It is entirely consistent with a philosophy of freer trade.

The title has also been attacked as potentially costly because it would supposedly increase the cost of Government procurements. This is another criticism which cannot stand the light of careful scrutiny. If our Government is successful in using title X to open foreign markets, American producers will sell more goods abroad, hire more workers, and pay more taxes. Only if the administration fails to use the law properly will we prohibit foreign vendors from selling to Federal agencies. I might support the amendment, Mr. Chairman, if I believed that the administration were incapable of implementing the title to best advantage. I have great confidence in the abilities of the administration, though; and because I know it will use the law well, I believe, that the net result for the Government will be more revenue, not more costs.

Mr. Chairman, the criticisms of title X are misplaced. I urge my colleagues to join me in opposing the amendment.

Mr. KONNYU. Mr. Chairman, I yield myself 4 minutes.

Mr. Chairman, now that we have done the initial maneuvering on this bill, let us look at some real specific problems.

The first problem with title X is that there was no long line to testify in front of our committee objecting to current, existing Buy America programs and the current laws, so my question to the House is: Is there a real problem that this bill addresses, or is this simply a statement of desires because times are challenging?

The second issue that I want to raise is the issue that this bill says in the event that there is a monopoly position on a certain item, the Federal Government can buy it despite certain provisions of this act, so it is a loophole; but there is no loophole for oligopoly corporations, corporations where six or fewer control the marketplace.

So again, as I said in my opening remarks, what happens is that the taxpayer is going to get stuck the extra cost of oligopoly companies selling to the Federal Government, and what is an oligopoly company where six or fewer control the marketplace?

Certainly the Japanese, the German, and the French, and the British automakers as several examples are prohibited from selling to the Federal Government, and they will be under these provisions because of the way the provisions are worded. Then only American cars can be bought by the Federal Government, even though the foreign cars could be cheaper and better, so the Federal Government could not emulate what our own citizens do every day in buying automobiles.

The third issue I want to raise is that even if perfect countries, that is, countries that fully comply with every element of this act, want to sell goods to certain of our departments such as the Department of Transportation, the Tennessee Valley Authority, the Department of Energy, they must pay an additional 6 to 12 percent in cost. In other words, they have a cost penalty even if they are perfect.

That is the kind of additional taxpayer expense that I am talking about that is not fair, and that is why this title should not be in the bill.

Some of my colleagues know that I come from Silicon Valley, and many corporations in Silicon Valley are very concerned about this, and let me tell you why.

□ 1220

The reason it is so is because of the wording of the bill. Now, the bill says in here that if an item is manufactured in the United States substantially all costs had to be incurred in the United States. And I think that what they meant is not substantially, but 50 percent or higher costs. But nevertheless the exact wording, right on page 846, lines 20 through 22, is substantially all costs. So as a result what happens? Semiconductors from Silicon Valley that are in part manufactured in the United States and in part manufactured overseas our own companies, National Semi-Conductor, INTEL and the rest will not be able to sell to the Federal Government unless the President waives it.

Toyotas built in Freemont in a GM-Toyota corporation called NUMI in Freemont, CA, they are not going to be able to be sold to the Federal Government even though it is manufactured in the United States. Those are some of the major problems with this bill.

The CHAIRMAN. The gentleman from Texas [Mr. BROOKS] has 3 minutes remaining.

Mr. BROOKS. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Ohio [Mr. TRAFICANT].

Mr. TRAFICANT. I thank the chairman.

I do not know how many have seen the television this morning, but Mr. Nakasone was in town. He made this great speech in front of the White House. He said that Japan and America must build a new two-lane bridge across the Pacific to facilitate new trade opportunities.

Ladies and gentlemen of the House, I believe we should have a new two-lane bridge, but American taxpayers should, No. 1, not pay for it and, No. 2, it should not be another fast lane for Japan and a heavy toll road for this country.

Now, when I heard the debate on Buy American and everybody standing up in this House saying that "if you speak out for Buy American, you are taking a simple approach, you are demagoging to the American people;" I am sick and tired of it. How foolish can we be to let these foreign nations continue to have free access to the American tax dollar in our budget and not get the equal treatment what we afford them.

Now, I have also heard about the great Presidential veto, I, in my own little humble Democrat way, am going to say this: Mr. President, please make my day, because if you veto this bill on a Buy American provision, you will send the Republican Party back 10 years.

And I think every Member of the House should be calibrated on the vote that they measure today on this amendment.

This does not even go far enough. In my closing response I have a Buy American bill that is now getting around the respective committees. It would amplify, expand, and amend on

the 1933 Buy American provision that is so token and so watered down it is an affront to the intelligence of the American people, let alone its Representatives.

Now, we are elected here today to take care of America and I think it is time that we do that. And I say this: I think the day has come when you stand up for America in this House you are being charged with being a demagogue, that is going to continue to upset me. I am going to try and knock your amendment so silly it will sound off the walls of this great Chamber. And that is nothing personal, the gentleman is a great Member. But I not only disagree, I think America disagrees and I think we have to defeat this amendment.

Mr. KONNYU. Mr. Chairman, I yield myself the balance of my time.

Mr. Chairman, this bill is, as the gentleman from Ohio just said, is true veto bait. The U.S. Trade Representative has said that, the Secretary of Commerce has said that, the President is against this bill because he knows what it will create.

I have already told you about Toyotas built in Freemont in cooperation with GM, semiconductors built mostly in the United States that are not going to be able to be sold at the Federal level.

The amendment is simply amending the Buy America Act of 1933. Think about when it was created. In 1933, the days of the Depression, and that is the thinking that is prevailing behind this amendment; more Depression type thinking.

Instead of recognizing, as obviously some in this room have not, that this is the time of international trade. It would cost California, if you cut off all the trade, 1 million jobs in California, 1 out of every 10 jobs, 1 million jobs. That is what the Governor wrote me in a letter expressing his concern about what is going on in Congress. That is Depression-era thinking.

The macho thinking of this bill; forgetting about foreign retaliation, if you are an aircraft worker from Washington State building those Boeing 747's, you might as well forget a bunch of your jobs, workers in Washington, because this bill in not going to allow Boeing to sell those aircraft to Air France, to Lufthansa, to British Air, to JAL, because it is the government airline, a government owns that and they are going to retaliate against America.

This, Mr. Chairman, and Members, is a terrible provision. That is why I really believe in opposing it. This is a macho bill that will feel good today and hurt us for decades to come.

Mr. BROOKS. Mr. Chairman, I yield the balance of my time to myself.

Under this bill, the U.S. Government would use access to our $200 billion a year procurement market to encourage other nations to open up their procurements to American firms. The rules would be simple and effective. If a government in a foreign country continues to discriminate against the United States and our companies, then products from that country will be banned from eventual procurement. Every year billions and billions of dollars in potential contracts with foreign governments are being denied to U.S. firms; those jobs, those profits, those opportunities.

In the meantime, our Government has been continuing to blithely award contracts to companies from these very same countries. U.S. taxpayers cannot continue to contribute to the welfare of countries that do not treat American producers fairly.

The Buy America Act of 1987 will make sure that everybody is playing by the same rules and that our companies—and there is nothing wrong with our companies, made in the United States is not criminal—will be given an even chance.

I urge you to vote "no" on this amendment.

The CHAIRMAN. All time has expired.

The question is on the amendment offered by the gentleman from California [Mr. KONNYU].

The question was taken; and on a division (demanded by Mr. KONNYU) there were—ayes 8, noes 17.

So, the amendment was rejected.

AMENDMENT OFFERED BY MR. WOLF

Mr. WOLF. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment offered by Mr. WOLF: Page 896, after line 17, insert the following:

TITLE XV—MOST-FAVORED-NATION TREATMENT TO PRODUCTS OF ROMANIA

SEC 1501. MOST-FAVORED-NATION TREATMENT TO PRODUCTS OF ROMANIA.

(a) CONGRESSIONAL FINDINGS.—The Congress—

(1) notes that the Department of State, in the publication Country Reports on Human Rights Practices for 1985, determined that "In the area of human rights, major discrepancies exist between generally accepted standards, for example as embodied in the Helsinki Final Act of the Conference on Security and Cooperation in Europe, and Romanian practice. . . . The party, through the Government, continues to restrict and control the right to free speech, free assembly and association, and the practice of one's religion.";

(2) is aware of numerous accounts from the Department of State, Congressional delegations, and various human rights organizations, that Romanian citizens are being arbitrarily harassed, interrogated, and arrested by Romanian government authorities for the exercise of civil and religious liberties;

(3) finds that official Romanian harassment of religious believers has not only been extended to the arrest of persons for carrying Bibles and other religious materials, but even carried to the point of destroying places of worship, including most recently the country's largest Seventh Day Adventist Church and the Sephardic synagogue in Bucharest;

(4) further finds that the United States trade deficit with Romania (which continues to be high) is a result of our extension of nondiscriminatory treatment (most-favored-nation treatment) to that country and can be considered as an endorsement of that nation's abusive internal practices;

(5) is aware of the severe limits placed on the rights of Hungarians and other ethnic minorities within Romania to express and maintain their cultural heritage, as is illustrated by the attempts made by the Romanian government to eliminate systematically Hungarian churches, schools, traditions, and even the Hungarian language from Romanian society;

(6) recognizes and emphasizes the continued dedication of the United States to fundamental human rights (as noted in section 402 of the Trade Act of 1974) and is concerned with Romania's commitment to those rights; and

(7) commends the President for withdrawing Romania's eligibility for duty-free treatment under the Generalized System of Preferences because of Romania's violation of "internationally recognized worker rights".

(b) OBJECTIVES.—The objectives of this section are to effect—

(1) the termination of the current policies and practice of the Government of Romania under which—

(A) its citizens are denied the right or opportunity to emigrate,

(B) more than a nominal tax is imposed on emigration or on the visas or other documents required for emigration, and

(C) more than nominal taxes, levies, fines, fees, or other charges are imposed on citizens as a consequence of their desire to emigrate to the countries of their choice; and

(2) substantial progress in halting the persecution by the Government of Romania of its citizens on religious and political grounds, and the repression by such Government of Hungarians and other ethnic minorities within Romania.

(c) DEFINITIONS OF RIGHTS REVIEW PERIOD.—As used in this section, the term "rights review period" means—

(1) the 6-month period referred to in subsection (d)(1); and

(2) each successive period of 180 consecutive calendar days occurring after the last day of the 6-month period referred to in paragraph (1).

(d) SUSPENSION OF NONDISCRIMINATORY TREATMENT FOR ROMANIAN PRODUCTS.—(1) The products of Romania may not receive nondiscriminatory treatment (most-favored-nation treatment) during the 6-month period beginning on the date of the enactment of this section.

(2) The products of Romania may receive nondiscriminatory treatment (most-favored-nation treatment) during any rights review period referred to in subsection (c)(2) only if—

(A) no later than the 30th day before the close of the immediately preceding rights review period, the President submits to the House of Representatives and the Senate a document containing—

(i) a Presidental determination, and the reasons therefore, that the application of nondiscriminatory treatment to the products of Romania during the next rights review period will substantially promote the objectives listed in subsection (b),

(ii) a statement that the President has received assurances that the policies and practices of the Romanian government will henceforth lead substantially to the achievement of such objectives, and

(iii) based on such determination and finding, a recommendation by the President that nondiscrimatory treatment be applied to the products of Romania during the rights review period; and

(B) a joint resolution disapproving such application is not enacted, in accordance with the procedures referred to in subsection (e), before the close of the rights review period in which the document referred to in subparagraph (A) is submitted.

(e) RESOLUTION DISAPPROVING NONDISCRIMINATORY TREATMENT FOR THE PRODUCTS OF ROMANIA.—(1) For purposes of this subsection, the term "joint resolution means only a joint resolution of the two Houses of Congress the matter after the resolving clause of which is as follows: "That the Congress disapproves the application of nondiscriminatory treatment (most-favored-nation treatment) to the products of Romania that was recommended by the President to the Congress on ", with the blank space being filed with the appropriate date.

(2) The provisions of section 152 of the Trade Act of 1974 (relating to concurrent resolutions) apply to joint resolutions except that in applying section 152(c)(1), all calendar days shall be counted and 5 calendar days shall be substituted for 30 calendar days. Section 154(a) of the Trade Act of 1974 applies to documents transmitted by the President under subsection (d)(2)(A).

(f) INAPPLICABILITY OF CERTAIN TITLE IV PROVISIONS.—On and after the date of the enactment of this section, sections 401 of 402 of the Trade Act of 1974 do not apply with respect to the tariff treatment of the products of Romania.

The CHAIRMAN. Under the rule, the gentleman from Virginia [Mr. WOLF] will be recognized for 15 minutes and a Member in opposition to the gentleman's amendment will be recognized for 15 minutes.

The Chair recognizes the distinguished gentleman from Virginia [Mr. WOLF].

Mr. WOLF. Mr. Chairman, I rise in strong support of the amendment which will suspend the most-favored-nation status for the country of Romania for 6 months.

As the body remembers, last time we had an amendment on this floor which would have totally suspended it. This one will suspend for 6 months and is totally different.

Mr. Chairman, I reserve the balance of my time.

□ 1230

The CHAIRMAN. The gentleman from Florida [Mr. GIBBONS] is recognized for 15 minutes in opposition to the amendment.

Mr. GIBBONS. Mr. Chairman, I yield such time as he may consume to the gentleman from Illinois [Mr. ROSTENKOWSKI].

Mr. ROSTENKOWSKI. Mr. Chairman, I rise in opposition to this amendment which would suspend most-favored-nation trading status for Romania. I believe that while the author of the amendment is well-intentioned, the proposed remedy is the wrong one. I, too, am concerned about the people of Romania—that they be able to pray freely, emigrate freely, and enjoy basic human rights. Where we differ is in the means to achieve improvements in those areas. The amendment's sponsors would cut off our most important ties with Romania in an effort to force the Romanian Government to bend to our will. However, I firmly believe that the effect of cutting off or suspending MFN trading status would be just the opposite of what they seek—namely, a backlash by the Romanian Government against its people. That would be a cruel twist of fate for the people of Romania—the very people we are trying to help.

The only leverage the Congress and the administration have over Romania is the annual MFN renewal process and the threat of a cut off. I urge my colleagues to vote against the amendment.

Mr. WOLF. Mr. Chairman, I yield 3 minutes to the gentleman from Ohio [Mr. HALL].

Mr. HALL of Ohio. Mr. Chairman, I rise in support of the Wolf amendment, which I am pleased to cosponsor with the gentleman from Virginia.

This amendment will temporarily suspend for 6 months most-favored-nation trade status for Romania because of that nation's failure to respect basic human rights.

I want to make it clear to my colleagues that this is a human rights vote. But it is also a vote that will affect our trade deficit and our dealings with a country that supports international terrorism.

Let's look at the trade picture first. Our trade deficit with Communist Romania in 1986 was $588 million. This was a trade deficit ratio of 3.4 to 1—worst than the 3-to-1 deficit ratio with Japan. If you have constituents who are concerned about the impact on America of imported textiles, shoes, pork products, wood and furniture, and petroleum products, then you should vote for this amendment.

Second, let's look at what Romania does to support international terrorism and to oppose American interests around the world. The value of Romanian arms transfers between 1979 and 1983 was $3.1 billion, with about $400 million of arms going to Iraq and $310 million going to Libya. Another $120 million went to North Korea. You can be sure that large amounts of these weapons were transferred around the world to promote terrorism. Since 1983, Romania and Libya have been engaged in formal military cooperation.

My colleagues also should keep in mind that Romania supplies military aid to the Palestine Liberation Organization [PLO]. Former U.S. Ambassador David Funderburk has said that Romania "has a large number of Arab radical terrorists who are training, near Bucharest."

Romania has tried to cultivate a moderate image in the West. But this image cannot hide the reality: Romania is a repressive Communist country which is under the thumb of the Soviet Union and which works to promote terrorism and instability around the world.

These foreign misdeeds are understandable when you look at the way the Romanian Government treats its own people. As State Department's human rights report on Romania says:

The party, through the Government, continues to limit and often deny the right to free speech and free assembly and association, and to apply restrictions to religious practice.

Last summer, after we renewed MFN, the Romanians bulldozed the last remaining sephardic synagogue in Eastern Europe, Bucharest's Spanish Synagogue, and also bulldozed Bucharest's main Adventist Church. Over a dozen churches of different denominations have been razed for alleged "building code violations" and for "zoning laws." And in 1985, some 20,000 Bibles donated by the Hungarian Reformed Church were turned into toilet paper at a Romanian paper and pulp mill.

But people—not just property—have also been abused. Prisoners of conscience and religious activists have been jailed, beaten, and subjected to both physical and physchological torture. To make it seem that the number of prisoners is being reduced, inmates are released to the auxiliary forces of the Ministry of the Interior, where they become forced laborers with no freedom.

With regard to general labor conditions, my colleagues should keep in mind that the administration suspended GSP duty-free access to Romanian products due to the lack of internationally-recognized workers' rights in Romania.

I travelled to Romania in 1985 and saw firsthand the lack of civil rights and human rights for the Romanian people. I was especially struck by the efforts of the Romanian Government to harass and repress the free exercise of religion.

In promoting respect for human rights overseas, we need to use the best leverage we have with respect to each repressive government. In the case of Romania, a 6-month suspension of MFN is the most effective means we have to encourage genuine improvements regarding religious rights, labor rights, emigration, treatment of ethnic minorities, and overall human rights.

I urge a strong vote of support for the Wolf-Hall amendment.

Mr. GIBBONS. Mr. Chairman, I yield 2 minutes to the gentleman from New York [Mr. STRATTON].

Mr. STRATTON. Mr. Chairman, I oppose the amendment. I think we ought to be a little more clear in understanding exactly what Romania signifies in connection with Eastern Europe and the Soviet Union.

Romania is not in the Warsaw Pact. In fact, they do not allow foreign officers to command their military units. The President of Romania, Mr. Ceausescu, has spoken on many occasions with a very significant difference in terms of policy matters from the Soviet Union.

It is true that there are some human rights problems in Romania, but a significant portion of those problems result from the fact that the Soviet Union has forced the Romanians to move from their homes and into other areas, and we have Hungarians who have been forcefully moved into Romania and Romanians who are located in Hungary; not because they want to, but because they were forced there by the Soviet Union.

Yet the Soviet Union has refused to improve the situation for these people who have had their homes wiped out.

One other significant matter is that there has been a substantial amount of interest in Romania for purchasing American goods. We are supposedly fighting this trade battle because we are not able to export our manufactured goods. In my own hometown to the generation of electric power, the General Electric Co., in Schenectady, NY, has received orders for two or three additional nuclear generators which the Romanian Government has ordered. This kind of business is vitally needed in a city that has layoffs in the turbine section because of over "no work" for 5,000 GE employees. Let us provide to unemployed Americans the kind of jobs that Romania has provided in many parts of America—in New York as well as Virginia.

Mr. WOLF. Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. KONNYU].

Mr. KONNYU. Mr. Chairman, I am a Hungarian immigrant, and because I am so, the Hungarian community throughout the States through their leaders have come to me and asked for help, not for themselves, but for their loved ones, their friends, their relatives living under the tyranny of Romania.

Clearly, Romania as part of the Warsaw Pact countries, does serve a great threat because of that membership to the West.

□ 1240

Clearly their human rights violations are an abomination. Even the Under Secretary, Mr. Whitehead, disagrees with this amendment. Nevertheless, he confessed that Romania has the worst human rights violations of all of the Eastern bloc countries. They have closed down synagogues, they have beaten to death Catholic priests, and they have increased immigration fees so people who are not well off cannnot leave that country. They do that year after year, and they come to the Congress, and Congress says, "Yes, I know, but you are going to improve. We will give you another chance." So we let them have another trade surplus every year because of MFN, and they continue to violate human rights. They have done that for 12 years, and now they are coming back again for more.

The Gephardt amendment addressed trade surplus countries, and in terms of ratio the No. 1 trade surplus country with the United States is Romania. With Romania, the ratio is 3½ to 1. That is because of MFN.

They are killing priests, they are closing down synagogues, they are raising immigration fees, and their Hungarian language books are burned. Bibles from the West sent to Romania are reprocessed as toilet paper, as the gentleman just said, and yet we extend them MFN.

Mr. Chairman, I support this amendment. It is right, it is American, it is great for human rights. I thank the gentleman from Virginia [Mr. WOLF] for helping my friends out.

Mr. GIBBONS. Mr. Chairman, I yield 2 minutes to the gentleman from New York [Mr. GILMAN].

Mr. GILMAN. Mr. Chairman, I rise in reluctant opposition to the amendment offered by my good friend, the gentleman from Virginia [Mr. WOLF].

Mr. Chairman, I think it is perfectly clear that there are widespread human rights abuses in Romania. I join the gentleman in condemning those violations, as I have repeatedly, and as I did long before the gentleman began his distinguished service in this House.

Yet we are required to consider not whether Romania commits human rights abuses, but whether Romania should have its MFN status suspended here and now.

Would a suspension of Romania's MFN status improve the observance of rights in Romania? I submit that we do much more for the human rights of the people of Romania, and for the national interest of the United States, by sticking with the existing system of reviewing Romania's MFN status on an annual basis, following a careful, stringent review by the administration.

It is clear that the process of annual reviews has left human rights in much better circumstances than would otherwise be the case. We can approach the Romanian Government with family reunification or emigration cases every year, as many of us do. Many if not most of those cases are favorably resolved. What possible leverage would we have with Romania if we gave up on this system? We should also bear in mind that over 15,000 individuals were permitted to leave Romania in 1986; accordingly the cases that come to our attention represent only the tip of the iceberg of Romanian emigration.

We have to be realistic in our expectations for change in the short term. We recognize that our systems differ from one another; progress will be slow. Certainly we should hold up the Helsinki accords and other human rights agreements as the standard of observance. On the other hand, we owe it to ourselves and to the Romanian people, who we all care about, to look at the past practice and to see what progress has been made.

With respect to the effect of a break with Romania on this matter on our overall interests in Eastern Europe, I can state, as the ranking Republican on the Subcommittee on Europe and the Middle East of the Committee on Foreign Affairs, that the policy of differentiation—whereby we attempt to work out ways in which we can recognize the different policies each Eastern European nation carries out—is essential if we desire to treat each country in that part of the world as a truly independent nation, able to act in its own interests, and not just in the interests of the Soviet Union.

To some degree this is now occurring in Romania. For example, Romania is not prepared to commit its troops to the Warsaw Pact, the main threat to Western interests in Europe. Romania maintains diplomatic links with Israel notwithstanding the boycott of Israel by the rest of the nations in Eastern Europe. It has strong ties with West Germany and China.

Accordingly, Mr. Chairman, I urge my colleagues to join with the chairman and ranking member of the Subcommittee on Trade, and with such organizations as the B'nai B'rith and the National Conference on Soviet Jewry, and vote against the pending amendment.

Mr. WOLF. Mr. Chairman, I yield 2 minutes to the gentleman from New Jersey [Mr. SMITH].

Mr. SMITH of New Jersey. Mr. Chairman, I ask my colleagues to support this amendment which is offered by my good friend and colleague, Mr. WOLF, to suspend Romania's most-favored-nation trading status for 6 months because of ongoing egregious human rights violations—particularly violations of freedom of religion.

Mr. WOLF's amendment is identical to H.R. 1250 introduced by Mr. WOLF, Mr. HALL of Ohio, and myself. This legislation has bipartisan support and a total of 60 cosponsors at this time.

About 2 years ago, Mr. HALL, Mr. WOLF, and I traveled to Romania in an ongoing effort in order to gather in-

formation and impressions regarding human rights and religious freedom. We met with high government leaders including then Foreign Minister Stefan Andrei and religious leaders. The discussions were candid and at times provocative, but we came home deeply concerned. Our concern was based on numerous reports and eyewitness accounts involving the persecution of Christians, the bulldozing of churches and synagogues, and other repressive actions by the Government. My colleagues and I were moved by numerous accounts of believers who sacrificed much to cling to their faith and principle. Our concern over the years since has not abated—our sincere hope and expectation for significant improvements in human rights in Romania have not materialized. The time has come to up the ante.

I would like to remind my colleagues that the Romanian Government took the regrettable action of bulldozing the last remaining Sephardic Synagogue in Eastern Europe last July following the President's recommendation for renewal of MFN. The timing was perplexing. Shortly thereafter, on July 29, when the House was voting on the resolution to disapprove the recommendation of the President, crews arrived at the large Seventh Day Adventist Church in Bucharest to begin the demolition of that building. Numerous other churches, especially evangelical churches, have repeatedly been refused building permits to construct or expand their facilities.

Mr. Chairman, human rights are indivisible. I believe that they are God given, not man made. For this reason, I believe that respect for the human rights of their citizens by the countries of the world isn't optional. Clearly it is fundamental, and is the only legitimate basis for genuine trust and friendship in bilateral relations. Members are aware that the Jackson-Vanik provision of the 1974 Trade Act cites emigration policy as the chief criteria for conferrence of MFN—and that fact is clearly recognized in Mr. WOLF's amendment. It should be noted then that the figures show a decline in emigration from Romania to the United States, to Israel and to Germany. The total emigration figures indicated a 28-percent reduction in 1986 emigration in comparison to 1984.

I believe the broad array of interlocking human rights must not be overlooked or trivialized. Indeed, the lives and futures of thousands depend on how well we utilize the considerable leverage at our disposal.

When the President reported to Congress last year that he had decided to continue MFN for Romania for another year, I think it is very significant, Mr. Chairman, that he admitted that he made this determination "with difficulty." Furthermore, the President noted that he was "disappointed by the Romanian Government's very limited response to numerous expressions of strong U.S. public, congressional and administration concern about its performance in areas of human rights and religious issues * * * ."

As stated, the President "share(s) the strong concerns manifested among the public and in Congress regarding the Romanian Government's restrictions on religious liberties."

Mr. Chairman, it is sad but true that the Communist authorities in Bucharest continue to restrict and control the right of religion, free speech, and free association, which is contrary to the Helsinki accords. I believe support of Mr. WOLF's amendment will send a clear message to the Romanian Government to clean up their human rights record.

Mr. GIBBONS. Mr. Chairman, I yield 1½ minutes to the gentleman from Maryland [Mr. HOYER].

Mr. HOYER. Mr. Chairman, I thank the gentleman for yielding this time to me.

Mr. Chairman, I rise in reluctant opposition to the amendment, and I want to express my congratulations to the gentleman from Virginia [Mr. WOLF], the gentleman from New Jersey [Mr. SMITH], and the gentleman from Ohio [Mr. HALL] for their focus on this issue.

The Helsinki Commission, which I chair, is very concerned about this issue, and the gentleman from New Jersey [Mr. SMITH] of course, is a member of that commission. However, at this point in time I rise in opposition to the amendment because I believe it is not timely. That is not to say it is ever not timely to speak out on violations of human rights. It is. However, as the Members of the House know, there is a process for consideration of MFN status which is now ongoing.

The President on June 3 will need to make a finding and recommendation to Congress. That recommendation will come to the subcommittee chaired by the gentleman from Florida [Mr. GIBBONS] as it has in years past. We are now in the posture of looking very closely at this entire matter, and it may well be the recommendation of the Commission that we terminate MFN status for Romania. We are in the process of reviewing the MFN status of Romania as it relates to their human rights performance. We are in communication with the administration as to whether or not the administration ought to recommend termination of the MFN status, and because of that, after discussions with the chairman of the Foreign Affairs Committee, the gentleman from Florida [Mr. FASCELL] who also has been chairman of the Helsinki Commission for 8 years, we make the recommendation to the House at this time that we not adopt this amendment.

Mr. Chairman, we do urge the defeat of the amendment, but we pay tribute to the sponsors of the amendment.

Mr. WOLF. Mr. Chairman, may I inquire as to how much time both sides have?

The CHAIRMAN. The gentleman from Virginia [Mr. WOLF] has 7 minutes remaining and the gentleman from Florida [Mr. GIBBONS] who is entitled to close, has 8½ minutes remaining.

Mr. WOLF. Mr. Chairman, I yield 1 minute to the gentleman from Ohio [Mr. TRAFICANT].

Mr. TRAFICANT. Mr. Chairman, it is seldom that I take the floor opposing the position of the gentleman from Maryland [Mr. HOYER] or the committee on matters like this. But you only get people's attention sometimes by hitting their pocketbook. And what other leverage is there in this matter?

I would like to make an appeal of a different sort in this particular debate. Not every Member of the House knows what actually goes on in all these maneuvers. The gentleman from Ohio [Mr. HALL], one of the most respected Members, the gentleman from Virginia [Mr. WOLF], and the gentleman from New Jersey [Mr. SMITH] has been there. The churches where they have spoken and conducted their meetings have since been bulldozed. How can Congress know what is going on if we do not accept the testimony of our own Members? This is a bipartisan group of Members.

I do now know who is right or who is wrong. I do know this: they have all come back and said the same things. I happen to be somewhat distantly removed, but I am of Hungarian descent, and I think the only leverage we have is to hit that pocketbook. It is only a 6-month temporary suspension.

Mr. Chairman, I commend the gentleman from Virginia [Mr. WOLF], the gentleman from New Jersey [Mr. SMITH], and certainly my dear friend and colleague, the gentleman from Ohio [Mr. HALL].

Mr. GIBBONS. Mr. Chairman, I yield such time as he may consume to the gentleman from Nebraska [Mr. BEREUTER].

Mr. BEREUTER. Mr. Chairman, I rise in opposition to the Wolf amendment. I believe there are better, more timely ways to proceed, such as with major export market legislation, H.R. 1784.

Mr. Chairman, I oppose this amendment because I believe there is a better way to address our trade relations not only with Romania, but all Eastern European countries.

I do not dispute the human rights, or foreign policy issues which this amendment raises. Romania is a repressive regime which impedes and violates the right of its citizens to emigrate. I also oppose the inconsistent

manner in which Congress and the administration have extended MFN status to Romania and Poland, but have not extended it to other Eastern European countries such as Czechoslovakia, the Germany Democratic Republic, and Bulgaria.

Under the Jackson-Vanik amendment to the Trade Act of 1974, nonmarket countries are not eligible for most-favored-nation [MFN] status, U.S. Government credits, or investment guarantees if that country directly or indirectly limits the right of its citizens to emigrate. Where we have extended MFN status to a nonmarket economy such as Romania, it is inconsistent and often inappropriate for foreign policy reasons.

To address this problem, I have reintroduced legislation—H.R. 1784—that would create a new trade status which I call major export market [MEM] status. The MEM trade status would provide the United States with a more flexible and workable trade policy toward nonmarket economies.

The major provisions included in this legislation would provide nondiscriminatory treatment—often called Column One duty status—for products shipped to the United States by a country which: First, is ineligible for most-favored-nation status; second, is a major export market for U.S. goods; and third, has a negative trade balance with the United States.

This legislation would also provide for regular review of MEM-status countries to be sure they continue to have a negative trade balance with the United States. This would ensure that MEM will benefit U.S. trade because if a country with MEM status ever has a positive balance with the United States, then it would lose its MEM status.

Unlike MFN status, MEM would not make nonmarket economies eligible for export credits. It only offers them the same import duties that we offer most of our other major trading partners. This legislation would increase U.S. nonstrategic manufactured and agricultural exports, improve trade relations between the United States and Eastern European countries and give U.S. farmers and manufacturers an opportunity to expand their overseas markets.

In closing, I would only reiterate that Congress should consider the creation of a specal trade status that addresses the unique economic and foreign policy situation that exists in Eastern Europe. In the meantime, we should not blindly penalize those United States companies or other concerns which are currently selling their products to Romania.

I urge my colleagues to oppose the Wolf amendment and vote against it.

Mr. GIBBONS. Mr. Chairman, I yield 1 minute to the gentleman from Virginia [Mr. BOUCHER].

□ 1250

Mr. BOUCHER. Mr. Chairman, I rise in opposition to the Wolf amendment. While I do not dispute the assertion of my colleague that the Government of Romania disrespects religious freedom, I am very concerned by the effect that the passage of this amendment would have on U.S. trade.

This is a bill designed to enhance U.S. trade, and that goal should be the focus of the debate on this amendment.

If this amendment is adopted, I fear the loss of a major contract through which my constituents derive more than $25 million in trade annually with Romania.

Since 1977, the Government of Romania has invested more than $60 million in the development of a joint coal mining venture in Virginia with Island Creek Coal Co. The agreement provides for the exportation of 14 million tons of coal to Romania over a 35-year period. The mine was developed expressly for sales to Romania. In 1986, 500,000 tons with a delivered value of $25 million was shipped to Romania through four east coast and gulf ports. The benefits of this contract are felt in Buchanan County, VA, where unemployment today exceeds 30 percent.

The economic benefits of Island Creek's joint venture with the Romanian Government stretch from one end of Virginia to the other. Hundreds of coal miners and railroad and port workers depend on this venture as a source of their employment. Communities from Appalachia to the Atlantic benefit from the economic activity generated by the mining, transportation, and shipment of coal under the contract.

The Romanian Ambassador has informed me that should Romania lose MFN status, it will no longer have the currency to buy Appalachian coal and other American products. It will cease the purchase of Virginia coal, forfeiting its investment if necessary.

While I support the objective of enhancing religious freedom, I suggest that we can best achieve that goal by negotiation at a time when the MFN status remains in effect.

I urge the objection of this amendment.

Mr. WOLF. Mr. Chairman, I yield 30 seconds to the gentleman from Illinois [Mr. PORTER].

Mr. PORTER. Mr. Chairman, the size of U.S. trade deficit last year with the Government of Romania was $588 million, or 3.4 to 1. This is a ratio higher than our trade deficit with any other country, any other country in the world, including Japan. If we want to uphold our commitment to the Helsinki final act and lower our trade deficit, there is not a better place, Mr. Chairman, to begin.

I strongly support the Wolf amendment to suspend most-favored-nation Status to the Communist government of Romania until they clean up their act and uphold their promises made in the Helsinki agreement and in their own constitution.

Mr. GIBBONS. Mr. Chairman, I yield 3 minutes to the gentleman from Minnesota [Mr. FRENZEL].

Mr. FRENZEL. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Virginia which would suspend most-favored-nation trade treatment for Romania.

The proponents have stated their view that a 6-month suspension would put Romania on notice and shape them up. In my judgement, sudden suspension of MFN would be a tragic mistake because it would entirely eliminate our ability to influence—now and in the future—the treatment of those who are suffering there.

No one denies we face a difficult and distasteful choice when we decide to continue MFN treatment to Romania. Harassment of minorities and denial of religious freedom is so abhorrent to us we might easily cast a vote for this amendment in outrage.

But while temporarily alleviating our own anger, adoption of the Wolf amendment would leave us empty-handed and powerless to continue to achieve the successes we have had increasing emigration levels. The strength of our position in obtaining the release of thousands of Romanians develops out of the process of the review.

The Wolf amendment may make us feel good, but we ought to think about the people we want to help. We should not give up the only way we have to help them.

Every year, as we approach June and the pressure mounts, emigration approvals rise, more people are released from jail, more bibles are allowed in and more improvements in religious freedom occur. The cyclical nature of their efforts is unfortunate and the situation remains dismal but can we really believe things will be helped if the United States is no longer involved?

The Ways and Means Committee, which looks at the question of emigration levels annually, considered the Wolf proposal last year and rejected it as unhelpful.

All witnesses from the business community involved in trade with Romania were in agreement with the administration that a 6 month suspension would have the same effect as letting MFN status lapse altogether. In the everyday world of business decisions it is not conceivable that trade, interrupted for 6 months—would easily resume again. The United States would likely lose some or all of the 5,000 jobs associated with our $250 million in exports to Romania. That country could only be expected to angrily drop all purchases from the United States.

United States purchases of Romanian products which are the basis of our leverage would not automatically be resumed if the President were to recertify the country after a 6-months lapse. Business plans cannot be constructed on the basis of an on-again-off-again supplier.

Additionally we would be putting the President in the highly difficult position of having to bless a country with which we have so many concerns if he were to recommend the renewal of MFN after the 6 months. We disciplined Romania once this year by removing it from eligibility under the generalized system of preferences for violations of workers rights. Another sanction at this time, I believe, is unwise.

My view is that the current process of an annual MFN review with a close monitoring of emigration is far more effective in achieving our goals than a sudden abrogation of the MFN agreement would be.

I urge my colleagues to vote "no" on the Wolf amendment.

As noted earlier, the Wolf amendment would entirely eliminate our ability to influence now and in the future the treatment of the people who we seek to help and who are now suffering in Romania.

The Wolf amendment is going to make us feel very good because we can say that we have struck a great blow for human rights. But, we ought to think just a little bit about the people we are trying to help in Romania. If we pass the Wolf amendment, we forfeit our ability to help them.

Mr. Chairman, I yield to no one in my admiration for the sponsors of this amendment. I think they have brought great new ideas to the scene. But, I do not want this body to think that Romania has been undiscovered until now. The gentleman from Florida and I have been to Romania for years and years. I have made five visits myself.

Yesterday I had the chief rabbi of Romania in my office who told me that they had given permission to the government to bulldoze that synagogue which was referred to on this floor. And the B'nai B'rith organization, of course, opposes this amendment, so does the Christian Rescue Effort for Emancipation of Dissidents. (CREED) oppose this particular amendment.

We had some reference to emigration from other countries. The Ways and Means Committee has been working hard to help potential Romanian emigrants out who want to get out. Since MFN, 154,000 Romanians have emigrated. That is more than the combined total of immigrants from Russia, Bulgaria, Czechoslovakia, and Hungary—Hungary lately has MFN—which have 13 times the population of Romania.

Now, I submit if you want to help the people over there, if you want to get people out, you ought to reaffirm that record, because that is what is getting people out.

I do not really have time to talk about toilet paper, but I have not seen any documentation of it. I have asked paper companies whether such a thing can be done. The report has come back negative. The State Department has no evidence on it.

The State Department has no evidence of Romanian support of international terrorism. I do not doubt it, but we have not seen the evidence of it.

The problem with this amendment is that it has no place here. There is nothing in this bill that it is amending. It is adding language which is nongermane.

The place to present this evidence and to make this case is in the Ways and Means Committee and the time is coming soon at the time of the annual review of MFN.

I salute the authors for a worthy amendment, raised with very strong motivation, and I say to the Members of this House that to approve it would do exactly opposite to that which the proposers of the amendment say they would like to do.

Mr. Chairman, I urge the Wolf amendment be defeated.

Mr. WOLF. Mr. Chairman, I yield 3 minutes to the gentleman from Illinois [Mr. CRANE].

Mr. CRANE. Mr. Chairman, I thank my distinguished colleague from Virginia for yielding me this time and commend the gentleman for the introduction of this amendment.

On the back side of a Dear Colleague Letter we all received from our distinguished colleagues, the gentleman from Minnesota and the gentleman from Florida, there is a copy of a letter from the Secretary of Commerce, Mr. Baldrige, urging the defeat of this measure. There are three fundamental arguments employed by Mr. Baldrige. One is that this amendment would somehow hamper our ability to get an increased flow of emigration. The second is that adoption of the amendment would hamper our ability to get an improvement in human rights. Then further into the letter he gets into the third argument, the economic argument, suggesting that this amendment could cost 5,000 American jobs.

You have already heard the ratios of exports from Romania here versus what is getting into Romania.

I submit to you that cutting off their $840 million worth of exports here is better calculated to improve the job picture here than to continue with this most-favored-nation treatment, when only $250 million worth of goods are going from this country into Romania.

Turning to the emigration question, there is a letter that perhaps some of you saw that was sent to President Ceausescu by our distinguished colleague from Pennsylvania on the Ways and Means Committee [Mr. SCHULZE].

A man named Napoleon Fodor is in this country and, for 5 years, many Members of Congress have petitioned unsuccessfully dictator Ceausescu, to let Mr. Fodor's wife and son join him. We are, obviously, making a lot of headway when it comes to improving their liberal views on emigration policy.

In addition to this, with regard to the human rights question, Romania passed a law in 1971 that provides for patriotic slave labor for 11-year-old kids. You know, under this law, you can put in several weeks at the height of summer, especially during harvest, you can work 8 to 10 hour days, all of which is "patriotic" slave labor.

In fact, this whole issue may be unnecessary in light of the Pease amendment in the Ways and Means Committee bill which calls for observance of human rights, like the right to organize and bargain collectively, prohibited there; the right to form independent unions, prohibited there; observance of the rights of youngsters: worker rights; in addition to that, minimum wage laws and what have you. Clearly, they do not observe any of these things.

This is probably the most dictatorial regime on the face of this Earth.

When it comes to emigration and the figures cited by our colleague from Minnesota, it should be noted that on Ion Pacepa, the highest ranking intelligence officer from a Soviet-bloc country to defect to this country, reported that the last act he did for Ceausescu, was to deposit $450 million in Ceausescu's Swiss bank account because Ceausescu is selling Jews, selling Jews at $8,000 to $12,000 a head, and Ceausescu is the beneficiary.

I submit to you that this is the most iniquitous violative regime on the face of this Earth.

If you want to get their attention, all this amendment does is call for a 6-months suspension. Let them prove to us they can clean up their act and if they do not in 6 months, then we can talk about further sanctions.

Our administration has already said because of the total absence of workers' rights observances, the benefits of the general system of preferences [GSP] would be suspended. This happened in January.

Mr. Chairman, I urge all of you to support the amendment of my colleague, the gentleman from Virginia.

Mr. GREEN. Mr. Chairman, no consideration of human rights abuses in Romania would be complete without mentioning the Hungarian minority in that country.

The repression of the 2.5 million Hungarian nationals in Romania, who constitute more than 10 percent of the country's population, continues unabated. The situation has not improved and, in fact, according to testimony in congressional hearings, the repression is on the rise. Ample evidence was presented at these hearings to demonstrate that Romania is pursuing a systematic effort to destroy the

very fabric of Hungarian cultural life in Romania by eliminating Hungarian schools, classes, and other institutions.

According to the State Department's Country Report on Human Rights, "In 1985 there were frequent reports of confiscations of foreign-source materials, including Hungarian-language publications at the border. In 1985 there was reportedly an increase in the number of books banned or restricted."

Since 1975, when the United States granted most-favored-nation status to Romania, it has become increasingly clear that the goal of the Romanian Government is to destroy the very fabric of the cultural and religious life of its Hungarian citizens.

We have been told that only by continuing to grant MFN status to Romania can we exercise the necessary leverage over the Romanian Government to improve its emigration policies and its treatment of the Hungarian minority. Mr. Chairman, I have come to realize that this is a bankrupt policy. We have not been able to influence the Romanians. In fact, their policies have grown increasingly repressive.

Just as the U.S. Government expresses its concerns for oppressed minorities in countries around the world—the Jews of the Soviet Union, the Tamil Separatists in Sri Lanka, the Sikhs of India—so must we continue to speak out on behalf of the Hungarians in Romania.

The Romanian Government is a signatory to numerous international treaties, such as the Helsinki Final Act and the International Pact for Civil and Political Rights, and has yet to fulfill its international obligations under these agreements. Instead of continually extending MFN, we should put the Romanian Government to the acid test to see whether it will live up to its professed commitments on freer emigration and human rights. The amendment offered by my distinguished colleague from Virginia, Mr. WOLF, would put the Romanian Government on notice that the Congress will no longer passively tolerate the atrocities perpetrated on the people of Romania.

Mr. Chairman, to continue to reward Romania with trade concessions while its Government denies its minorities the most basic of human rights is wrong and not consistent with the country's values. I, therefore, urge my colleagues to send a message of hope to the beleaguered Hungarian minority and suspend MFN status for Romania.

Mr. LANTOS. Mr. Chairman, I welcome the amendment that the House is now considering to suspend most-favored-nation treatment to Romania for its failure to assure essential human rights to its citizens. I intend to vote for this amendment and I urge my colleagues to do so as well.

This year, as we commemorate the 200th anniversary of our Constitution, it is essential that we reaffirm our commitment to fundamental human rights. These are the basis of our system of government, and the basis of our foreign policy as well.

Mr. Chairman, Romania has agreed to observe certain fundamental human rights in solemn international agreements, including the Helsinki Final Act and the International Declaration of Human Rights under the United Nations. Unfortunately, however, those obligations have not been met.

The Government of Romania has violated the nationality rights of its ethnically Hungarian citizens, it has violated the religious freedom of its citizens of all nationalities, it has restricted the right of its citizens to emigrate, and it has followed a policy of discrimination and persecution against all those of its subjects who have courageously stood up for these rights.

It is with deepest regret, Mr. Chairman, that I have concluded that we must suspend most-favored-nation treatment for Romanian exports to the United States. Our country's relationship with Romania has long been beneficial to both our countries. Human rights, however, are so fundamental an element of our own foreign policy that we must take this action. I urge my colleagues to join me in voting for this amendment.

Mr. SOLARZ. Mr. Chairman, I rise to opposition to the adoption of the Wolf amendment which would suspend MFN to Romania for 6 months. MFN remains the strongest possible lever which we in the United States have to encourage the Government of Romania to permit its people to emigrate and to improve human rights conditions in that country.

Passage of this amendment, far from transforming Romanian human rights policies and creating a political paradise in that country, will actually add to the suffering of the people of that country whom we have been trying to help. It may even close their one remaining escape hatch. Since the provision of most-favored-nation trading status to Romania, over 170,000 Romanian citizens have been permitted to leave that country. While 1986 emigration figures to the United States had fallen a disappointing 30 percent from 1985, strong American interventions on behalf of a number of outstanding cases led Romania so far this year to permit over 838 persons to leave for the United States.

The loss of MFN status could close this one important door to freedom for thousands of Romanians and also put increased pressure on the already reduced standard of living of the Romanian people as it loses export markets in the United States.

While Romania has many serious human rights problems, let us not forget that it was a country where Hitler decimated the Jewish people, yet Romania today is the only Eastern European state where the Jewish community may freely practice their religion. On April 27 we in Washington were treated to performances of a Jewish choir, which will be touring the United States. It is a wonderful choir which I first heard several years ago in Romania, and the very fact that it exists and is here performing, indicates that the Government in Romania is not totally repressive.

This week a number of us were invited to meet with members of a delegation of religious leaders from Romania, which included representatives of all the major faiths, Orthodox, Catholic, Protestant, and Jewish. These leaders reported that no Romanians are now being held in prison because of their religious beliefs. They said that the Romanian Government regularly gave permission for the construction or renovation of churches and houses of worship, and that there were some 18,000 houses of worship and religiously owned and operated buildings and workshops in their country.

Protestant leaders told me of their satisfaction in being able to print their bibles in Romania and of the Government's willingness to allow them to import bibles in the past. The group said they openly published over 19 religious magazines in Romanian, Magyar, German, Hebrew, Serbocroatian, English, and French. They vigorously denied the reports that bibles had been confiscated by the Government and pulped for toilet paper. Said one protestant clergymen "do you think we have so little regard for our bible that we would turn it over?"

While the churches in Romania obviously have some problems, the real issue before the Congress today is whether or not it is in the interests of the United States to suspend MFN to Romania, or whether or not we should retain the leverage on human rights, religious freedom, and emigration which MFN has given to the Congress and the administration. I believe that it is in the interests of the American people, and those people in Romania whom we seek to aid, to continue MFN to Romania. I urge my colleagues to vote against this amendment.

Mr. GIBBONS. Mr. Chairman, I reserve my time to close debate.

Mr. WOLF. Mr. Chairman, may I ask how much time I have left?

The CHAIRMAN. The gentleman from Virginia [Mr. WOLF] has 2½ minutes remaining.

Mr. WOLF. Mr. Chairman, I yield myself the balance of my time.

□ 1300

Mr. WOLF. Mr. Chairman, first, this is a timely time to take advantage of this.

Second, it is a bipartisan amendment. Congressman HALL and Congressman SMITH and Republicans and Democrats on both sides of the aisle are sponsoring it.

Third, it is moderate. It is not extreme, it is 6 months.

Fourth, Romania is the most repressive nation going. Yesterday we stuck it to Japan, and they are an ally. These people are not allies, they are repressive. Let us not debate that issue. It is the most Salinist nation going. Last year we gave them MFN and then they bulldozed the Spanish Synagogue. Then we gave them MFN again and then they bulldozed the Seventh Day Adventist Church, and the people were still in the church. They were still in the church.

Trade. This is a trade bill. Let us talk about trade. Ratio, 3.4-to-1 advantage to the United States, the highest ratio of any country in the world.

Yesterday we passed the Gephardt amendment to take on Japan. Let us do something on this repressive nation.

Second, for those from Michigan, auto workers and steel, they are ready in August to import a new car called the "Oltcit." It is made with slave

labor. It costs $3,900. It will be another Yugo. It will knock our employees out. This is also a trade issue.

Some Members have textiles in their districts. They are beating us on that. Shoes? They are beating us on that. Pork? They are beating us on that. Petroleum? They are whipping us on that. How about wood and furniture?

Mr. Chairman, last year I voted for economic sanctions for South Africa, and I am proud of it, because it was the right thing to do. I got a lot of criticism, but it was the right thing. This is the right vote. We should not worry about criticism; we should do what is right.

Lastly, I want to say something: They—the Romanian Government—provided the passports to the PLO terrorist groups that they used in the *Achille Lauro* highjacking. The passports came from Romania. And also the El Al flight in 1985.

Mr. Chairman, I close on this. Let us pass this moderate bipartisan amendment and send a message to the Romanian Government that we will not put up with persecution and human rights violations. A Catholic priest in 1984 said that Christmas should be a holiday, and they beat him and killed him.

Even more important than sending a message to the Romanian Government, let us send a message to the Romanian people, who at night listen to Radio Free Europe. They listen to it because it is the only honest thing that comes in. If this body defeats this amendment, the people of Romania will be demoralized. They will be demoralized. They will find out that the people's body, the U.S. Congress, has voted in favor of Communist dictator Ceausescu and not in favor of the people.

Let us send them a message and let them know that the Congress cares about the Romanian people, so when they sit by their radios tomorrow night they check that little static that says that the body that represents the people in this country said to the Romanian people, "We care."

Mr. Chairman, I urge a unanimous vote for this amendment.

Mr. GIBBONS. Mr. Chairman, I yield myself the remainder of my time.

Mr. Chairman, when I was privileged to start serving as chairman of the Trade Subcommittee, I did not know as much about Romania as I do now, and all these fiery speeches made my red blood boil. I am just as incensed by atrocities and alleged atrocities as anybody in this Chamber, perhaps even a little more so, because I have shed some blood in that part of the world.

There is no way that I can ever convince any Hungarian that anything in Romania is right, so I will give up on that. The bad blood between Hungarians and Romanians has been going on for so long that recorded history will not go back that far, and nobody knows who is right. It is kind of like the Arab-Israeli conflict. It has been going on forever, and probably will go on forever.

Let us look at what the facts are. The fact is that nobody in this Government supports the Wolf amendment. The Defense Department is opposed to it, because Romania, while it is not a military ally, does not allow a Russian soldier on its territory, and the Romanians tell the Warsaw bloc to go to hell every now and then. That is the first thing.

The second thing is, the State Department, which has to work with emigration matters, knows that the Romanians have allowed more people to emigrate than any of the Eastern bloc countries, and that there is not a religious prisoner in Romania.

Romania is a land that has suffered from religious intolerance since before the time of Christ, and yet there now is not a religious prisoner in Romania. The chief rabbi of Romania was in my office yesterday, and I had to tell him about the Wolf amendment. He had not even heard about it. He assured me that there were not any religious prisoners there. The Christian people who go over there and worry about people being incarcerated because of their beliefs assure us that there are not prisoners in jail because of that. The Romanians are even now printing a Protestant Bible in their country.

As far as churches being torn down, the first time that I heard about that I was incensed. But we have torn down churches in the United States; we have torn them down in Tampa, FL. They have an urban-renewal program just like we have an urban-renewal program, and if they tear down your church, they build you another one. They do not just recklessly go around and tear down churches.

I am not here apologizing for Romania or trying to convince anybody that it is a Garden of Eden. But everybody in our Government knows that the best way to deal with the Romanians is to use the leverage that we now have and to continue getting concessions out of them.

As far as trade is concerned, it is mostly petroleum. A few wool rugs, a little urea. Do you know what that is? That is what we are importing from these people.

Sure, they do not buy much. They are so broke that they have difficulty paying their debts. But let me say that they are doing the best that they can to pay their debts. They have tightened the belt in Romania, and that is a large part of the reason for dissatisfaction, their effort to pay their debts to the non-Communist West. They are paying. They are out there striving.

I would not want Ceausescu as the leader of this country, nor would other Members. But at least he is a man who is trying to honor his debts. He says, "We owe the money, we borrowed it, and we are going to pay it back." And they are paying it back.

Everybody who deals with this problem on a nonemotional basis, day to day, our Government is opposed to the Wolf amendment. Certainly there are problems there. There are problems that are so deep in history that recorded history does not go that far back. When they came out of World War II there was no country that was more torn up by the Nazis and by the Communists than this poor country. They are tired, they are exhausted, they are poor, and they need help. And we are trying to work it out with them.

Mr. Chairman, I yield such time as he may consume to the gentleman from New York [Mr. SOLARZ].

The CHAIRMAN. Under the rule, all time has expired.

The question is on the amendment offered by the gentleman from Virginia [Mr. WOLF].

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. WOLF. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 232, noes 183, not voting 18, as follows:

[Roll No. 76]

AYES—232

Akaka	Dickinson	Hertel
Applegate	DioGuardi	Hiler
Armey	Dorgan (ND)	Holloway
Atkins	Dornan (CA)	Hopkins
Badham	Dowdy	Hubbard
Baker	Dreier	Huckaby
Ballenger	Duncan	Hunter
Barnard	Durbin	Hutto
Bartlett	Dwyer	Hyde
Barton	Dyson	Inhofe
Bateman	Early	Ireland
Bates	Eckart	Jenkins
Bentley	Edwards (OK)	Johnson (CT)
Bevill	Emerson	Jones (TN)
Bilirakis	English	Kanjorski
Bliley	Erdreich	Kaptur
Boner (TN)	Espy	Kasich
Boulter	Fawell	Kemp
Brennan	Feighan	Kennedy
Broomfield	Fields	Kennelly
Brown (CO)	Flake	Kolbe
Bryant	Flippo	Konnyu
Bunning	Gallegly	Kyl
Burton	Gallo	Lagomarsino
Callahan	Garcia	Lancaster
Campbell	Gaydos	Lantos
Chandler	Gejdenson	Latta
Chapman	Gekas	Leath (TX)
Chappell	Gingrich	Lewis (CA)
Cheney	Goodling	Lewis (FL)
Coats	Gordon	Lipinski
Coble	Grandy	Lloyd
Coleman (TX)	Grant	Lott
Courter	Green	Lujan
Craig	Gregg	Luken, Thomas
Crane	Gunderson	Lukens, Donald
Daniel	Hall (OH)	Lungren
Dannemeyer	Hall (TX)	Mack
Darden	Harris	MacKay
Daub	Hastert	Madigan
Davis (IL)	Hatcher	Marlenee
Davis (MI)	Hayes (LA)	Martin (IL)
DeFazio	Hefley	Martin (NY)
DeLay	Hefner	McCandless
Derrick	Henry	McCollum
DeWine	Herger	McCurdy

McDade	Robinson	Stangeland
McEwen	Roe	Stump
McGrath	Roemer	Sundquist
McMillan (NC)	Rogers	Sweeney
Michel	Rose	Swindall
Miller (OH)	Roth	Synar
Miller (WA)	Rowland (GA)	Tallon
Montgomery	Russo	Tauke
Moorhead	Saiki	Taylor
Morella	Saxton	Thomas (GA)
Morrison (CT)	Schaefer	Traficant
Murphy	Schuette	Udall
Myers	Schulze	Upton
Neal	Sensenbrenner	Valentine
Nelson	Shaw	Volkmer
Oakar	Shumway	Vucanovich
Ortiz	Shuster	Walgren
Owens (NY)	Skeen	Walker
Oxley	Skelton	Watkins
Packard	Slaughter (VA)	Weber
Parris	Smith (NJ)	Weldon
Pashayan	Smith (TX)	Wheat
Patterson	Smith, Denny (OR)	Whittaker
Penny	Smith, Robert (NH)	Wilson
Pickle	Snowe	Wise
Porter	Solomon	Wolf
Price (NC)	Spence	Wortley
Pursell	Spratt	Wyden
Quillen	Staggers	Wylie
Ray	Stallings	Yatron
Rhodes		Young (AK)
Ritter		Young (FL)

NOES—183

Ackerman	Gilman	Nichols
Alexander	Glickman	Nielson
Anderson	Gonzalez	Nowak
Andrews	Gradison	Oberstar
Anthony	Gray (IL)	Obey
Archer	Gray (PA)	Olin
Aspin	Guarini	Owens (UT)
AuCoin	Hamilton	Panetta
Beilenson	Hammerschmidt	Pease
Bennett	Hansen	Pepper
Bereuter	Hayes (IL)	Perkins
Berman	Hochbrueckner	Petri
Biaggi	Horton	Pickett
Bilbray	Houghton	Price (IL)
Boehlert	Howard	Rahall
Boggs	Hoyer	Rangel
Boland	Hughes	Ravenel
Bonior (MI)	Jacobs	Regula
Bosco	Jeffords	Richardson
Boucher	Johnson (SD)	Ridge
Boxer	Jones (NC)	Rinaldo
Brooks	Jontz	Roberts
Brown (CA)	Kastenmeier	Rodino
Bruce	Kildee	Rostenkowski
Buechner	Kleczka	Roukema
Bustamante	Kolter	Rowland (CT)
Cardin	Kostmayer	Roybal
Carper	LaFalce	Sabo
Clarke	Leach (IA)	Sawyer
Clay	Lehman (CA)	Scheuer
Clinger	Lehman (FL)	Schneider
Coelho	Leland	Schumer
Coleman (MO)	Lent	Sharp
Collins	Levin (MI)	Sikorski
Combest	Levine (CA)	Sisisky
Conte	Lewis (GA)	Skaggs
Conyers	Lightfoot	Slattery
Cooper	Lowry (WA)	Slaughter (NY)
Coughlin	Manton	Smith (FL)
Coyne	Markey	Smith (IA)
Crockett	Martinez	Smith (NE)
Dellums	Matsui	Solarz
Dicks	Mavroules	St Germain
Dingell	Mazzoli	Stark
Dixon	McCloskey	Stokes
Donnelly	McHugh	Stratton
Downey	McMillen (MD)	Studds
Dymally	Meyers	Swift
Edwards (CA)	Mfume	Thomas (CA)
Evans	Mica	Torricelli
Fascell	Miller (CA)	Towns
Fazio	Mineta	Traxler
Fish	Moakley	Vander Jagt
Florio	Molinari	Vento
Foglietta	Mollohan	Visclosky
Foley	Moody	Waxman
Ford (MI)	Morrison (WA)	Weiss
Frank	Mrazek	Whitten
Frenzel	Murtha	Williams
Gephardt	Nagle	Wolpe
Gibbons	Natcher	Yates

NOT VOTING—18

Annunzio	Frost	Smith, Robert (OR)
Bonker	Hawkins	Stenholm
Borski	Livingston	Tauzin
Byron	Lowery (CA)	Torres
Carr	McKinney	
de la Garza	Savage	
Ford (TN)	Schroeder	

□ 1320

The Clerk announced the following pairs:

On this vote:

Mr. Torres for, with Mr. Bonker against.

Mrs. Byron for, with Mr. Ford of Tennessee against.

Mr. KLECZKA and Mr. MILLER of California changed their votes from "aye" to "no."

Messrs. HOLLOWAY, DOWDY of Mississippi, and JONES of Tennessee changed their votes from "no" to "aye."

So the amendment was agreed to.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. PEASE

Mr. PEASE. Mr. Chairman, I offer an amendment.

Mr. CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment offered by Mr. PEASE: Page 896, after line 17, insert the following:

TITLE XV—FEDERAL BUDGET COMPETITIVENESS IMPACT STATEMENT

SEC. 1501. PRESIDENT'S ANNUAL BUDGET SUBMISSION.

Subsection (a) of section 1105 of title 31, United States Code, is amended by inserting at the end thereof the following new paragraph:

"(26) an analysis, prepared by the Office of Management and Budget after consultation with the chairman of the Council of Economic Advisers, of the budget's impact on the international competitiveness of United States business and the United States balance of payments position and shall include the following projections, based upon the best information available at the time, for the fiscal year for which the budget is submitted—

"(A) the amount of borrowing by the Government in private credit markets;

"(B) new domestic savings (defined as personal savings, corporate savings, and the fiscal surplus of State and local governments);

"(C) net private domestic investment;

"(D) the merchandise trade and current accounts;

"(E) the net increase or decrease in foreign indebtedness (defined as net foreign investment); and

"(F) the estimated direction and extent of the influence of the Government's borrowing in private credit markets on United States dollar interest rates and on the real effective exchange rate of the United States dollar.".

SEC. 1502. ANNUAL CONCURRENT RESOLUTION ON THE BUDGET.

Subsection (e) of section 301 of the Congressional Budget Act of 1974 (2 U.S.C. 632(e)) is amended by "and" at the end of paragraph (8), by striking out the period and by inserting "; and" at the end of paragraph (9), and by inserting at the end thereof the following new paragraph:

"(10) an analysis, prepared after consultation with the Director of the Congressional Budget Office, of the concurrent resolution's impact on the international competitiveness of United States business and the United States balance of payments position and shall include the following projections, based upon the best information available at the time, for the fiscal year covered by the concurrent resolution—

"(A) the amount of borrowing by the Government in private credit markets;

"(B) net domestic savings (defined as personal savings, corporate savings, and the fiscal surplus of State and local governments);

"(C) net private domestic investment;

"(D) the merchandise trade and current accounts;

"(E) the net increase or decrease in foreign indebtedness (defined as net foreign investment); and

"(F) the estimated direction and extent of the influence of the Government's borrowing in private credit markets on United States dollar interest rates and on the real effective exchange rate of the United States dollar.".

SEC. 1503. EFFECTIVE DATE.

The amendment made by section 1401 shall be effective for fiscal years 1989, 1990, 1991, and 1992, and shall be fully reflected in the budgets submitted by the President as required by section 1105(a) of title 31, United States Code, for each such fiscal year, and the amendment made by section 1402 shall be effective for fiscal years 1989, 1990, 1991, and 1992.

□ 1330

The CHAIRMAN. Under the rule, the gentleman from Ohio [Mr. PEASE] will be recognized for 15 minutes.

The Chair would inquire if there is any Member opposed to the amendment who seeks recognition?

Mr. FRENZEL. Mr. Chairman, I am opposed to the amendment.

The CHAIRMAN. The gentleman from Minnesota [Mr. FRENZEL] will be recognized for 15 minutes in opposition to the amendment.

The Chair recognizes the gentleman from Ohio [Mr. PEASE].

Mr. PEASE. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, this amendment is in the jurisdiction of both the Committee on Government Operations and the Committee on Rules, and obviously impacts as well on the Committee on the Budget.

I would advise Members at the outset that this amendment is a product of the work of the staffs of all three committees.

I commend especially the gentleman from Texas [Mr. BROOKS], the chairman of the Committee on Government Operations, and the gentleman from New York [Mr. HORTON], the ranking member of that committee.

Mr. Chairman, we are talking a lot in connection with H.R. 3 about reducing our excessive trade deficits. We all recognize that there are at least three causes of that deficit: Unfair trade

practices on the part of our trading partners; a lack of competitiveness here in the United States; and our fiscal deficits.

H.R. 3 deals very well with the unfair trading practices of our trading partners. That is really the heart and soul of H.R. 3.

H.R. 3 also begins to deal with the competitiveness issue that concerns us all. It does it in the titles reported by the Committee on Education and Labor, the Committee on Ways and Means, the Committee on Foreign Affairs and so on, to try to make our Nation more competitive for the long haul.

So far, what this bill, H.R. 3, does not deal with is the large fiscal deficits which have such an important impact on our trade problems. It is to correct that imbalance, that lack, that I submit this amendment today.

It would respond, I think, in a very positive and direct way to the concern of many people that it is really our large fiscal deficits which are at the root of our trade problem.

So in the interest of lending balance to the bill and the interest of bringing the contents of H.R. 3 more into line with our primary objective, that is reducing the trade deficit, I offer this amendment to require a trade impact statement on the major budget proposals of the President and of the House and Senate Budget Committees.

We cannot resolve the budget stalemate on the floor today, but we can make the link between the budget and trade deficits more visible to the policymakers who draft the budget and we can make the relationship more visible to the voting public. We can assure that the administration and Members of Congress will consider the impact of the budget on our trade accounts, and that they do that while they draft the budget, not after it has passed and the damage has been done.

I offer this amendment, Mr. Chairman. I think it is a good, worthy addition to this bill which will complete the cycle, if you will, and make certain that we present to the American public a complete package as a major comprehensive trade bill.

Mr. Chairman, I urge passage of this amendment.

Mr. Chairman, H.R. 3 is excellent trade legislation. However, as it now stands, the bill is silent on what is widely viewed as the major cause of the trade deficit—the Federal budget deficit.

The administration and Members of Congress of both parties have proclaimed competitiveness to be an issue of paramount national importance. Yet, in fairness, we must acknowledge that no combination of proposals to improve education, training, trade, and export promotion policies will necessarily eliminate the trade deficit. This is not to say that the proposals in H.R. 3 are unimportant. They are vitally important. However, basic accounting dictates that the key to the trade deficit lies in our fiscal deficit.

Mr. Chairman, in the interest of lending balance to the bill; in the interest of bringing the contents of H.R. 3 more into line with its primary objective—reducing the trade deficit—I am offering an amendment to require a trade impact statement on the major budget proposals.

We cannot resolve the budget stalemate on the floor today. But we can make the link between budget and trade deficits more visible to the policymakers who draft the budget and to the voting public. We can ensure that the administration and Members of Congress will consider the impact of the budget on our trade accounts while they draft the budget, not after it has passed and the damage is done.

The link between fiscal and trade deficits is not simply theoretical or circumstantial. It is an accounting identity that the current account deficit equals the excess of private investment and the fiscal deficit over the Nation's savings. Since private savings and investment behavior tends to be cyclical and predictable, it is no exaggeration to characterize the Federal budget as the single most important "competitiveness" and "trade deficit reduction" legislation before us.

In spite of this, the budget process in both the legislative and executive branches treats the budget's impact on our trade accounts as an afterthought, a residual consideration. This defies common sense, since we are perfectly capable of estimating in advance the current account deficit that will accompany any given budget proposal.

It is not the size of the budget deficit which determines how fiscal policy affects our international competitiveness, but whether that deficit can be financed out of the savings available in the domestic economy.

Japan, for example, has a sizable fiscal deficit. But it more than finances its deficit out of domestic savings.

Indeed, it is the great excess of savings—or underconsumption—in Japan that leads to that country's excessive trade surpluses.

My amendment would require the President, in his annual budget proposal, and the House and Senate Budget Committees, in their annual reports on the budget resolution, to analyze the extent to which the fiscal deficit resulting from their proposals could be funded out of the Nation's savings. Based on this analysis, they would in turn estimate the corresponding trade and current account deficits.

In other words, the President's budget proposal and the congressional budget resolution would forecast not only the budget deficit, but also the trade deficit and the increase or decrease in our foreign debt.

Our continuing reliance on foreign capital to finance the budget deficit dangerously ties the hands of the Federal Reserve when the dollar is weak. It also batters the manufacturing sector of the economy by perpetuating massive trade deficits.

Mr. Chairman, as President Reagan belatedly learned from the overvaluation of the dollar, the growing exposure of the economy to foreign competition has taught us that we can no longer ignore the foreign trade implications of major economic policy decisions. From now on, international competitiveness and external balance must be an explicit, prominent variable in deliberations over fiscal and monetary policy.

My amendment would add this important international economic policy reform in H.R. 3, the Trade and International Economic Policy Reform Act of 1987.

The amendment would also enhance the transparency and public accountability of the budget process. Proposals like asset sales, which have no impact on the trade deficit, would be plainly exposed for what they are—short-term, illusory fixes.

Finally, the requirement that we frame the budget in terms of its impact on the Nation's savings-investment balance would increase pressure on all parties, including the President, to negotiate a compromise on the budget stalemate. At a time when international competitiveness is supposedly a primary concern, none of us wishes to be seen as advocating legislation which will produce a trade deficit of, for example, $170 billion.

Mr. Chairman, I reserve the balance of my time.

Mr. FRENZEL. Mr. Chairman, I yield 2 minutes to the gentleman from New York [Mr. HORTON], the ranking member of the Committee on Government Operations, who is a distinguished cosponsor of this provision.

Mr. HORTON. Mr. Chairman, I rise in support of the Pease amendment. This amendment is based on his bill H.R. 1307, which I have cosponsored. I concur with our colleague's assessment that no trade bill would be complete if it failed to address the impact which the Federal budget has on our trade imbalance.

This amendment would require each annual budget proposal by the President and by the Budget Committees of the Congress to include projections of the impact of their proposals on our trade deficit, balance of payments, and international competitiveness. Such a competitiveness impact statement would allow us to estimate in advance the impact of budget proposals on our ability to compete in the international marketplace.

If this amendment were enacted into law, I would hope that in preparing the budget, OMB and the Budget Committees would consider the ramifications of their proposals on our balance of payments and our trade deficit, and make final decisions at least in part based upon those projections.

I believe this amendment deserves our support, and I would note here that this concept has received the endorsement of several respected leaders in the field of economics. In addition, the Washington Post has written that "among the many ideas about trade now floating around the city, this is one worth preserving."

Mr. Chairman, I commend our colleague, Mr. PEASE, for his efforts, and I urge support for this amendment.

Mr. PEASE. Mr. Chairman, I yield 3 minutes to the gentleman from Wisconsin [Mr. MOODY].

Mr. MOODY. Mr. Chairman, I want to commend my colleague on the Committee on Ways and Means for offering this very constructive amendment. I think that we need to understand, more than we generally do, the relationship between the fiscal deficit and the trade deficit.

We understand much of that relationship, but it needs to be elaborated on explicitly in the budget document. Also, I think we need to increase the education among our colleagues who hopefully will read those reports.

Clearly, there is on the fiscal or financial side a close relationship through the linkage of the impact on the currency values, the value of the dollar, which is directly impacted by the need to borrow from abroad to cover the high Federal fiscal deficit. That currency change, in turn, impacts on the trade deficit, which, in turn, feeds back onto the fiscal deficit as we have to pay more and more out in interest payments to cover the fiscal deficit and to cover the part of the fiscal deficit which is borrowed from overseas. So there is an interaction both ways which needs to be discussed and analyzed and quantified to the extent possible.

There are also flows on the real side, as opposed to financial side through the competitiveness linkage. The budget policy does have impact on our competitiveness through its impact on education and on infrastructure, that is, on the investment, and improving competitiveness, improving productivity in our economy through investing in human beings and in the infrastructure.

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That in turn makes us more competitive, which enables us to sell our goods overseas. So those flows work in both directions, both on the real side and on the financial side. The two are interlinked in both cases, and that needs to be elucidated so that our policy can be better formulated and our Members can understand the linkages better.

Again, Mr. Chairman, I commend the gentleman from Ohio [Mr. PEASE] for introducing this important amendment.

Mr. FRENZEL. Mr. Chairman, I yield 3 minutes to the distinguished gentlewoman from Connecticut [Mrs. JOHNSON].

Mrs. JOHNSON of Connecticut. Mr. Chairman, I rise in strong support of the Pease amendment, and I congratulate my colleague on proposing it.

It is of the utmost importance that this body consider the competitiveness impact of everything it does. Certainly the budget, as our primary responsibility ought to be developed and proposed with dedicated attention to its impact on America's competitive position in the global market.

So I rise in strong support of the amendment, and commend my colleague on his leadership.

I also want to comment on some of the aspects of this bill that I think make it the strong ally, and Government the strong ally, of American business and American workers and so will make us a more competitive society.

This bill allows us for the first time to respond to export targeting. The ability of particularly Japan to organize and subsidize an attack on a specific product or sector of the American market has devastated the American machine tool and bearing industries, and now threatens the auto parts industry. American companies are legally prevented by antitrust and other laws from many of the cooperative efforts that effective export targeting requires and so it is intolerate that foreign competitors be allowed to so target over markets. For the first time this bill provides the legal foundation for us to respond in a decisive and timely manner to export targeting.

It also increases our resources for the education and training of our most precious resource, America's people, by better assisting dislocated workers and thereby enhancing our competitiveness. In my district, among the people I represent, that section of this bill will make lives better, transitions easier, and America more competitive. I have long sought, and will introduce again in this Congress, legislation in the retraining area which goes even further.

It also provides tough penalties. It is a tough trade law. It is real reform. Its tough penalties include mandating retaliation when negotiated agreements are broken, compensation for parties that are injured by dumping. And finally, very importantly, it expands the opportunities for American business to export.

Indeed this whole trade debate started for me with companies sitting in my office saying, "At least remove our own barriers to American products flowing abroad. Give us a chance to get out there in the markets."

Indeed this bill does that. H.R. 3 does that, and I am proud of that accomplishment by this body. It will expand American exports by relieving unnecessary controls on low technology exports and beginning the process of declassifying many other products. It enhances trade by establishing a trade development program to assure that our development assistance to other nations creates American export opportunities. It expands trading opportunities by providing a stronger competitive financing program, an aggressive mixed credit program which I have pressed with legislation so that American exports can fight back foreign financial subsidies that have so injured our ability to compete in past years. It enhances America's exports by providing needed support for small business to better hook that job machine into the only market of the future, the global market. This new section I worked hard on with my colleagues Mr. RIDGE of Pennsylvania and Mr. LAFALCE of New York.

Lastly it addresses more aggressively than current law the emerging problem of fair trade with nonmarket nations by establishing a fairer and more effective means of determining the fair market price of products from nonmarket economies. I congratulate the committee on that section of the bill that has not received much attention in this debate, but it is the nonmarket economies that are now the most rapidly growing markets for bearings and the next largest growing market for machine tools, and indeed we must learn to do business with those countries in a fair and equitable manner.

Mr. Chairman, I rise in strong support of the amendment, and I support passage of H.R. 3.

Mr. FRENZEL. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. BOEHLERT].

Mr. BOEHLERT. Mr. Chairman, I had a request before the Committee on Rules to have an amendment made in order. There was a great deal of interest in the amendment and what it seeks to do on the part of the members of the Committee on Rules and on the part of Members on both sides of the aisle of the Committee on Ways and Means, but there was a decision made to further study its full implications before proceeding.

So I take advantage of this time today to acclaim the need for this key amendment and to urge that my colleagues on both sides of the aisle, as they prepare for the conference on this important legislation, give this matter the urgent and pressing consideration it deserves.

What my amendment is intended to address is the circumvention of antidumping orders. Under the present system, when an antidumping order is issued, this is what happens: and I will give the Members a case in point, on the Smith-Corona Co. in Cortland, NY, which is the last domestic manufacturer of typewriters. That company spent 8 years and an untold amount of money to secure final approval of an antidumping order. This company, which once enjoyed prosperity, employing almost 5,000 employees, has witnessed that prosperity go downhill steadily and found just 2 years ago that it was down to 850 employees. Some people were beginning to write the obituary for the company, but it has turned the situation around.

But the problem facing this last domestic manufacturer of portable electric typewriters is that the creativity of our competitors in Japan was put into full force by adding a simple calculating function to a portable electric typewriter, and a tariff was avoided, a tariff of $40, and it bumped this typewriter into a new classification.

What is the implication of that in terms of the U.S. Treasury? Well, a loss of revenue on 1 million typewriters coming into the United States each year. If you have a tariff of $40 per machine, you quickly realize that you have millions of dollars lost to the U.S. Treasury. But more important is the question of unfair competition to a company like Smith-Corona, which has an existing antidumping order.

The very basis of my amendment refers to a modest change in function. When you have a modest change in scope, you should not be able to bump the product into a new classification, thereby avoiding the tariff.

As I say, Mr. Chairman, as both the gentleman from Minnesota [Mr. FRENZEL] and the gentleman from Ohio [Mr. PEASE], I think, will concede, there is some interest in this amendment. There is a desire to study it further. I present it today for consideration with the hope and expectation that fairness will rule the day and that this amendment is given the very thorough consideration it deserves.

Mr. Chairman, at this point in the RECORD I include that amendment and a more detailed explanation of it, as follows:

AMENDMENTS TO THE AMENDMENT IN THE NATURE OF A SUBSTITUTE TO H.R. 3 OFFERED BY MR. BOEHLERT

Page 201, line 3, strike out "finding.'." and insert "finding.".

Page 201, between lines 3 and 4 insert the following:

"(E) SCOPE OF ORDERS.—For purposes of determining whether a later-developed product is subject to an outstanding antidumping or countervailing duty order, the administering authority shall consider whether the new product—

"(i) competes with currently-produced products of the domestic industry on whose behalf the order was entered, and

"(ii) is sold through the same channels of distribution, and at roughly comparable price points, as the currently-produced products.

The administering authority may not exclude a later-developed product from an order merely because the product—

"(I) is classified under a tariff classification other than that identified in the petition or the administering authority's notices during the original investigation, or

"(II) permits the purchaser to perform additional functions, unless such additional functions constitute the primary use of the product and the cost of the additional functions constitute more than 35 percent of the total cost of production of the product.".

THE BOEHLERT AMENDMENT TO H.R. 3

In brief, my amendment would add a section (e) to the anticircumvention sections of H.R. 3 (Sec. 155 on pages 198-201 in the Committee Print). This addition would allow the Commerce Department to consider "later developed products" within the scope of an existing anti-dumping order. The proposal clarifies that Commerce shall not presumptively dismiss a later developed product as being within the scope of an order merely because such a product would be considered under a different tariff classification.

Mr. FRENZEL. Mr. Chairman, will the gentleman yield?

Mr. BOEHLERT. I am glad to yield to the gentleman from Minnesota.

Mr. FRENZEL. Mr. Chairman, the gentleman approached both the majority and the minority with this amendment even before he went to the Rules Committee and sought to have it made in order. The problem was that it was a little complicated and it came in a little late. We need to look into it further.

There is no doubt that the gentleman's amendment on the surface at least seems to have merit, but it is something that we hope we can work on as the bill moves its way forward. Without making any guarantees, we hope that the gentleman will be able to get some relief.

Mr. BOEHLERT. Mr. Chairman, I thank my colleague, the gentleman from Minnesota.

Mr. BONIOR of Michigan. Mr. Chairman, will the gentleman yield?

Mr. BOEHLERT. I am glad to yield to the gentleman from Michigan.

Mr. BONIOR of Michigan. Mr. Chairman, I just want to commend the gentleman for his amendment and say that I regret that the Rules Committee did not make it in order because I think it is an eminently fair amendment. But evidently there had not been the required amount of study on it by certain Members, and we did not make it in order, in order to keep some comity between both parties on this issue.

But I think the gentleman does make an excellent case, and I hope that in the Senate and eventually in the conference this amendment is successful and that when it comes back to the House, we will take a serious look at it, because I believe the amendment has a great amount of merit.

Mr. BOEHLERT. Mr. Chairman, I thank my colleague, the gentleman from Michigan.

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Mr. PEASE. Mr. Chairman, I yield 1 minute to the distinguished chairman of the Trade Subcommittee, the gentleman from Florida [Mr. GIBBONS].

Mr. GIBBONS. Mr. Chairman, I rise in support of the Pease amendment. It is a fine amendment. It is needed in this bill. Mr. Chairman, this amendment is just like its author. The author is thoughtful, he is thorough, he is a great craftsman, and he is a very constructive Member of this body. I am glad the gentleman put this amendment together. I support it with a great deal of enthusiasm.

Mr. FRENZEL. Mr. Chairman, I yield myself 1 minute.

Mr. Chairman, I must echo the comments of subcommittee chairman GIBBONS about the proposer of this amendment. As the sole remaining member of the Curmudgeon caucus, I find it difficult to compliment anybody in this House, but if there is one whose work is always studious, always conscientious and always complete, it is the gentleman from Ohio. His work on the Trade Subcommittee has really been one of the shining examples of good legislative craftsmanship.

Now, understand, his ideas are not always meritorious, but his work is always first-class. He is a complete legislator. He is straight and honest in presenting or evaluating every proposal.

I must say personally as one who has opposed a large number of his amendments, the gentleman has always been a delight to work with. I think the Trade Committee would be much poorer without him. I think this Congress, without his advice and counsel on the subject of trade, would be much poorer.

Mr. Chairman, I rose in technical disagreement with this amendment so that members of the committee would have a chance to participate in debate in an otherwise restricted environment. I have no objection to the gentleman's amendment. It is a good example of great work by a great Congressman. I think it should be adopted by acclamation.

Mr. Chairman, I yield back the balance of my time.

Mr. PEASE. Mr. Chairman, I yield back the balance of my time in deep humility for the kind of comments of the previous distinguished speaker.

The CHAIRMAN. All time has expired.

The question is on the amendment offered by the gentleman from Ohio [Mr. PEASE].

The amendment was agreed to.

AMENDMENT IN THE NATURE OF A SUBSTITUTE AS MODIFIED, OFFERED BY MR. MICHEL

Mr. MICHEL. Mr. Chairman, I offer an amendment in the nature of a substitute.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment in the nature of a substitute is as follows:

Amendment in the nature of a substitute, as modified, offered by Mr. MICHEL: Strike out all after the enacting clause and insert:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Trade and Export Enhancement Act of 1987".

TITLE I—TRADE LAW AMENDMENTS

Subtitle A—National Trade Policy and Agenda

SEC. 101. NATIONAL TRADE POLICY.

(a) CONGRESSIONAL FINDINGS.—The Congress finds that—

(1) the United States is confronted with a fundamental disequilibrium in its trade and current account balances and a rapid increase in its net external debt;

(2) such disequilibrium and increase are a result of numerous factors, including—

(A) disparities between the macroeconomic policies of the major trading nations,

(B) the large United States budget deficit,

(C) instabilities and structural defects in the world monetary system,

(D) the growth of debt throughout the developing world;

(E) structural defects in the world trading system;

(F) governmental distortions and barriers,

(G) serious inadequacies in United States trade policy; and

(H) inadequate growth in the productivity and competitiveness of United States firms and industries relative to their overseas competition.

(3) the continuation of such disequilibrium, coupled with a further accumulation of external debt, will—

(A) seriously undermine the United States economy,

(B) continue, at a faster rate, the already-alarming decline in United States industrial and agricultural competitiveness,

(C) hasten the decline in living standards of workers and consumers,

(D) increase unemployment, and

(E) bring about, over time, world-wide economic disruptions and stagnation of world trade, thus jeopardizing the economic security of the free world; and

(4) it is therefore essential, and should be the highest priority of the United States Government, to pursue a broad array of domestic and international policies to ensure future stability in external trade of the United States and to guarantee the continued vitality of the technological, industrial, and agricultural base of the United States.

(b) NATIONAL POLICY.—It is the policy of the United States—

(1) to reduce substantially the deficits in the national trade and current accounts;

(2) to seek to achieve, no later than 1992, a more consistent equilibrium in such accounts, allowing only for reasonable fluctuations during periods of economic expansion or contraction; and

(3) to maintain, through greater cooperation and leadership within the international financial system, a system of reasonably stable exchange rates, to be effected through measures designed to ensure that the value of the dollar remains at a level designed to maintain the competitiveness of United States exports and prevent disruptive surges in United States imports.

(c) PRESIDENTIAL ACTION.—The President shall use all appropriate powers to achieve the national trade policy set forth in subsection (b), including—

(1) recommending to the Congress appropriate changes in implementing fiscal, regulatory, and general economic policy;

(2) making greater efforts to coordinate economic and monetary policy with the major trading partners of the United States;

(3) more effectively utilizing trade policy measures (including, but not limited to, those authorized under this Act) to expand markets for United States exports, discipline the unfair trade policies of other nations, and negotiate a more open world trading system; and

(4) effecting better management of Third World debt.

The President shall report to the Congress, in conjunction with the annual trade policy agenda statement required under section 102, regarding the progress made, or the reasons why no progress was made, during the year covered by the report in reducing the United States trade and current account deficits.

(d) CONGRESSIONAL ACTION.—In developing legislation, the Congress shall give the highest priority to achieving the national policy set forth in subsection (b) and to Presidential recommendations for achieving that policy.

SEC. 102. ANNUAL NATIONAL TRADE POLICY AGENDA.

(a) IN GENERAL.—By no later than March 1 of each year, the United States Trade Representative shall submit in writing (in confidence if appropriate) to the Congress a statement of—

(1) the trade policy objectives and priorities of the United States for the year, and the reasons therefor;

(2) the actions proposed, or anticipated, to be undertaken during the year to achieve such objectives and priorities, including, but not limited to, actions authorized under the trade laws and negotiations with foreign countries;

(3) any proposed legislation necessary or appropriate to achieve any of such objectives or priorities; and

(4) the progress that was made during the preceding year in achieving the trade policy objectives and priorities included in the statement provided for that year under this subsection.

(b) CONSULTATION BEFORE STATEMENT.—Before submitting the statement required under subsection (a) for any year, the United States Trade Representative shall seek advice from the appropriate advisory committees established under section 135 of the Trade Act of 1974 and shall consult with the appropriate committees of the Congress. In preparing the statement, the United States Trade Representative shall take into account the annual sectoral competitiveness studies prepared by the United States International Trade Commission under section 332(h) of the Tariff Act of 1930.

(c) CONSULTATION AFTER STATEMENT.—The United States Trade Representative and other appropriate officials of the United States Government shall consult periodically with the appropriate committees of the Congress regarding the annual objectives and priorities set forth in the statement required under subsection (a) with respect to—

(1) the status and results of the actions that have been undertaken to achieve the objectives and priorities; and

(2) any development which may require, or result in, changes to any of such objectives or priorities.

SEC. 103. INFORMATION AND ADVICE FROM PRIVATE AND PUBLIC SECTORS RELATING TO TRADE POLICY AND AGREEMENTS.

Section 135 of the Trade Act of 1974 (19 U.S.C. 2155) is amended to read as follows:

"SEC. 135. INFORMATION AND ADVICE FROM PRIVATE AND PUBLIC SECTORS.

"(a) IN GENERAL.—

"(1) The President shall seek information and advice from representative elements of the private sector and the non-Federal governmental sector with respect to—

"(A) negotiating objectives and bargaining positions before entering into a trade agreement under this title or section 112 or 113 of the Trade and International Economic Policy Reform Act of 1987;

"(B) the operation of any trade agreement once entered into; and

"(C) other matters arising in connection with the development, implementation, and administration of the trade policy of the United States, including those matters referred to in Reorganization Plan Number 3 of 1979 and Executive Order Numbered 12188, and the priorities for actions thereunder.

To the maximum extent feasible, such information and advice on negotiating objectives shall be sought and considered before the commencement of negotiations.

"(2) The President shall consult with representative elements of the private sector and the non-Federal governmental sector on the overall current trade policy of the United States. The consultations shall include, but are not limited to, the following elements of such policy:

"(A) The principal multilateral and bilateral trade negotiating objectives and the progress being made toward their achievement.

"(B) The implementation, operation, and effectiveness of recently concluded multilateral and bilateral trade agreements and resolution of trade disputes.

"(C) The actions taken under the trade laws of the United States and the effectiveness of such actions in achieving trade policy objectives.

"(D) Important developments in other areas of trade for which there must be developed a proper policy response.

"(3) The President shall take the advice received through consultation under paragraph (2) into account in determining the importance which should be placed on each major objective and negotiating position that should be adopted in order to achieve the overall trade policy of the United States.

"(b) ADVISORY COMMITTEE FOR TRADE POLICY AND NEGOTIATIONS.—

"(1) The President shall establish an Advisory Committee for Trade Policy and Negotiations to provide overall policy advice on matters referred to in subsection (a). The committee shall be composed of not more than 45 individuals and shall include representatives of non-Federal governments, labor, industry, agriculture, small business, service industries, retailers, and consumer interests. The committee shall be broadly representative of the key sectors and groups of the economy, particularly with respect to those sectors and groups which are affected by trade. Members of the committee shall be nominated by the United States Trade Representative and appointed by the President. The term of appointment is 2 years. An individual may be reappointed to committee for any number of terms. The appointments made to the committee must reflect a balance between the political parties.

"(2) The committee shall meet not less than quarterly, and at any time at the call of the United States Trade Representative or at the call of two-thirds of the members of the committee. The chairman of the committee shall be elected by the committee from among its members.

"(3) The United States Trade Representative shall make available to the committee

such staff, information, personnel, and administrative services and assistance as it may reasonably require to carry out its activities.

"(c) GENERAL POLICY, SECTORAL, OR FUNCTIONAL ADVISORY COMMITTEES.—

"(1) The President may, on his own initiative or at the request of organizations representing industry, labor, agriculture, or services, establish general policy advisory committees for industry, labor, agriculture, or services, respectively, to provide general policy advice on matters referred to in subsection (a). Such committees shall, insofar as is practicable, be representative of all industry, labor, agricultural, and service interests, respectively, including small business interests, and shall be organized by the United States Trade Representative and the Secretaries of Commerce, Defense, Labor, Agriculture, or other executive departments, as appropriate. Individual policy advisory committees should be established for services, investment, agriculture, defense, industry, and labor. The members of such committees shall be appointed by the United States Trade Representative in consultation with such Secretaries.

"(2) The President shall establish such sectoral or functional advisory committees as may be appropriate. Such committees shall, insofar as is practicable, be representative of all industry, labor, agricultural, or service interests (including small business interests) in the sector or functional areas concerned. In organizing such committees, the United States Trade Representative and the Secretaries of Commerce, Labor, Agriculture or other executive departments, as appropriate, shall—

"(A) consult with interested private organizations; and

"(B) take into account such factors as—

"(i) patterns of actual and potential competition between United States industry and agriculture and foreign enterprise in international trade,

"(ii) the character of the nontariff barriers and other distortions affecting such competition,

"(iii) the necessity for reasonable limits on the number of such advisory committees,

"(iv) the necessity that each committee be reasonably limited in size, and

"(v) in the case of each sectoral committee, that the product lines covered by each committee be reasonably related.

"(3) The President—

"(A) may establish policy advisory committees representing non-Federal governmental interests to provide, if the President finds it necessary, policy advice—

"(i) on matters referred to in subsection (a), and

"(ii) with respect to implementation of trade agreements, and

"(B) shall include as members of committees established under subparagraph (A) representatives of non-Federal governmental interests if he finds such inclusion appropriate after consultation by the United States Trade Representative with such representatives.

"(d) POLICY, TECHNICAL, AND OTHER ADVICE AND INFORMATION.—Committees established under subsection (c) shall meet at the call of the United States Trade Representative and the Secretaries of Agriculture, Commerce, Labor, Defense, or other executive departments, as appropriate, to provide policy advice, technical advice and information, and advice on other factors relevant to the matters referred to in subsection (a).

"(e) MEETING OF ADVISORY COMMITTEES AT CONCLUSION OF NEGOTIATIONS.—

"(1) The Advisory Committee for Trade Policy and Negotiations, each appropriate policy advisory committee, and each sectoral or functional advisory committee, if the sector or area which such committee represents is affected, shall meet at the conclusion of negotiations for each trade agreement entered into under this title or section 112 or 113 of the Trade and International Economic Policy Reform Act of 1987, to provide to the President, to Congress, and to the United States Trade Representative a report on such agreement. Each report, if it applies to a trade agreement entered into under section 102 of this Act or section 113 of such Act of 1987, shall be provided under the preceding sentence not later than the date on which the draft of the implementing bill for the agreement is submitted to Congress under section 102(e) of this Act or section 114(b) of such Act of 1987, as the case may be.

"(2) The report of the Advisory Committee for Trade Policy and Negotiations and each appropriate policy advisory committee shall include an advisory opinion as to whether and to what extent the agreement promotes the economic interests of the United States and achieves the overall and principal negotiating objectives set forth in this title or section 111 of the Trade Policy and International Economic Policy Reform Act of 1987, as appropriate.

"(3) The report of the appropriate sectoral or functional committee under paragraph (1) shall include an advisory opinion as to whether the agreement provides for equity and reciprocity within the sector or within the functional area.

"(f) APPLICATION OF FEDERAL ADVISORY COMMITTEE ACT.—The provisions of the Federal Advisory Committee Act applies—

"(1) to the Advisory Committee for Trade Policy and Negotiations established under subsection (b); and

"(2) to all other advisory committees which may be established under subsection (c); except that the meetings of advisory committees established under subsections (b) and (c) shall be exempt from the requirements of subsections (a) and (b) of sections 10 and 11 of the Federal Advisory Committee Act (relating to open meetings, public notice, public participation, and public availability of documents), whenever and to the extent it is determined by the President or his designee that such meetings will be concerned with matters the disclosure of which would seriously compromise the Government's development of trade policy, priorities, negotiating objectives or bargaining positions with respect to matters referred to in subsection (a) of this section, and that meetings may be called of such special task forces, plenary meetings of chairmen, or other such groups made up of members of the committees established under subsections (b) and (c) of this section.

"(g) TRADE SECRETS AND CONFIDENTIAL INFORMATION.—

"(1) Trade secrets and commercial or financial information which is privileged or confidential, and which is submitted in confidence by the private sector or non-Federal government to officers or employees of the United States in connection with trade negotiations, may be disclosed upon request to—

"(A) officers and employees of the United States designated by the United States Trade Representative;

"(B) members of the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate who are designated as official advisers under section 161(a)(1) or are designated by the chairmen of either such committee under section 161(b)(3)(A) and staff members of either such committee designated by the chairmen under section 161(b)(3)(A); and

"(C) members of any committee of the House or Senate or any joint committee of Congress who are designated as advisers under section 161(a)(2) or designated by the chairman of such committee under section 161(b)(3)(B) and staff members of such committee designated under section 161(b)(3)(B), but disclosure may be made under this subparagraph only with respect to trade secrets or commercial or financial information that is relevant to trade policy matters or negotiations that are within the legislative jurisdiction of such committee;

for use in connection with matters referred to in subsection (a).

"(2) Information other than that described in paragraph (1), and advice submitted in confidence by the private sector or non-Federal government to officers or employees of the United States, to the Advisory Committee for Trade Policy and Negotiations, or to any advisory committee established under subsection (c), in connection with matters referred to in subsection (a), may be disclosed upon request to—

"(A) the individuals described in paragraph (1); and

"(B) the appropriate advisory committee established under this section.

"(3) Information submitted in confidence by officers or employees of the United States to the Advisory Committee for Trade Policy and Negotiations, or to any advisory committee established under subsection (c), may be disclosed in accordance with rules issued by the United States Trade Representative and the Secretaries of Commerce, Labor, Defense, Agriculture, or other executive departments, as appropriate, after consultation with the relevant advisory committees established under subsection (c). Such rules shall define the categories of information which require restricted or confidential handling by such committee considering the extent to which public disclosure of such information can reasonably be expected to prejudice the development of trade policy, priorities, or United States negotiating objectives. Such rules shall, to the maximum extent feasible, permit meaningful consultations by advisory committee members with persons affected by matters referred to in subsection (a).

"(4) Nothing in this section, or the rules promulgated under this section, shall be construed to affect the ability of the Congress, any Committee of the Congress, or the Comptroller General to obtain trade secrets and commercial or financial information, or any information submitted under this subsection, in accordance with applicable provisions of Federal statutes and the rules of the House of Representatives and the Senate.

"(h) ADVISORY COMMITTEE SUPPORT.—The United States Trade Representative, and the Secretaries of Commerce, Labor, Defense, Agriculture, or other executive departments, as appropriate, shall provide such staff, information, personnel, and administrative services and assistance to advisory committees established under subsection (c) as such committees may reasonably require to carry out their activities.

"(i) CONSULTATION WITH ADVISORY COMMITTEES; PROCEDURES; NONACCEPTANCE OF

COMMITTEE ADVICE OR RECOMMENDATIONS.—It shall be the responsibility of the United States Trade Representative, in conjunction with the Secretaries of Commerce, Labor, Agriculture, or other executive departments, as appropriate, to adopt procedures for consultation with and obtaining information and advice from the advisory committees established under subsection (c) on a continuing and timely basis. Such consultation shall include the provision of information to each advisory committee as to—

"(1) significant issues and developments; and

"(2) overall negotiating objectives and positions of the United States and other parties;

with respect to matters referred to in subsection (a). The United States Trade Representative shall not be bound by the advice or recommendations of such advisory committees, but shall inform the advisory committees of significant departures from such advice or recommendations made. In addition, in the course of consultations with the Congress under this title, information on the advice and information provided by advisory committees shall be made available to congressional advisers.

"(j) PRIVATE ORGANIZATIONS OR GROUPS.—In addition to any advisory committee established under this section, the President shall provide adequate, timely and continuing opportunity for the submission on an informal basis (and, if such information is submitted under the provisions of subsection (g), on a confidential basis) by private organizations or groups, representing government, labor, industry, agriculture, small business, service industries, consumer interests, and others, of statistics, data and other trade information, as well as policy recommendations, pertinent to any matter referred to in subsection (a).

"(k) SCOPE OF PARTICIPATION BY MEMBERS OF ADVISORY COMMITTEES.—Nothing contained in this section shall be construed to authorize or permit any individual to participate directly in any negotiation of any matters referred to in subsection (a). To the maximum extent practicable, the members of the committees established under subsections (b) and (c), and other appropriate parties, shall be informed and consulted before and during any such negotiations. They may be designated as advisors to a negotiating delegation, and may be permitted to participate in international meetings to the extent the head of the United States delegation deems appropriate. However, they may not speak or negotiate for the United States.

"(l) ADVISORY COMMITTEES ESTABLISHED BY DEPARTMENT OF AGRICULTURE.—The provisions of title XVIII of the Food and Agriculture Act of 1977 (7 U.S.C. 2281 et seq.) shall not apply to any advisory committee established under subsection (c).

"(m) NON-FEDERAL GOVERNMENT DEFINED.—The term 'non-Federal government' means—

"(1) any State, territory, or possession of the United States, or the District of Columbia, or any political subdivision thereof, or

"(2) any agency or instrumentality of any entity described in paragraph (1).".

SEC. 104. CONGRESSIONAL LIAISON REGARDING TRADE POLICY AND AGREEMENTS.

Sections 161 and 162 of the Trade Act of 1974 (19 U.S.C. 2211 and 2212) are amended to read as follows:

"SEC. 161. CONGRESSIONAL ADVISERS FOR TRADE POLICY AND NEGOTIATIONS.

"(a) SELECTION.—

"(1) At the beginning of each regular session of Congress, the Speaker of the House of Representatives, upon the recommendation of the chairman of the Committee on Ways and Means, shall select 5 members (not more than 3 of whom are members of the same political party) of such committee, and the President pro tempore of the Senate, upon the recommendation of the chairman of the Committee on Finance, shall select 5 members (not more than 3 of whom are members of the same political party) of such committee, who shall be designated congressional advisers on trade policy and negotiations. They shall provide advice on the development of trade policy and priorities for the implementation thereof. They shall also be accredited by the United States Trade Representative on behalf of the President as official advisers to the United States delegations to international conferences, meetings, and negotiating sessions relating to trade agreements.

"(2)(A) In addition to the advisers designated under paragraph (1) from the Committee on Ways and Means and the Committee on Finance—

"(i) the Speaker of the House may select additional members of the House, for designation as congressional advisers regarding specific trade policy matters or negotiations, from any other committee of the House or joint committee of Congress that has jurisdiction over legislation likely to be affected by such matters or negotiations; and

"(ii) the President pro tempore of the Senate may select additional members of the Senate, for designation as congressional advisers regarding specific trade policy matters or negotiations, from any other committee of the Senate or joint committee of Congress that has jurisdiction over legislation likely to be affected by such matters or negotiations.

Members of the House and Senate selected as congressional advisers under this subparagraph shall be accredited by the United States Trade Representative.

"(B) Before designating any member under subparagraph (A), the Speaker or the President pro tempore shall consult with—

"(i) the chairman and ranking member of the Committee on Ways and Means or the Committee on Finance, as appropriate; and

"(ii) the chairman and ranking minority member of the committee from which the member will be selected.

"(C) Not more than 3 members (not more than 2 of whom are members of the same political party) may be selected under this paragraph as advisers from any committee of Congress.

"(b) BRIEFING.—

"(1) The United States Trade Representative shall keep each official adviser designated under subsection (a)(1) currently informed on matters affecting the trade policy of the United States and, with respect to possible agreements, negotiating objectives, the status of negotiations in progress, and the nature of any changes in domestic law or the administration thereof which may be recommended to Congress to carry out any trade agreement or any requirement of, amendment to, or recommendation under, such agreement.

"(2) The United States Trade Representative shall keep each official adviser designated under subsection (a)(2) currently informed regarding the trade policy matters and negotiations with respect to which the adviser is designated.

"(3)(A) The chairmen of the Committee on Ways and Means and the Committee on Finance may designate members (in addition to the official advisers under subsection (a)(1)) and staff members of their respective committees who shall have access to the information provided to official advisers under paragraph (1).

"(B) The Chairman of any committee of the House or Senate or any joint committee of Congress from which official advisers are selected under subsection (a)(2) may designate other members of such committee, and staff members of such committee, who shall have access to the information provided to official advisers under paragraph (2).

"(c) COMMITTEE CONSULTATION.—The United States Trade Representative shall consult not less than quarterly with the Committee on Ways and Means of the House of Representatives, the Committee on Finance of the Senate, and the other appropriate committees of the House and Senate on the development, implementation, and administration of overall trade policy of the United States. Such consultations shall include, but are not limited to, the following elements of such policy:

"(1) The principal multilateral and bilateral negotiating objectives and the progress being made toward their achievement.

"(2) The implementation, administration, and effectiveness of recently concluded multilateral and bilateral trade agreements and resolution of trade disputes.

"(3) The actions taken, and proposed to be taken, under the trade laws of the United States and the effectiveness, or anticipated effectiveness, of such actions in achieving trade policy objectives.

"(4) The important developments and issues in other areas of trade for which there must be developed proper policy response.

When necessary, meetings shall be held with each Committee in executive session to review matters under negotiation.

"SEC. 162. TRANSMISSION OF AGREEMENTS TO CONGRESS.

"(a) SUBMISSION OF COPY AND REASONS.—As soon as practicable after a trade agreement entered into under this title or section 112 or 113 of the Trade and International Economic Policy Reform Act of 1987 has entered into force with respect to the United States, the United States Trade Representative on behalf of the President shall, if he has not previously done so, transmit to each House of the Congress a copy of such trade agreement. He shall transmit with such agreement a statement containing—

"(1) the reasons for entering into the agreement in the light of the advice, if any, of the International Trade Commission under section 131(b) and of any other relevant considerations;

"(2) a description of the consultations regarding the agreement under section 135(i) between the United States Trade Representative and the advisory committees established under section 135(c) and if any advice or recommendation of any such committee was not accepted, the reasons therefor; and

"(3) an explanation of how the agreement will enhance the international trade competitiveness of the United States, expand export opportunities, establish equitable trade patterns, and further the overall trade policy of the United States.

"(b) SUBMISSION TO EACH MEMBER.—The United States Trade Representative, on behalf of the President, shall transmit to each Member of the Congress a summary of the information required to be transmitted to each House under subsection (a).

For purposes of this subsection, the term 'Member' includes any Delegate or Resident Commissioner.".

SEC. 105. TRADE COMPETITIVENESS IMPACT STATEMENTS.

(a) IN GENERAL.—In any case in which the provisions of an executive trade agreement may have a significant impact on the ability of significant domestic product and service industries to compete in domestic and international markets against foreign products, the President shall, at least 60 days before the date on which such agreement will take effect, submit to the Committee on Ways and Means of the House of Representatives, the Committee on Finance of the Senate, and other appropriate committees of the Congress a statement describing the short- and long-term impact the provisions are likely to have (such as during the 1- and 5-year periods after the date on which such statement is submitted) on United States imports and exports, the balance of payments, and the ability of United States industries to compete in domestic and international markets against foreign products.

(b) WAIVERS.—The President may waive the requirements of subsection (a) with respect to a particular executive trade agreement if the President determines that it is necessary, in order to serve the national interest, to deal with an emergency situation, to comply with statutory deadlines, or to take action required by law that such agreement take effect immediately without compliance with subsection (a). The President shall transmit a statement describing each waiver made under this subsection to the Committee on Ways and Means of the House of Representatives, the Committee on Finance of the Senate, and other appropriate committees of Congress, and shall publish a copy of such statement in the Federal Register.

Subtitle B—Trade Agreement Negotiating Authority, Enforcement of United States Rights Under Trade Agreements, and Response to Foreign Trade Practices

CHAPTER 1—TRADE AGREEMENT NEGOTIATING AUTHORITY

SEC. 111. OVERALL AND PRINCIPAL TRADE NEGOTIATING OBJECTIVES OF THE UNITED STATES.

(a) OVERALL TRADE NEGOTIATING OBJECTIVES.—(1) The overall trade negotiating objectives of the United States are to obtain—

(1) more open, equitable, and reciprocal market access;

(2) the harmonization, reduction, or elimination of policies or measures which impede or distort international commerce; and

(3) a more effective system of international trading disciplines and procedures.

(b) PRINCIPAL TRADE NEGOTIATING OBJECTIVES.—The principal trade negotiating objectives of the United States are as follows:

(1) AGRICULTURE.—The principal negotiating objectives with respect to agriculture are to achieve, on an expedited basis to the maximum extent feasible, more open and fair conditions of trade in agricultural commodities by—

(A) developing, strengthening, and clarifying rules to discipline restrictive or trade-distorting import and export practices;

(B) eliminating and reducing substantially specific constraints to fair trade and more open market access, such as tariffs, quotas, subsidies, and other nontariff practices, including unjustified phytosanitary and sanitary restrictions; and

(C) seeking agreements by which the major agricultural exporting nations agree to pursue policies to reduce excessive production of agricultural commodities during periods of oversupply, with due regard for the fact that the United States already undertakes such policies, and without recourse to arbitrary schemes to divide market shares among major exporting countries.

(2) DISPUTE SETTLEMENT.—The principal negotiating objectives with respect to dispute settlement are—

(A) to provide for more effective and expeditious dispute settlement mechanisms and procedures; and

(B) to ensure that such mechanisms within the General Agreement on Tariffs and Trade (hereinafter in this chapter referred to as the "GATT") and GATT agreements provide for more effective and expeditious resolution of disputes and enable better enforcement of United States rights.

(3) UNFAIR TRADE PRACTICES.—The principal negotiating objectives with respect to unfair trade practices are—

(A) to improve the provisions of the GATT and nontariff measure agreements to deter, and to provide greater discipline regarding, unfair trade practices, including forms of subsidy, dumping, and export targeting practices not adequately covered;

(B) to improve further the provisions applicable to agricultural trade so as to be consistent with those applicable to industrial products; and

(C) to seek otherwise greater discipline regarding, and to discourage the persistent use of, unfair trade practices.

(4) TRADE IN SERVICES.—The principal negotiating objectives regarding trade in services are—

(A) to reduce or to eliminate barriers to, or other distortions of, international trade in services (particularly United States service sector trade in foreign markets), including barriers that deny national treatment and restrictions on establishment and operation in such markets; and

(B) to develop internationally agreed rules, including dispute settlement procedures, which—

(i) are consistent with the commercial policies of the United States; and

(ii) will reduce or eliminate such barriers or distortions, and help ensure fair, equitable opportunities for foreign markets.

(5) INTELLECTUAL PROPERTY.—The principal negotiating objectives regarding intellectual property are—

(A) to seek the enactment and effective enforcement by foreign countries of laws which recognize and adequately protect intellectual property, including copyrights, patents, trademarks, mask works, and trade secrets; and

(B) to develop and strengthen international rules, dispute settlement provisions, and enforcement procedures against trade-distorting practices arising from inadequate national protection and ineffective enforcement of intellectual property rights, including—

(i) the incorporation into the GATT of adequate and effective substantive norms and standards for the protection and enforcement of intellectual property rights as the basis for the dispute settlement provisions and enforcement procedures, which norms and standards are complementary to those of existing international conventions; and

(ii) the supplementing and strengthening of standards for protection and enforcement in existing international intellectual property conventions administered by other international organizations, including expansion to cover new and emerging technologies and elimination of discrimination or unreasonable exceptions or preconditions to protection.

(6) FOREIGN DIRECT INVESTMENT.—The principal negotiating objectives regarding foreign direct investment are—

(A) to reduce or to eliminate artificial or trade-distorting barriers to foreign direct investment, to expand the principle of national treatment, and to reduce unreasonable barriers to establishment; and

(B) to develop internationally agreed rules, including dispute settlement procedures, which—

(i) will help ensure a free flow of foreign direct investment, and

(ii) will reduce or eliminate the trade distortive effects of certain trade-related investment measures.

(7) SAFEGUARDS.—The principal negotiating objectives regarding safeguards are—

(A) to improve and expand rules and procedures covering safeguard measures; and

(B) to ensure that safeguard measures are—

(i) transparent,

(ii) temporary,

(iii) degressive, and

(iv) subject to review and termination when no longer necessary to remedy injury and to facilitate adjustment.

(8) IMPROVEMENT OF THE GATT AND MULTILATERAL TRADE NEGOTIATION AGREEMENTS.—The principal negotiating objectives regarding the improvement of GATT and multilateral trade negotiation agreements are—

(A) to improve the operation and expand the coverage of such agreements and arrangements; and

(B) to expand participation, where appropriate.

(9) SPECIFIC BARRIERS.—The principal negotiating objective regarding specific barriers is to achieve maximum reduction, elimination, or harmonization of specific tariff and nontariff trade barriers, particularly measures identified in the annual report prepared under section 181 of the Trade Act of 1974, and disparities in tariff levels which impede access to particular export markets.

(10) WORKER RIGHTS.—The principal negotiating objectives regarding worker rights are—

(A) to promote respect for worker rights;

(B) to secure a review of the relationship of worker rights to GATT articles, objectives, and related instruments with a view to ensuring that the benefits of the trading system are available to all workers; and

(C) to adopt, as a principle of the GATT, that the denial of worker rights should not be a means for a country or its industries to gain competitive advantage in international trade.

(11) DEVELOPING COUNTRIES.—The principal negotiating objective regarding developing countries is to ensure that developing countries, commensurate with their attaining more advanced and competitive levels of economic development, assume a full measure of responsibility for achieving and maintaining an open international trading system by providing reciprocal benefits and assuming equivalent obligations with respect to their import and export practices.

(12) ACCESS TO HIGH TECHNOLOGY.—The principal negotiating objective regarding access to high technology is to obtain the elimination or reduction of foreign barriers to, and acts, policies, or practices by foreign governments which limit, equitable access by United States persons to foreign-developed technology, including barriers, acts,

policies, or practices which have the effect of—

(A) restricting the participation of United States persons in government-supported research and development projects;

(B) denying equitable access by United States persons to government-held patents;

(C) requiring the approval or agreement of government entities, or imposing other forms of government interventions, as a condition for the granting of licenses to United States persons by foreign persons (except for approval or agreement which may be necessary for national security purposes to control the export of critical military technology); and

(D) otherwise denying equitable access by United States persons to foreign-developed technology or contributing to the inequitable flow of technology between the United States and its trading partners.

In pursuing this objective, the United States shall take into account United States Government policies in licensing or otherwise making available to foreign persons technology and other information developed by United States laboratories.

(13) CURRENT ACCOUNT SURPLUSES.—The principal negotiating objective regarding current account surpluses is to develop rules that impose greater responsibility on countries with large and persistent current account surpluses to undertake policy changes aimed at restoring current account equilibrium, including expedited implementation of trade agreements where feasible and appropriate.

(14) TRADE AND MONETARY COORDINATION.—The principal negotiating objective regarding trade and monetary coordination is to develop mechanisms to assure greater coordination, consistency, and cooperation between international trade and monetary systems and institutions.

(c) UNFAIR TRADE PRACTICES AND TRADE BARRIERS AFFECTING AGRICULTURAL MARKETS.—

(1) The Congress finds that—

(A) United States agricultural exports accounted for $26,300,000,000, or 13 percent of total United States exports, in 1986;

(B) United States agricultural exports have declined dramatically in recent years, from $43,800,000,000 in fiscal year 1981 to $27,500,000,000 in 1986;

(C) the United States trade balance in agriculture, which has historically been in surplus, fell into deficit in May, June, and July of 1986 for the first time in 27 years;

(D) the proliferation of unfair trade practices and foreign trade barriers in agricultural markets impedes the ability of United States exporters to compete on a fair basis and attain their potential in export markets;

(E) the persistence of such practices and barriers exacerbates the United States trade deficit, and increases pressures for the United States to pursue protectionist policies and restrict foreign access to United States markets; and

(F) the elimination of unfair trade practices and foreign trade barriers is absolutely essential if foreign nations want to maintain their access to United States markets and want the United States to pursue a free and fair trade orientation in its laws and policies.

(2) It is the sense of Congress that the United States Trade Representative should immediately enter into negotiations and use all power and authority of his office to achieve the elimination of the numerous tariff and nontariff barriers and unfair trade practices (including, but not limited to, those listed in the reports prepared under section 181 of the Trade Act of 1974), of many foreign countries that affect United States agricultural products, with particular attention being given to the following:

(A) With respect to the European Community (EC):

(i) Nontariff barriers to United States meat exports, including the EC third-country meat directive and the EC hormone ban.

(ii) Restrictions on imported feed grains and soybean products.

(iii) Internal processor oilseed subsidies.

(iv) Export subsidies on numerous products, including poultry, beef, veal, pork and pork products, sugar, citrus, and wheat products.

(v) Excessive tariffs on processed almonds.

(B) With respect to Japan:

(i) Failure to comply with its obligations under the United States-Japan beef agreement which calls for the immediate and meaningful liberalization of its market for United States beef.

(ii) Persistent and prolonged use of trade barriers and unfair trade practices to protect its beef market, including high tariffs, import distribution practices, and other restrictive or discriminatory practices by the Livestock Industry Promotion Corporation.

(iii) Prohibition on the importation of rice.

(iv) Imposition of fumigation and quarantine requirements that are far in excess of those necessary to protect health and safety for purposes of restricting imports of citrus and avocadoes, among others.

(v) Continued restrictions on imports of United States forestry products.

(vi) Excessive tariffs and quotas on imports of citrus products (especially fresh oranges), frozen peaches, pistachios, and wine.

(C) With respect to Korea:

(i) Restrictions on meat imports, including a ban on all imports of high quality beef, an excessive tariff on red meat products, and restrictive distribution practices for meat imports.

(ii) Prohibition on the importation of numerous agricultural products (except for use in foreign hotels and commissaries), including, but not limited to, fresh oranges, avocadoes, kiwi, frozen peaches, and canned fruit.

(iii) Imposition of an unjustified quarantine on all United States fresh citrus.

(iv) Excessive tariffs on numerous agricultural products, including fresh oranges, almonds, pistachios, kiwi, raisins, frozen peaches, and canned fruit.

(v) Unfair licensing restrictions on numerous imports, including pistachios.

(D) With respect to Taiwan, excessive tariffs and nontariff barriers on numerous agricultural products, including, but not limited to, fresh citrus, frozen concentrated orange juice, apples, canned fruit, frozen peaches, raisins, roasted pistachios, and walnuts.

(E) With respect to India, licensing restrictions and excessive tariffs on almonds, raisins, and other dried fruit and nuts.

(F) With respect to Canada:

(i) Import licensing system administered by the Canadian Wheat Board, under which import licenses for wheat or wheat-containing products will not be issued unless the Wheat Board determines that such product is not readily available in Canada, thus constituting an unfair nontariff trade barrier.

(ii) Freight rate export subsidy program for certain grains and other feed ingredients, including rapeseed oil and meal.

(G) With respect to Argentina, differential export taxes on soybeans and soybean products and sunflower seeds and sunflower seed products.

(3) It is the further sense of Congress that the United States Trade Representative shall use all power and authority of his office, and take all steps—

(A) to achieve the elimination of unfair trade practices and foreign trade barriers affecting United States exports of forest products; and

(B) to ensure that any agreement negotiated to reduce or eliminate unfair trade in forest products, including the recent United States-Canada agreement on lumber, is fully implemented by all parties concerned within the timeframe contemplated by the agreement.

(d) POLICY WITH RESPECT TO THE URUGUAY ROUND OF MULTILATERAL TRADE NEGOTIATIONS.—

(1) IN GENERAL.—It is the policy of the United States to use the opportunity presented by the Uruguay Round of Multilateral Trade Negotiations to enter into multilateral agreements that achieve, on a reciprocal and mutually advantageous basis, the purposes and objectives of this title, in particular through—

(A) increasing the market opportunities abroad for the export of United States products and services;

(B) achieving fairer terms and conditions of international trade competition;

(C) strengthening the provisions for international negotiation and the settlement of disputes;

(D) ensuring a fuller responsibility by all trading countries for achieving and maintaining a fair international trading system; and

(E) improving the institutional structure, and enhancing the role, of the GATT.

(2) PREFERENCE FOR MULTILATERAL TRADE AGREEMENTS.—The policy specified in paragraph (1) should be achieved, to the maximum extent feasible and appropriate, through the entering into of multilateral trade agreements (negotiated with both developed and developing countries); except that nothing in this section may be construed as precluding the President from—

(A) negotiating bilateral and other types of agreements to achieve such policy if the use of such agreements would be more effective or appropriate, or the entering into of multilateral agreements is not feasible; or

(B) seeking agreements outside of, or supplemental to, the Uruguay Round or the GATT, if—

(i) results from the Uruguay Round are unduly delayed, or

(ii) United States overall and principal negotiating objectives can be obtained more effectively through bilateral or plurilateral agreements entered into outside of, or supplemental to, the Uruguay Round or the GATT.

SEC. 112. TRADE AGREEMENTS REGARDING TARIFF BARRIERS.

(a) IN GENERAL.—Whenever the President determines that one or more existing duties or other import restrictions of any foreign country or the United States are unduly burdening and restricting the foreign trade of the United States and that the purposes, policies, and objectives of this title will be promoted thereby, the President—

(1) until January 3, 1993, may enter into trade agreements with foreign countries or instrumentalities thereof; and

(2) may, subject to subsections (b) and (c), proclaim such modification or continuance of any existing duty, such continuance of existing duty-free or excise treatment, or such additional duties, as he determines to be required or appropriate to carry out any such trade agreement.

(b) LIMITATION ON REDUCTION.—No proclamation may be made under subsection (a) that reduces a rate of duty below 40 percent of the rate existing on the date of the enactment of this Act if—

(1) the United States International Trade Commission advises under section 131 of the Trade Act of 1974; or

(2) the United States Trade Representative determines on the basis of available information;

that a reduction exceeding such percentage on the imported article would have a probable significant adverse economic effect on the United States industry that produces a like or directly competitive product.

(c) STAGING AND ROUNDING.—

(1) The aggregate reduction in a rate of duty to which the limitation in subsection (b) applies shall be phased in over the 10-year period beginning on the effective date of the first reduction; but such reduction need not take effect in equal annual stages.

(2) If—

(A) the United States International Trade Commission advises under section 131 of the Trade Act of 1974; or

(B) the United States Trade Representative determines on the basis of available information;

that a reduction in a rate of duty under a trade agreement entered into under subsection (a) would have a probable adverse economic effect on the United States industry that produces a like or directly competitive product, the reduction shall be phased in over a period of 2 or more years.

(3) If the President determines that such action will simplify the computation of reductions under paragraphs (1) and (2), the President may round an annual reduction by the lesser of—

(A) the difference between the reduction without regard to this paragraph and the next lower whole number; or

(B) one-half of 1 percent ad valorem.

(4) No reduction in a rate of duty under a trade agreement entered into under subsection (a) on any article may take effect more than 10 years after the effective date of the first reduction that is proclaimed to carry out the trade agreement with respect to such article.

SEC. 113. TRADE AGREEMENTS REGARDING OTHER THAN TARIFF BARRIERS.

(a) REGARDING NONTARIFF BARRIERS.—

(1) Whenever the President determines that—

(A) one or more barriers to (or other distortions of) international trade of any foreign country or the United States unduly burden and restrict the foreign trade of the United States or adversely affect the United States economy; or

(B) the imposition of any such barrier is likely to result in such a burden, restriction, or adverse effect;

and that the purposes, policies, and objectives of this title will be promoted thereby, the President may enter into a trade agreement with foreign countries providing for—

(i) the harmonization, reduction, or elimination of such barriers (or other distortions); or

(ii) the prohibition of, or limitations on the imposition of, such barriers (or other distortions).

(2) A trade agreement to implement the International Convention on the Harmonized Commodity Description and Coding System may be entered into under the authority of paragraph (1).

(b) REGARDING CERTAIN BILATERAL AGREEMENTS.—

(1) Until January 3, 1993, and subject to paragraph (2), the President may enter into bilateral trade agreements with foreign countries that provide for the elimination or reduction of any duty imposed by the United States. A trade agreement entered into under this paragraph may also provide for the harmonization, reduction, or elimination of barriers to (or other distortions of) international trade of the foreign country or the United States.

(2)(A) A trade agreement may be entered into under paragraph (1) between the United States and a foreign country only if—

(i) the foreign country requests the negotiation of such an agreement; and

(ii) the President, at least 60 days before the date notice is provided under section 114(b)(1)—

(I) provides written notice of the negotiation to each of the Committees, and

(II) consults with the Committees regarding the negotiation of the agreement.

(B) The 60 days referred to in subparagraph (A)(ii) are computed without regard to—

(i) the days on which either House of Congress is not in session because of an adjournment of more than 3 days to a day certain or an adjournment of the Congress sine die; and

(ii) any Saturday and Sunday, not excluded under subparagraph (A), when either House of Congress is not in session.

(3) Notwithstanding any other provision of law, no trade benefit shall be extended to any country by reason of the extension of any trade benefit to another country under a trade agreement entered into under paragraph (1) with such other country.

(4) This subsection does not apply to any bilateral agreement that, as of January 1, 1987, was under negotiation under the authority of section 102(b)(4)(A) of the Trade Act of 1974.

(5) In any case in which there is an inconsistency between any provision of this Act and any bilateral free trade area agreement that entered into force and effect with respect to the United States before January 1, 1987, the provision shall not apply with respect to the foreign country that is party to that agreement.

(6) Before the close of the 1-year period beginning on the date of the enactment of this Act, the United States Trade Representative shall—

(A) undertake a review of the bilateral trade relationships of the United States and identify those foreign countries that, in the opinion of the Trade Representative, have the best potential for free trade area relationships with the United States; and

(B) consult with each of the Committees regarding the results of such review.

(c) CONSULTATION WITH CONGRESS.—

(1) Before the President enters into any trade agreement under subsection (a) or (b), the President shall consult with—

(A) each of the Committees; and

(B) each other committee of the House and the Senate, and each joint committee of the Congress, which has jurisdiction over legislation involving subject matters which would be affected by the trade agreement.

(2) The consultation under paragraph (1) shall include—

(A) the nature of the agreement;

(B) how and to what extent the agreement will achieve the purposes, policies, and objectives of this title; and

(C) all matters relating to the implementation of the agreement under section 114.

(3) If it is proposed to implement a trade agreement entered into under subsection (a), together with one or more other trade agreements entered into under that subsection, in a single implementing bill under this section, the consultation under paragraph (1) shall include the desirability and feasibility of such proposed implementation.

(d) DEFINITIONS.—For purposes of this subsection:

(1) The term "barrier" includes any duty or other import restriction.

(2) The term "Committees" means the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate.

(3) The term "distortion" includes a subsidy and any denial of adequate and effective protection of intellectual property rights.

(4) The term "foreign country" includes any foreign instrumentality.

(5) The term "international trade" includes—

(A) trade in both goods and services, and

(B) foreign direct investment by United States persons especially if such investment has implications for trade in goods and services.

SEC. 114. IMPLEMENTATION OF TRADE AGREEMENTS.

(a) DEFINITION.—For purposes of this section, the term "implementing bill" has the meaning given such term in section 151(b)(1) of the Trade Act of 1974.

(b) IMPLEMENTATION PROCEDURES.—A trade agreement entered into under section 113 (a) or (b) shall enter into force and effect with respect to the United States if (and only if)—

(1) the President, not less than 90 days before the day on which he enters into the trade agreement, notifies the House of Representatives and the Senate, and promptly thereafter publishes a notice in the Federal Register, of his intention to enter into such agreement;

(2) after entering into the agreement, the President submits a document to the House of Representatives and to the Senate containing a copy of the final legal text of such agreement together with—

(A) a draft of an implementing bill and a statement of any administrative action proposed to implement such agreement, and an explanation as to how the implementing bill and proposed administrative action change or affect existing law,

(B) a statement—

(i) that the agreement achieves the applicable purposes, policies, and objectives of this title,

(ii) of his reasons as to—

(I) how and to what extent the agreement achieves the purposes, policies, and objectives referred to in clause (i), and why and to what extent the agreement does not achieve other such purposes, policies, and objectives,

(II) how the agreement serves the interests of United States commerce, and

(III) why the implementing bill and proposed administrative action is required or appropriate to carry out the agreement, and

(iii) describing the efforts made by the President to obtain international exchange rate equilibrium and any effect the agree-

ment may have regarding increased international monetary stability; and

(3) the implementing bill is enacted into law.

(c) RECOMMENDATIONS REGARDING SECTION 113(a) AGREEMENTS.—To ensure that a foreign country or instrumentality which receives benefits under a trade agreement entered into under section 113(a) is subject to the obligations imposed by such agreement, the President shall recommend to Congress in the implementing bill and statement of administrative action submitted with respect to such agreement that the benefits and obligations of such agreement apply solely to the signatory parties to the agreement, if such treatment is appropriate and consistent with the terms of such agreement and the international obligations of the United States. The President may also recommend with respect to any such agreement that the benefits and obligations of such agreement not apply uniformly to all parties to such agreement, if such application is consistent with the terms of such agreement.

(d) USE OF "FAST TRACK" PROCEDURES FOR NONTARIFF BARRIER AGREEMENT IMPLEMENTING BILLS.—

(1) Except as provided in paragraph (2), the provisions of section 151(c) through (g) of the Trade Act of 1974 (19 U.S.C. 2191) do not apply to any implementing bill for a trade agreement that is entered into under section 113(a) after January 3, 1991.

(2) If—

(A) the United States Trade Representative, after consultation with the Committee on Ways and Means of the House of Representatives of the Committee on Finance of the Senate, submits a report to the committees no later than July 15, 1990, that—

(i) requests that the date referred to in paragraph (1) be extended until January 3, 1993,

(ii) describes the progress that has been made in multilateral and other negotiations to achieve the purposes, policies, and objectives of this title, and states that such progress justifies the continuation of negotiations, and

(iii) states the reasons why the extension is needed to complete the negotiations; and

(B) neither of such committees, before January 4, 1991, disapproves the use of such provisions with respect to agreements entered into under section 113(a) before January 4, 1993;

then, effective January 3, 1991, paragraph (1) is amended—

(I) by striking out "Except as provided in paragraph (2), the" and inserting "The", and

(II) by striking out "1991" and inserting "1993".

(e) USE OF "FAST TRACK" PROCEDURES FOR CERTAIN BILATERAL AGREEMENT IMPLEMENTING BILLS.—The provisions of section 151(c) through (g) of the Trade Act of 1974 do not apply to any implementing bill for a trade agreement entered into under section 113(b) if—

(1) the requirements under section 113(b)(2)(A) were not met with respect to the negotiation of the agreement; or

(2) the Committee on Ways and Means of the House of Representatives or the Committee on Finance of the Senate disapproves of the negotiation of the agreement before the close of the 60-day period (computed without regard to the days referred to in clauses (i) and (ii) of section 113(b)(2)(B)) which begins on the date on which notice is provided to such committees under section 113(b)(2)(A)(ii).

SEC. 115. AMENDMENTS TO THE TRADE ACT OF 1974.

(a) ADVICE FROM ITC AND OTHER FEDERAL AGENCIES CONCERNING TRADE POLICY AND NEGOTIATIONS.—Sections 131 through 134 inclusive of the Trade Act of 1974 (19 U.S.C. 2151–2154) are amended to read as follows:

"SEC. 131. ADVICE FROM INTERNATIONAL TRADE COMMISSION.

"(a) LISTS OF ARTICLES WHICH MAY BE CONSIDERED FOR ACTION.—

"(1) In connection with any proposed trade agreement under section 123 of this Act or section 112 of the Trade and International Economic Policy Reform Act of 1987, the President shall from time to time publish and furnish the International Trade Commission (hereafter in this section referred to as the 'Commission') with lists of articles which may be considered for modification or continuance of United States duties, continuance of United States duty-free or excise treatment, or additional duties. In the case of any article with respect to which consideration may be given to reducing or increasing the rate of duty, the list shall specify the provision of this subchapter under which such consideration may be given.

"(2) In connection with any proposed trade agreement under section 113 of the Trade and International Economic Policy Reform Act of 1987, the President may from time to time publish and furnish the Commission with lists of non-tariff matters which may be considered for modification.

"(b) ADVICE TO PRESIDENT BY COMMISSION.—Within 6 months after receipt of a list under subsection (a) or, in the case of a list submitted in connection with a trade agreement authorized under section 133, within 90 days after receipt of such list, the Commission shall advise the President, with respect to each article or non-tariff matter, of its judgment as to the probable economic effect of modification of the tariff or non-tariff measure on industries producing like or directly competitive articles and on consumers, so as to assist the President in making an informed judgment as to the impact which might be caused by such modifications on United States interests, such as sectors involved in manufacturing, agriculture, mining, fishing, services, intellectual property, investment, labor, and consumers. Such advice may include in the case of any article the advice of the Commission as to whether any reduction in the rate of duty should take place over a longer period of time than the minimum period provided for in section 112(c)(2).

"(c) ADDITIONAL INVESTIGATIONS AND REPORTS REQUESTED BY THE PRESIDENT OR THE TRADE REPRESENTATIVE.—In addition, in order to assist the President in his determination whether to enter into any agreement under this title or section 112 or 113 of the Trade and International Economic Policy Reform Act of 1987, or how to develop trade policy, priorities or other matters (such as priorities for actions to improve opportunities in foreign markets), the Commission shall make such investigations and reports as may be requested by the President on matters such as effects of modification of any barrier to (or other distortion of) international trade on domestic workers, industries or sectors, purchasers, prices and quantities of articles in the United States.

"(d) COMMISSION STEPS IN PREPARING ITS ADVICE TO THE PRESIDENT.—In preparing its advice to the President under this section, the Commission shall to the extent practicable—

"(1) investigate conditions, causes, and effects relating to competition between the foreign industries producing the articles in question and the domestic industries producing the like or directly competitive articles or services;

"(2) analyze the production, trade, and consumption of each like or directly competitive article, or service taking into consideration employment, profit levels, and use of productive facilities with respect to the domestic industries concerned, and such other economic factors in such industries as it considers relevant, including prices, wages, sales, inventories, patterns of demand, capital investment, obsolescence of equipment, and diversification of production;

"(3) describe the probable nature and extent of any significant change in employment, profit levels, and use of productive facilities; the overall impact of such or other possible changes on the competitiveness of relevant domestic industries or sectors; and such other conditions as it deems relevant in the domestic industries or sectors concerned which it believes such modifications would cause; and

"(4) make special studies (including studies of real wages paid in foreign supply countries), whenever deemed to be warranted, of particular proposed modifications affecting United States manufacturing, agriculture, mining, fishing, labor, consumers, services, intellectual property and investment, using to the fullest extent practicable United States Government facilities abroad and appropriate personnel of the United States.

"(e) PUBLIC HEARING.—In preparing its advice to the President under this section, the Commission shall, after reasonable notice, hold public hearings.

"SEC. 132. ADVICE FROM EXECUTIVE DEPARTMENTS AND OTHER SOURCES.

"Before any trade agreement is entered into under section 123 of this Act or section 112 or 113 of the Trade and International Economic Policy Reform Act of 1987, the President shall seek information and advice with respect to such agreement from the Departments of Agriculture, Commerce, Defense, Interior, Labor, State and the Treasury, from the United States Trade Representative, and from such other sources as he may deem appropriate. Such advice shall be prepared and presented consistent with the provisions of Reorganization Plan Number 3 of 1979 and Executive Order Numbered 12188.

"SEC. 133. PUBLIC HEARINGS.

"(a) OPPORTUNITY FOR PRESENTATION OF VIEWS.—In connection with any proposed trade agreement under section 123 of this Act or section 112 or 113 of the Trade Policy and International Economic Policy Reform Act of 1987, the President shall afford an opportunity of any interested person to present his views concerning any article on a list published under section 131, any matter or article which should be so listed, any concession which should be sought by the United States, or any other matter relevant to such proposed trade agreement. For this purpose, the President shall designate any agency or an interagency committee which shall, after reasonable notice, hold public hearings and prescribe regulations governing the conduct of such hearings. When appropriate, such procedures shall

apply to the development of trade policy and priorities.

"(b) SUMMARY OF HEARINGS.—The organization holding such hearing shall furnish the President with a summary thereof.

"SEC. 134. PREREQUISITES FOR OFFERS.

"In any negotiation seeking an agreement under section 123 of this Act or section 112 or 113 of the Trade and International Economic Policy Reform Act of 1987, the President may make a formal offer for the modification or continuance of any United States duty, import restrictions, or barriers to (or other distortions of) international trade, the continuance of United States duty-free or excise treatment, or the imposition of additional duties, import restrictions, or other barrier to (or other distortion of) international trade including trade in services, foreign direct investment and intellectual property as covered by this title, with respect to any article or matter only after he has received a summary of the hearings at which an opportunity to be heard with respect to such article has been afforded under section 133. In addition, the President may make an offer for the modification or continuance of any United States duty, the continuance of United States duty-free or excise treatment, or the imposition of additional duties, with respect to any article included in a list published and furnished under section 131(a), only after he has received advice concerning such article from the Commission under section 131(b), or after the expiration of the 6-month or 90-day period provided for in that section, as appropriate, whichever first occurs.".

(b) APPLICATION OF OTHER PROVISIONS OF 1974 ACT.—For purposes of applying sections 125, 126(a), and 127 of the Trade Act of 1974 (19 U.S.C. 2135, et seq.)—

(1) any trade agreement entered into under section 112 or 113 of this Act shall be treated as an agreement entered into under section 101 or 102, as appropriate, of the Trade Act of 1974 (19 U.S.C. 2112), and

(2) any proclamation or Executive order issued pursuant to an agreement entered into under section 112 or 113 of this Act shall be treated as a proclamation or Executive order issued pursuant to a trade agreement entered into under section 101 or 102, as appropriate, of the Trade Act of 1974.

(c) CONFORMING AMENDMENT.—Section 151(b)(1) and (c)(1) of the Trade Act of 1974 (19 U.S.C. 2191(b)(1)) are each amended by striking out "section 102" and inserting "section 102 of this Act or section 114 of the Trade and International Economic Policy Reform Act of 1987".

SEC. 116. COMPENSATION AUTHORITY.

Section 123 of the Trade Act of 1974 (19 U.S.C. 2133) is amended to read as follows:

"SEC. 123. COMPENSATION AUTHORITY.

"(a) IN GENERAL.—Whenever—

"(1) any action taken under chapter 1 of title II or chapter 1 of title III;

"(2) any Act of Congress enacted after the date of the enactment of the Trade and International Economic Policy Reform Act of 1987; or

"(3) any judicial or administrative tariff reclassification that becomes final after the date of the enactment of such Act of 1987;

increases or imposes any duty or other import restriction, the President—

"(A) may enter into trade agreements with foreign countries or instrumentalities for the purpose of granting new concessions as compensation in order to maintain the general level of reciprocal and mutually advantageous concessions; and

"(B) may proclaim such modification or continuance of any existing duty, or such continuance of existing duty-free or excise treatment, as he determines to be required or appropriate to carry out any such agreement;

but only if the entering into of any such agreement is necessary or appropriate to meet the international obligations of the United States.

"(b) FACTORS CONSIDERED BEFORE ENTERING INTO AGREEMENT.—Before entering into any trade agreement under this section with any foreign country or instrumentality, the President shall consider whether such country or instrumentality has violated trade concessions of benefit to the United States and such violation has not been adequately offset by the action of the United States or by such country or instrumentality.

"(c) APPLICATION OF SECTION 112 LIMITATIONS.—Section 112 (b) and (c) apply to any modification of existing duties that is granted as a concession under this section.

"(d) REDUCTION AND TERMINATION.—Any concession granted under subsection (a) shall be reduced and terminated according to a schedule that the President determines is substantially equivalent to the effect and duration of the action of the United States that gave rise to the concession.".

SEC. 117. TARIFF AGREEMENTS WITH CANADA.

(a) IN GENERAL.—Chapter 2 of title I is amended by inserting at the end thereof the following new section:

"SEC. 129. NEGOTIATION OF CERTAIN MISCELLANEOUS TARIFF AGREEMENTS WITH THE GOVERNMENT OF CANADA.

"(a) The President may, subject to the provisions of subsections (b), (c), and (d) of this section—

"(1) enter into tariff agreements with the Government of Canada relating to the items listed in this section; and

"(2) may proclaim the modification or elimination of any existing duty on these items as he deems appropriate to carry out such agreements.

"(b) The President shall exercise his authority under this section only with respect to articles provided for in the following items of the Tariff Schedules of the United States (19 U.S.C. 1202):

"(1) Frozen cranberries (provided for in item 146.71).

"(2) Dialysis cyclers (provided for in item 709.17).

"(3) Packaging goods for tea (described in headnote 2 to subpart A of part 11 of schedule 1).

"(4) Dried fababeans (provided for in items 140.11 and 140.16).

"(5) Cat litter (provided for in items 256.90 and 512.24).

"(6) Mechanics tool boxes (provided for in item 706.62).

"(7) Medical tubing (provided for in item 772.65).

"(8) Synthetic fireplace materials (provided for in item 792.32).

"(9) Spirits (provided for in items 169.21 and 169.22).

"(10) Miners safety lamps, components, and battery chargers (provided for in items 683.80 and 682.60).

"(11) Computerized paper cutter control retrofit units (provided for in items 685.90 and 676.15).

"(c) The President shall exercise his authority to proclaim changes in existing duties under this section only to the extent that tariff concessions of approximately equivalent value are granted by the Government of Canada in exchange for reductions authorized under this section.

"(d) The President may exercise the authority granted under this section only during the 5-year period beginning on the date of the enactment of this section.".

(b) CONFORMING AMENDMENT.—The table of contents of chapter 2 of title I is amended by adding at the end thereof the following:

"Sec. 129. Negotiation of certain miscellaneous trade agreements with the Government of Canada.".

SEC. 118. IMPLEMENTATION OF UNITED STATES-EC AGREEMENT ON CITRUS AND PASTA.

(a) PURPOSE.—The purpose of this section is to provide for the implementation of tariff reductions agreed to by the United States in the Agreement between the European Economic Community and the United States, concluded February 24, 1987, with respect to citrus and pasta.

(b) PROCLAMATION AUTHORITY.—

(1) The amendments made by subsection (c) shall apply with respect to articles entered, or withdrawn from warehouse for consumption, on or after a date proclaimed by the President as being appropriate to carry out the Agreement referred to in subsection (a).

(2) The President is authorized at any time to modify or terminate by proclamation any provision of law enacted by the amendments made by subsection (c).

(3) The rates of duty in column numbered 1 of the Tariff Schedules of the United States that are enacted by the amendments made by subsection (c) shall be treated—

(A) as not having the status of statutory provisions enacted by the Congress; but

(B) as having been proclaimed by the President as being required to carry out a foreign trade agreement to which the United States is a party.

(c) TARIFF SCHEDULES AMENDMENTS.—

(1) ANCHOVIES.—Subpart C of part 3 of schedule 1 of the Tariff Schedules of the United States (19 U.S.C. 1202) is amended by striking out item 112.40 and inserting the following new items in numerical sequence, with the superior heading thereto at the same level of indentation as the article description in item 112.42:

	"Anchovies:			
112.39	For an aggregate quantity entered in any calendar year not to exceed 3,000 metric tons.	3% ad val.		30% ad val.
112.41	Other	6% ad val.		30% ad val.";

(2) CHEESES.—Subpart C of part 4 of schedule 1 of such Schedules is amended as follows:

(A) Item 117.65 is amended by striking out "9% ad val." and inserting "Free".

(B) Item 117.67 is amended by striking out "12% ad val." and inserting "Free".

(3) SATSUMA ORANGES.—Subpart B of part 9 of such schedule 1 is amended by striking out item 147.29 and inserting in numerical sequence the following new items and superior heading thereto, with such heading at the same level of indentation as the article description in item 147.30:

	"Mandarin, packed in airtight containers:			

—Continued

147.28	Satsuma, for an aggregate quantity entered in any calendar year not to exceed 40,000 metric tons.	Free		1¢ per lb.
147.29	Other	0.2¢ per lb.		1¢ per lb.".

(4) OLIVES.—Subpart B of part 9 of such schedule 1 is amended—

(A) by inserting in numerical sequence the following new item, with the article description at the same level of indentation as item 148.42:

"148.43	Green in color and in containers each holding 3 gallons or more, to be used for repacking or sale as green olives, for a quantity entered in any calendar year not to exceed 4,400 metric tons.	10¢ per gal.		20¢ per gal.";

(B) by redesignating item 148.44 as 148.45;

(C) by inserting in numerical sequence the following new item, with the article description at the same level of indentation as item 148.46:

"148.47	Green in color and in containers each holding not more than 5 gallons, for a quantity entered in any calendar year not to exceed 730 metric tons.	15¢ per gal.		30¢ per gal.";

(D) by redesignating item 148.48 as 148.49;

(E) by striking out the article description for item 148.50 and inserting "Pitted".

(F) by striking out "5¢ per lb." in item 148.52 and inserting "2.5¢ per lb.";

(G) by redesignating items 148.52 and 148.54 as items 148.55 and 148.57, respectively;

(H) by inserting in numerical sequence the following new items and the superior heading thereto, with such heading at the same level of indentation as the article description for item 148.50:

	"Stuffed:			
148.51	Placed packed in containers each holding not more than 0.3 gallon, for a quantity entered in any calendar year not to exceed 2,700 metric tons.	15¢ per gal.		30¢ per gal.
148.53	Other	30¢ per gal.		30¢ per gal.";

(I) by striking out item 148.56 and inserting in lieu thereof in numerical sequence the following new items and superior heading thereto, with such heading at the same level of indentation as the superior heading to items 148.55 and 148.57 (as redesignated by subparagraph (G)):

—Continued

	"Otherwise prepared or preserved:			
148.58	Green in color and in containers each holding not more than 5 gallons, for a quantity entered in any calendar year not to exceed 550 metric tons.	2.5¢ per lb.		5¢ per lb.
148.59	Other	5¢ per lb.		5¢ per lb.".

(5) CAPERS.—Subpart B of part 11 of such schedule 1 is amended by striking out "16% ad val." in each of the items 161.06 and 161.08 and inserting "8% ad val.".

(6) PAPRIKA.—Subpart B of part 11 of such schedule 1 is amended by striking out "2¢ per lb." in item 161.71 and inserting "1.35¢ per lb.".

(7) CIDER.—Subpart C of part 12 of such schedule 1 is amended by striking out "3¢ per gal." in item 167.15 and inserting "1.5¢ per gal.".

(8) OLIVE OIL.—Subpart B of part 14 of such schedule 1 is amended—

(A) by striking out "3.8¢ per lb. on contents and container" in item 176.29 and inserting "2.28¢ per lb. on contents and container."; and

(B) by striking out "2.6¢ per lb." in item 176.30 and inserting "1.56¢ per lb.".

SEC. 119. REPORTS ON NEGOTIATIONS TO ELIMINATE WINE TRADE BARRIERS.

Before the close of the 13-month period beginning on the date of the enactment of this Act, the President shall update each report that the President submitted to the Committee on Ways and Means and the Committee on Finance under section 905(b) of the Wine Equity and Export Expansion Act of 1984 (19 U.S.C. 2804) and submit the updated report to both of such committees. Each updated report shall contain, with respect to the major wine trading country concerned—

(1) a description of each tariff or nontariff barrier to (or other distortion of) trade in United States wine of that country with respect to which the United States Trade Representative has carried out consultations since the report required under such section 905(b) was submitted;

(2) the status of the consultations described under paragraph (1); and

(3) information, explanations, and recommendations of the kind referred to in paragraph (1) (C), (D), and (E) of such section 905(b) that are based on developments (including the taking of relevant actions, if any, of a kind not contemplated at the time of the enactment of such 1984 Act) since the submission of the report required under such section.

CHAPTER 2—ENFORCEMENT OF UNITED STATES RIGHTS UNDER TRADE AGREEMENTS AND RESPONSE TO FOREIGN TRADE PRACTICES

SEC. 121. ACTION REQUIRED IN RESPONSE TO DETERMINATIONS.

Section 301 of the Trade Act of 1974 (19 U.S.C. 2411) is amended as follows:

(1) Subsection (a) is amended—

(A) by redesignating paragraph (2) as paragraph (5);

(B) by striking out paragraph (1) and inserting the following:

"(1) MANDATORY ACTION.—

"(A) BY THE TRADE REPRESENTATIVE.—If the United States Trade Representative (hereinafter in this chapter referred to as the 'Trade Representative') after an investigation under section 302 determines that—

"(i) the rights of the United States under any trade agreement are being denied; or

"(ii) an act, policy, or practice of a foreign country—

"(I) violates, or is inconsistent with, the provisions of, or otherwise denies benefits to the United States under, any trade agreement, or

"(II) is unjustifiable and burdens or restricts United States commerce (including commerce between the United States and another foreign country);

the Trade Representative, subject to the specific direction, if any, of the President, shall, subject to subparagraph (B), take action under subsection (b) or (c), or both, and shall take all other appropriate and feasible action within his power, to enforce such rights or to obtain the elimination of such act, policy, or practice.

"(B) EXCEPTION.—The Trade Representative is not required to take action under subparagraph (A) in any case in which—

"(i) the Contracting Parties to the General Agreement on Tariffs and Trade (hereinafter in this title referred to as the 'GATT') have determined, or a panel of experts has reported to the Contracting Parties, that—

"(I) the rights of the United States under a trade agreement are not being denied, or

"(II) the act, policy, or practice is not a violation of, or inconsistent with, the rights of the United States, or does not deny, nullify, or impair benefits to the United States under any trade agreement; or

"(ii) the Trade Representative finds that—

"(I) the foreign country is taking satisfactory measures to grant the rights of the United States under a trade agreement,

"(II) the foreign country has agreed to eliminate or phase out the act, policy, or practice, or has agreed to an imminent solution to the burden or restriction on United States commerce that is satisfactory to the Trade Representative,

"(III) it is impossible for the foreign country to achieve the results described in subclause (I) or (II), as appropriate, but the foreign country agrees to provide to the United States compensatory trade benefits that are satisfactory to the Trade Representative, or

"(IV) such action is not in the national economic interest of the United States because it would result in United States economic interests being more adversely affected if action were taken under this subclause than if not, and he complies with the reporting requirement under subparagraph (E).

"(C) EXPORT TARGETING.—

"(i) IN GENERAL.—If the Trade Representative determines after an investigation under section 302 that export targeting by a foreign country exists and is a significant burden or restriction on United States commerce, the Trade Representative, subject to the specific direction, if any, of the President, shall, subject to clause (ii)—

"(I) take action under subsection (b) or (c), or both, to obtain the elimination of the export targeting;

"(II) enter into an agreement under which the foreign country provides an imminent solution to the significant burden or restriction on United States commerce, or provides compensatory trade benefits satisfactory to the Trade Representative; or

"(III) take any combination of actions under subclauses (I) and (II).

The action under this subparagraph shall, to the extent possible, reflect the full benefit level of the export targeting to the beneficiary over the period during which it has an effect.

"(ii) EXCEPTION.—The Trade Representative is not required to take action under clause (i) if the Trade Representative—

"(I) finds that such action is not in the national economic interest of the United States by reason of the cause described in subparagraph (B)(ii)(IV); and

"(II) complies with the reporting requirement under subparagraph (E).

"(iii) ADDITIONAL ACTIONS.—In addition to taking action under clause (i), the Trade Representative, subject to the specific direction, if any, of the President, may take administrative actions, and, if necessary, propose legislation, to implement any other action by the United States that would restore or improve the international competitive position of the industry affected by the export targeting.

"(iv) PRIVATE SECTOR ADVICE.—If the Trade Representative does not take action under clause (i) on the basis of the exception provided for under clause (ii), the Trade Representative shall promptly appoint a panel of experts to advise on measures to promote the competitiveness of the industry affected by the export targeting. The panel shall consist of individuals from the private sector (including individuals who represent management and labor in the industry) who, by education or experience, are qualified to serve on the panel. The panel shall submit to the Trade Representative a statement of its advice and recommendations regarding the industry within 6 months after the date on which the panel is first convened. The Trade Representative shall promptly thereafter submit the statement, together with any recommendation he may have regarding the statement, to Congress.

"(D) EQUIVALENCY OF VALUE.—Any action taken—

"(i) under subparagraph (A) to eliminate an act, policy, or practice; or

"(ii) under subparagraph (C) to eliminate export targeting;

shall be devised so as to affect goods or services of the foreign country involved in an amount that is equivalent in value to the burden or restriction being imposed by that country on United States commerce.

"(E) REPORT TO CONGRESS.—The Trade Representative shall promptly report in writing to Congress with respect to each action taken (or the reasons why no action was taken) under this paragraph—

"(i) to enforce the rights of the United States or to eliminate the acts, policies, and practices described in subparagraph (A); or

"(ii) to eliminate export targeting under subparagraph (C).

"(2) DISCRETIONARY ACTION.—

"(A) IN GENERAL.—If the Trade Representative determines after an investigation under section 302, that an act, policy, or practice of a foreign country is unreasonable or discriminatory and burdens or restricts United States commerce (including commerce between the United States and another foreign country); the Trade Representative, if he determines that action by the United States is appropriate and subject to the specific direction, if any, of the President, shall take all appropriate and feasible action within his power to obtain the elimination of that act, policy, or practice.

"(B) EXPORT TARGETING.—If the Trade Representative determines after an investigation under section 302 that export targeting by a foreign country exists and threatens to be a significant burden or restriction on United States commerce, the Trade Representative, if he determines that action by the United States is appropriate and subject to the specific direction, if any, of the President, shall take all appropriate and feasible action to obtain the elimination of the export targeting."; and

(C) by amending paragraph (5) (as redesignated by paragraph (1)) to read as follows:

"(5) SCOPE OF ACTION.—In exercising authority under this section with respect to any goods or sector, the Trade Representative—

"(A) may act on a nondiscriminatory basis or solely against the foreign country involved; but

"(B) shall give preference—

"(i) to taking action with respect to the goods or sector involved in the act, policy, or practice identified under paragraph (1) or (2), or

"(ii) if the provision of compensatory trade benefits to the United States is under negotiation, to seeking compensatory benefits with respect to the same goods or sector.".

(2) Subsection (b) is amended—

(A) by striking out the matter appearing before paragraph (1) and inserting the following:

"(b) OTHER ACTION.—

"(1) IN GENERAL.—For purposes of carrying out paragraphs (1) and (2) of subsection (a), the Trade Representative is authorized to—";

(B) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively;

(C) by striking out the period at the end of subparagraph (B) and inserting "; and"; and

(D) by inserting after subparagraph (B) the following:

"(C) withdraw or refrain from proclaiming under title V—

"(i) the designation of such foreign country as a beneficiary developing country; or

"(ii) the designation of any product of such foreign country as an eligible article.

"(2) FACTORS AFFECTING USE OF IMPORT RESTRICTIONS.—In applying paragraph (1), the Trade Representative shall—

"(A) give preference to the imposition of duties over the imposition of other import restrictions;

"(B) if an import restriction other than a duty is imposed, consider substituting, on an incremental basis, an equivalent duty for such other import restriction; and

"(C) before determining to take action to restrict imports, take into account the likely impact that such action will have on United States agricultural exports.".

(3) Subsection (c) is amended—

(A) by striking out "President may—" in paragraph (1) and inserting "Trade Representative is authorized to—";

(B) by striking out "President" in paragraph (1)(A) and inserting "he";

(C) by amending paragraph (2)(B) to read as follows:

"(B) a determination to initiate an investigation is made by the Trade Representative under section 302(c)."; and

(D) by striking out "President" in paragraph (3) and inserting "Trade Representative,".

(4) Subsection (d) is amended to read as follows:

"(d) PROCEDURES.—

"(1) ACTION AFTER TRADE REPRESENTATIVE DECISIONS.—

"(A) IN GENERAL.—Unless subparagraph (B) applies, the Trade Representative, subject to the specific direction, if any, of the President, within 30 days after making a decision under section 304 or 308(b) to take action under subsection (a)(1)(A) or (C) or (2) shall implement the action.

"(B) DELAY IN IMPLEMENTING ACTION.—The Trade Representative may delay, by not more than 90 days, the implementation of an action under subsection (b) or (c), or both—

"(i) if either—

"(I) in the case of an investigation initiated under section 302(b), the petitioner requests a delay, or

"(II) in the case of an investigation initiated under section 302(c), a delay is requested by the domestic industry that would benefit from the action; or

"(ii) the Trade Representative determines that substantial progress is being made, or that a delay is necessary or desirable, to obtain United States rights or a satisfactory solution with respect to the act, policy, or practice, or export targeting concerned.

"(2) NOTICE.—The Trade Representative shall promptly cause notice to be published in the Federal Register of—

"(A) each decision to be implemented under paragraph (1)(A);

"(B) each delay decided upon under subparagraph (1)(B);

"(C) the reasons for the decision or delay; and

"(D) if the decision is to impose an import restriction, the likely impact, if any, of the restriction on United States agricultural exports.".

(5) Subsection (e) is amended—

(A) by striking out "For purposes of this section—" and inserting "For purposes of this chapter—";

(B) by amending paragraph (3) to read as follows:

"(3) UNREASONABLE.—

"(A) IN GENERAL.—The term 'unreasonable' means any act, policy, or practice which, while not necessarily in violation of or inconsistent with the international legal rights of the United States, is otherwise deemed to be unfair and inequitable. In determining whether an act, policy, or practice is unreasonable, reciprocal opportunities in the United States for foreign nationals and firms shall be taken into account, to the extent appropriate. The term includes, but is not limited to, any act, policy, or practice that—

"(i) subject to section 304(a)(2), with respect to workers—

"(I) denies the right of association,

"(II) denies the right to organize and bargain collectively,

"(III) permits any form of forced or compulsory labor,

"(IV) fails to provide a minimum age for the employment of children, and

"(V) taking into account a country's level of economic development, fails to provide standards for minimum wages, hours of work, and occupational safety and health; or

"(ii) denies fair and equitable—

"(I) market opportunities, including the toleration by a government of systematic anticompetitive activities by private firms or among private firms in the foreign country that have the effect of restricting, on a basis that is inconsistent with commercial considerations, access of United States goods to purchasing by such firms,

"(II) opportunities for the establishment of an enterprise, or

"(III) provision of adequate and effective protection of intellectual property rights."; and

(C) by adding at the end thereof the following new paragraphs:

"(7) FOREIGN COUNTRY.—The term 'foreign country' includes any foreign instrumentality.

"(8) EXPORT TARGETING.—The term 'export targeting' means any government plan or scheme consisting of a combination of coordinated actions, whether carried out severally or jointly, that are bestowed on a specific enterprise, industry, or group thereof the effect of which is to assist the enterprise, industry, or group to become more competitive in the export of a class or kind of merchandise.

"(9) INTERESTED PERSONS.—For purposes of sections 301(d)(1), 302(b)(2)(B), 304(b)(1), and 307(b), the term 'interested persons' includes, but is not limited to, domestic firms and workers, representatives of consumer interests, and United States product exporters that may be affected.".

SEC. 122. INVESTIGATORY PROCEDURES.

(a) OBTAINING INFORMATION.—Section 302 of the Trade Act of 1974 (19 U.S.C. 2412) is further amended by adding at the end thereof the following new subsection:

"(d) OBTAINING INFORMATION.—

"(1) IN GENERAL.—With respect to any investigation initiated under subsection (b)(2), the Trade Representative shall direct to the foreign countries relevant to the investigation such inquiries as the Trade Representative considers appropriate for the purpose of obtaining information relevant to the decisions required under section 304(a).

"(2) VERIFICATION AND USE OF BEST INFORMATION OTHERWISE AVAILABLE.—The Trade Representative may, as to any information furnished in response to an inquiry under paragraph (1), request that the foreign country furnishing such information provide such documentation, or permit such verification, of the information as the Trade Representative considers appropriate. With respect to any information requested in an inquiry under paragraph (1) which is either—

"(A) not furnished in a timely manner;

"(B) is furnished in incomplete or inadequate form; or

"(C) is not documented or verified to the extent considered sufficient by the Trade Representative;

the Trade Representative may disregard all or any part of such information, and instead use the best information otherwise available for purposes of making the determinations and recommendations required under section 304(a).".

(b) CONFORMING AMENDMENTS.—Section 302 is further amended—

(1) by amending subsection (a)(1) to read as follows:

"(1) IN GENERAL.—Any interested person may file a petition with the Trade Representative requesting that action be taken under section 301 and setting forth the allegations in support of the request."; and

(2) by striking out "advise the President concerning the exercise of the President's authority" in subsection (c)(1) and inserting "determine whether the matter is actionable".

SEC. 123. CONSULTATION UPON INITIATION OF INVESTIGATIONS.

Section 303 of the Trade Act of 1974 (19 U.S.C. 2413) is amended—

(1) by amending the second sentence of subsection (a) to read as follows: "If the case involves a trade agreement and a mutually acceptable resolution is not reached before the earlier of—

"(A) the close of the consultation period, if any, specified in the trade agreement; or

"(B) the 150th day after the day on which consultation was commenced;

the Trade Representative shall promptly request proceedings on the matter under the formal dispute settlement procedures provided under such agreement."; and

(2) by inserting ", after consulting with the petitioner," after "may" in subsection (b)(1)(A).

SEC. 124. ACTION DECISIONS BY TRADE REPRESENTATIVE.

Section 304 of the Trade Act of 1974 (19 U.S.C. 2414) is amended as follows:

(1) Subsection (a) is amended—

(A) by redesignating paragraphs (2) and (3) as paragraphs (4) and (5);

(B) by amending that portion of paragraph (1) that precedes subparagraph (A) to read as follows:

"(a) DECISIONS.—

"(1) IN GENERAL.—On the basis of the investigation under section 302 and the consultations (and the proceedings, if applicable) under section 303 and subject to subsection (b), the Trade Representative shall determine whether—

"(A) the rights to which the United States is entitled under any trade agreement are being denied, or

"(B) any act, policy, or practice described in section 301(a) exists;

and if the determination is affirmative, shall decide, as the case may be what action, if any, he should take under section 301(a)(1)(A) or (C) or (2).

"(2) SPECIAL RULE FOR DETERMINATIONS INVOLVING WORKER RIGHTS.—The Trade Representative may determine an act, policy, or practice described in section 301(e)(3)(A)(i) not to be unreasonable if the Trade Representative finds that the foreign country concerned has taken, or is taking, steps that demonstrate a significant and measurable overall advancement to afford throughout the country (including any designated zone within the country) the rights and other standards described in subclauses (I) through (V) of such section.

"(3) TIME FOR MAKING DECISIONS.—The Trade Representative shall make the decision required under paragraph (1) not later than—";

(C) by amending paragraph (3) (as redesignated by subparagraph (B))—

(i) by inserting "exclusively" after "alleges" in subparagraph (B);

(ii) by inserting ", or 18 months after the date of the investigation initiation, whichever first occurs" before the semicolon in subparagraph (C), and

(iii) by inserting at the end thereof the following: "The Trade Representative shall make a determination under section 301(a)(1)(C) or (2)(B), as the case may be, regarding whether export targeting exists and is, or threatens to be, a significant burden or restriction on United States commerce within 6 months after the investigation regarding the alleged targeting is initiated under section 302. The Trade Representative may consult with appropriate Federal agencies before making such a determination."; and

(D) by striking out "paragraph (1)" each place it appears in paragraphs (4) and (5) (as redesignated by subparagraph (A)) and inserting "paragraph (3)".

(2) Subsection (b) is amended—

(A) by amending that portion of subsection (b) that appears before paragraph (1) to read as follows:

"(b) CONSULTATION BEFORE DECISION.—Before deciding upon an action to be taken by him under section 301(a)(1)(A) or (C) or (2) with respect to the treatment of any product or service of a foreign country which is the subject of a petition under section 302, the Trade Representative, unless he determines that expeditious action is required—";

(B) by redesignating paragraph (1) as subparagraph (A) and amending such subparagraph to read as follows:

"(A) shall provide opportunity (after giving not less than 30 days notice thereof) for the presentation of views by interested persons, and such opportunity shall include a public hearing, if requested by any interested person;";

(C) by redesignating paragraphs (2) and (3) as subparagraphs (C) and (D), respectively;

(D) by inserting after subparagraph (A) (as so redesignated) the following new paragraph:

"(B) shall, if export targeting is involved, consult with representatives of the United States industry and workers affected by the targeting, and with other interested persons, with respect to the nature of the appropriate remedial action, including possible measures to enhance the international competitiveness of that industry;"; and

(E) by striking out "paragraph (1) and (2)" in the last sentence and inserting "subparagraphs (A), (B), and (C)".

(4) The side heading to such section is amended to read as follows:

"SEC. 304. DECISIONS BY THE TRADE REPRESENTATIVE.".

SEC. 125. MODIFICATION AND TERMINATION OF ACTIONS; MONITORING OF FOREIGN COMPLIANCE.

Chapter 1 of title III of the Trade Act of 1974 is further amended by adding at the end thereof the following new sections:

"SEC. 307. MODIFICATION AND TERMINATION OF ACTIONS.

"(a) IN GENERAL.—The Trade Representative may modify or terminate an action taken by him under section 301 if—

"(1) the Contracting Parties to the GATT have determined, or a panel of experts has reported to the Contracting Parties, that—

"(A) the action violates, or is inconsistent with, the international obligations of the United States, or

"(B) the foreign act, policy, or practice to which the action responds—

"(i) is not a violation of a trade agreement, or

"(ii) is not inconsistent with the provisions of, or otherwise does not otherwise deny, nullify, or impair benefits to the United States under, any trade agreement; or

"(2) the Trade Representative determines that—

"(A) the foreign act, policy, or practice has been eliminated or is being phased out in a manner satisfactory to him, or

"(B) the action is not effective or its continuation is not in the national economic interest.

"(b) BIENNIAL REVIEW AND ASSESSMENT.—The Trade Representative shall, on a biennial basis, review and assess the results and commercial effects of each action taken under section 301. On the basis of such review, the Trade Representative shall decide whether the modification or termination of any prior action taken by him under section 301(a)(1)(A) or (C) or (2) is appropriate. During the review, the Trade Representative shall consult with the petitioner, if any, representatives of the domestic industry concerned, and shall provide opportunity for the presentation of views by other interested persons affected by the

action under review concerning its effectiveness and whether any modification or termination of the action is indicated.

"(c) NOTICE; REPORT TO CONGRESS.—The Trade Representative shall promptly cause notice to be published in the Federal Register of, and report in writing to Congress with respect to, any modification or termination of an action that is implemented under subsection (a) and the reasons therefor.

"SEC. 308. MONITORING OF FOREIGN COMPLIANCE.

"(a) IN GENERAL.—The Trade Representative shall monitor the implementation of each measure undertaken, or agreement of a kind described in section 301(a)(1)(B)(ii)(I), (II), or (III) or (C)(i)(II) that is entered into under section 301(a)(1) or (2), by a foreign country—

"(1) to enforce the rights of the United States under any trade agreement;

"(2) to eliminate any act, policy, or practice described in section 301(a)(1)(A)(ii) or (2)(A); or

"(3) to eliminate export targeting.

"(b) FURTHER ACTION.—If, on the basis of the monitoring carried out under subsection (a), the Trade Representative considers that a foreign country is not satisfactorily implementing a measure or agreement referred to in subsection (a), the Trade Representative shall decide what further action he shall take under section 301(a)(1). For purposes of section 301, any such decision shall be treated as a decision made under section 304(a)(1).

"(c) CONSULTATIONS.—Before making any decision or recommendation under subsection (b), the Trade Representative shall—

"(1) consult with the petitioner, if any, involved in the initial investigation under this chapter and with representatives of the domestic industry concerned; and

"(2) provide an opportunity for the presentation of views by interested persons.".

SEC. 126. MANDATORY NEGOTIATIONS AND ACTION REGARDING FOREIGN COUNTRIES HAVING EXCESSIVE AND UNWARRANTED TRADE SURPLUSES WITH THE UNITED STATES.

(a) IN GENERAL.—Chapter 1 of title III of the Trade Act of 1974 is amended by adding at the end thereof the following:

"Subchapter B—Special Provisions Regarding Trade Deficits

"SEC. 311. MANDATORY NEGOTIATIONS AND ACTION REGARDING FOREIGN COUNTRIES HAVING EXCESSIVE AND UNWARRANTED TRADE SURPLUSES.

"(a) DETERMINATION OF EXCESSIVE TRADE SURPLUS COUNTRIES.—

"(1) DETERMINATIONS.—The United States International Trade Commission (hereinafter referred to as the 'Commission'), on the basis of the best available trade data, shall—

"(A) determine whether each major exporting country is an excessive trade surplus country for each year occurring within the period beginning on January 1, 1987, and ending December 31, 1990; and

"(B) determine if the percentage obtained by dividing—

"(i) the deficit of the United States, if any, in the merchandise balance of trade between the United States and the rest of the world during each of such years, by

"(ii) the gross national product of the United States for such year,

is less than 1.5 percent.

"(2) REPORTS.—The Commission shall make the determinations required under paragraph (1), and prepare and submit to the Trade Representative a report thereon, by April 1 of the year after the year with respect to which the determinations apply; except that the determinations for 1986 must be made, and the report submitted, by August 1, 1987.

"(3) PUBLICATION IN FEDERAL REGISTER.—Each report submitted to the Trade Representative under paragraph (2) shall be published in the Federal Register.

"(4) SUSPENSION OF APPLICATION OF SECTION.—For any year for which the Commission reports that the percentage referred to in paragraph (1)(B) is less than 1.5 percent—

"(A) no determinations are required under subsection (b)(1) for that year; and

"(B) no actions may be taken under subsection (e) during that year.

"(b) DESIGNATION OF EXCESSIVE AND UNWARRANTED TRADE SURPLUS COUNTRIES.—

"(1) DETERMINATIONS.—The Trade Representative shall, during the 15-day period beginning on the day after the day on which a report is submitted under subsection (a)(2), determine whether each major exporting country identified as an excessive trade surplus country in the report maintained, during the year to which the report applies, a pattern of act, policies, or practices that—

"(A) are unjustifiable, unreasonable, or discriminatory; and

"(B) have an adverse effect on United States commerce and contribute to the excessive trade surplus of that country.

"(2) FACTORS.—In making determinations under paragraph (1), the Trade Representative shall take into account—

"(A) information submitted under section 181;

"(B) the decisions, if any, for action made under section 304 with respect to that country;

"(C) countervailing duty and antidumping duty actions taken under section 303 and title VII of the Tariff Act of 1930 with respect to merchandise of that country;

"(D) adverse determinations under the GATT relating to that country; and

"(E) any other relevant information pertaining to the trade practices or policies of that country, including, but not limited to, the existence of discriminatory government procurement, excessive government regulation designed to discriminate against imported products, governmental tolerance of extensive dumping in foreign markets, export subsidy and targeting policies, excessive tariff barriers, and any other illegal trade barrier.

"(3) DESIGNATION.—If not designated as an excessive and unwarranted trade surplus country for the preceding year, a major exporting country with respect to which affirmative determinations are made under subsection (a)(1) and paragraph (1) for the same year shall, on the last day of the 15-day period referred to in paragraph (1), be designated as an excessive and unwarranted trade surplus country for such same year and such designation shall remain in effect until terminated.

"(4) TERMINATION OF DESIGNATIONS.—The designation of a major exporting country as an excessive and unwarranted trade surplus country shall terminate if a negative determination is made by the Commission under subsection (a)(1) with respect to any year, or by the Trade Representative under paragraph (1) with respect to any year. The termination shall apply for the year in which either of such negative determinations is made and shall continue in effect until affirmative determinations, if any, regarding that country are made under subsection (a)(1) and paragraph (1) with respect to any subsequent year.

"(5) LIST.—The Trade Representative shall publish in the Federal Register, by the 10th day after the last day of the 15-day period referred to in paragraph (1), a list of all major exporting countries the designations of which as excessive and unwarranted trade surplus countries have not been terminated.

"(c) NEGOTIATIONS.—

"(1) IN GENERAL.—During the 180-day period after the 15-day period referred to in subsection (b)(1), the Trade Representative shall enter into negotiations with each foreign country that was designated as an excessive and unwarranted trade surplus country on the last day of that 15-day period under subsection (b)(2) for the purpose of entering into a bilateral trading arrangement providing for—

"(A) the substantial reduction of any unjustifiable, unreasonable, or discriminatory acts, policies, or practices of the foreign country that were determined under subsection (b)(1); or

"(B) the substantial reduction of the adverse effect which such acts, policies, and practices have on United States commerce.

"(2) FACTORS.—In deciding whether the terms of an arrangement will achieve the substantial reduction requirement under paragraph (1), the Trade Representative shall, to the extent possible, estimate the commercial value of the practices referred to in paragraph (1)(A) and must be satisfied that the terms will allow United States firms a realistic opportunity to improve their share of trade with that country by an amount equal to that value.

"(3) EXTENSION.—If the Trade Representative considers that further negotiations with a foreign country are necessary to reach an arrangement under paragraph (1), the Trade Representative may extend the 180-day period referred to in paragraph (1) by not more than an additional 60 days.

"(d) ACTION BY THE UNITED STATES TRADE REPRESENTATIVE.—

"(1) IN GENERAL.—If the Trade Representative is unable to enter into a bilateral arrangement under subsection (c) with an excessive and unwarranted trade surplus country to achieve the objectives set forth in paragraph (1) of that subsection, the Trade Representative, subject to the specific direction, if any, of the President, shall after the close of the 180-day negotiating period (or the last day of that period as extended under subsection (c)(3)), take any of the actions specified in section 301(b) that he considers necessary or appropriate with regard to each unjustifiable, unreasonable, or discriminatory act, policy, or practice of the country that was determined under subsection (b)(1) or became apparent during the negotiating period. Any action taken under this subsection shall be devised so as to affect goods or services of such country in an amount that is equivalent in value to the burden or restriction being imposed by the country on United States commerce.

"(2) MODIFICATION AND TERMINATION.—The Trade Representative may modify or terminate any action taken under paragraph (1). Section 307 applies to modifications and terminations made under paragraph (1) in the same manner and the same extent as it applies to actions taken under section 301.

"(e) WAIVER.—

"(1) IN GENERAL.—Subject to paragraph (2), the Trade Representative, subject to the specific direction, if any, of the President, may waive the taking of any action under

subsection (d) with respect to one or more of the acts, policies, or practices of a foreign country if he considers that the taking of any such action with respect to—

"(A) any unjustifiable act, policy, or practice would result in the national economic interest of the United States being more affected, to a significantly adverse extent, than if such action were not taken; or

"(B) any unreasonable or discriminatory act, policy, or practice would result in the national economic interest of the United States being more adversely affected than if such action were not taken.

"(2) CONDITIONS AFFECTING WAIVERS.—

"(A) CONGRESSIONAL NOTIFICATION.—No waiver under paragraph (1) with respect to any excessive and unwarranted trade surplus country shall have force and effect unless the Trade Representative submits to the Congress within 10 days after the close of the negotiating period under subsection (d) a document stating his intention to implement such waiver.

"(B) CONGRESSIONAL DISAPPROVAL.—No waiver under paragraph (1) with respect to any excessive and unwarranted trade surplus country shall have force and effect if a joint resolution described in section 152(a)(1)(C) is enacted within the 60-day period beginning on the date on which the document referred to in subparagraph (A) regarding the waiver is submitted to Congress.

"(f) CURRENCY MANIPULATION.—

"(1) IN GENERAL.—The Secretary of the Treasury shall determine if any foreign country that is designated as an excessive surplus country is maintaining its currency at an artificially low level that does not reflect the country's competitive strength in international trade.

"(2) NEGOTIATIONS.—The Secretary of the Treasury shall initiate negotiations with the government of each foreign country with respect to which an affirmative determination is made under paragraph (1) for the purpose of entering into an agreement under which realistic realignments of that country's currency will be ensured.

"(3) ACTION IF NEGOTIATIONS UNSUCCESSFUL.—If the government of a foreign country refuses to negotiate, or to enter into an agreement described in paragraph (2), the President may direct the Secretary of the Treasury to impose an exchange rate equalization tariff on the products of such country that are imported into the United States.

"(g) ROUNDING OF TRADE STATISTICS.—For purposes of this section, any trade statistic or limitation shall—

"(1) be rounded off to the nearest billion dollars; and

"(2) shall be adjusted to reflect the fact that certain products of the United States may not, under law, be exported.

"(h) CPI ADJUSTMENT.—For each year after 1986, the Trade Representative shall adjust the dollar limitation set forth in subsection (i)(2) and (5) to reflect the percentage increase or decrease in the Consumer Price Index, published by the Bureau of Labor Statistics of the Department of Labor, for the preceding year.

"(i) DEFINITIONS.—For purposes of this section—

"(1) The term 'excessive trade surplus country' means any major exporting country which has—

"(A) a bilateral export percentage for the year that exceeds 175 percent;

"(B) a bilateral trade surplus for the year; and

"(C) a global trade surplus for the year.

For purposes of subparagraph (C), a global trade surplus exists if the aggregate value of all merchandise exported from the country during the year exceeds the aggregate value of all merchandise imported into the country during the year.

"(2) A foreign country is a major exporting country for a year if the aggregate value of the merchandise trade between such foreign country and the United States during such year is more than $7,000,000,000.

"(3) The term 'foreign country' includes any instrumentality of a foreign country.

"(4) The term 'bilateral export percentage' means, with respect to any foreign country for any year, the percentage determined by dividing—

"(A) the aggregate value of nonpetroleum products of such country exported to the United States during such year; by

"(B) the aggregate value of nonpetroleum products of the United States imported into such country during such year.

"(5) The term 'bilateral trade surplus' means, with respect to any foreign country for any year, an excess of—

"(A) the aggregate value of nonpetroleum products of such country exported to the United States during such year; over

"(B) the aggregate value of nonpetroleum products of the United States imported into such country during such year;

if such excess is at least $3,000,000,000.

"(6) The term 'nonpetroleum product' means any merchandise other than merchandise classified to division 33 of the Standard International Trade Classification (revision II) published by the United Nations.

"(7) The term 'value' means—

"(A) with respect to merchandise imported into the United States, the customs valuation under the Tariff Act of 1930 of those imports, plus all freight, insurance, and other charges incurred regarding the importation (excluding United States tariffs and import excise taxes), and

"(B) with respect to merchandise imported into a foreign country, the transaction prices of such imports plus the freight, insurance, and other charges determined by the Secretary of the Treasury that are incurred in placing the exports alongside the carriers at the United States ports of export.

"(8) The term 'entered' means entered, or withdrawn from warehouse for consumption, in the customs territory of the United States.

"(9) The term 'entry' includes any withdrawal from warehouse for consumption.

"(10) The term 'best trade data available' means—

"(A) with regard to data on the international trade of the United States, official trade information, including the estimates required under section 181, of the United States Government, and

"(B) with regard to data on the international trade of any other country, data that the Commission determines is the most reliable data available for the period under consideration, and may include estimates if the actual data required by this section, or the forms of the data required by this section, are not directly available.

"(11) Any article that is grown, produced, or manufactured in a country is a product of such country.

"(12) Any reference to a year in this section shall be treated as a reference to a calendar year.

"(j) TERMINATION OF EFFECT OF SECTION.—Neither this section nor any action taken, or agreement entered into, under the authority of this section shall have force and effect after December 31, 1990.".

(b) CONFORMING AMENDMENTS.—Section 152(a)(1) of the Trade Act of 1974 (19 U.S.C. 2192(a)(1)) is amended—

(1) by striking out "and" at the end of subparagraph (A);

(2) by striking out the period at the end of subparagraph (B) and inserting "; and"; and

(3) by adding after subparagraph (B) the following:

"(C) a joint resolution of the two Houses of Congress, the matter after the resolving clause of which is as follows: 'That the Congress does not approve the waiver (under section 311 of the Trade Act of 1974) described in the document transmitted to Congress on .', the blank space being filled with the appropriate date.".

SEC. 127. CONFORMING AMENDMENTS AND EFFECTIVE DATE.

(a) CONFORMING AMENDMENTS.—Title III of the Trade Act of 1974 is further amended—

(1) by amending the table of contents by—

(A) inserting before the entry for section 301 the following:

"SUBCHAPTER A—General Provisions",

(B) by amending the entry for section 304 to read as follows:

"Sec. 304. Decisions by the Trade Representative.", and

(C) by adding at the end of the entries for title III the following:

"Sec. 307. Modification and termination of actions.

"Sec. 308. Monitoring of foreign compliance.

"SUBCHAPTER B—Special Provisions Regarding Trade Deficits

"Sec. 311. Mandatory negotiations and action regarding foreign countries having excessive and unwarranted trade surpluses.";

(2) by striking out "Initiation of" in the entry for section 302 in the table of contents;

(3) by amending section 305—

(A) by striking out "merchandise" in subsection (a)(1) and inserting "goods, services, investment, or intellectual property rights", and

(B) by striking out "an interested party" in subsection (b) and inserting "a person";

(4) section 306(3) is amended by striking out "and the actions taken," and all that follows thereafter and inserting "the actions taken, or the reasons for no action, by the President under section 301, and the commercial effects of actions taken under such section.".

(5) by striking out "or instrumentality" each place it appears.

(b) EFFECTIVE DATE.—

(1) Unless otherwise provided in paragraphs (2) and (3), this chapter and the amendments made by it take effect on the date of the enactment of this Act.

(2) The amendments made by sections 121 and 122 apply to—

(A) petitions filed, and investigations initiated on his own motion by the United States Trade Representative, under section 302 of the Trade Act of 1974 on or after the date of the enactment of this Act; and

(B) petitions filed, and investigations self-initiated by date of enactment if by that date no decision had been made under sec-

tion 304 regarding the petition or investigation.

SEC. 128. SENSE OF CONGRESS REGARDING THE EXPEDITIOUS DISPOSITION OF 301 CASES RELATING TO UNFAIR FOREIGN AGRICULTURAL EXPORT PRACTICES.

It is the sense of Congress that the United States Trade Representative should take all necessary or appropriate action to conclude, as soon as possible, all pending cases under section 301 of the Trade Act of 1974 that involve unfair foreign agricultural export practices, including export subsidies and differential export taxes.

Subtitle C—Relief From Injury Caused by Import Competition

CHAPTER 1—INDUSTRY RELIEF FROM INJURY CAUSED BY IMPORT COMPETITION

SEC. 131. IMPORT RELIEF.

(a) IN GENERAL.—Chapter 1 of title II of the Trade Act of 1974 (19 U.S.C. 2251–2253) is amended to read as follows:

"CHAPTER 1—IMPORT RELIEF

"SEC. 201. PETITIONS FOR RELIEF.

"(a) IN GENERAL.—

"(1) A petition for eligibility for import relief for the purpose of enhancing the long-term competitiveness, or otherwise facilitating the orderly adjustment to import competition, of a domestic industry may be filed with the Commission by an entity, including a trade association, firm, certified or recognized union, or group of workers, which is representative of the industry.

"(2) A petition filed under paragraph (1)—

"(A) shall include a statement describing the specific purposes for which import relief is being sought, which may include such objectives as facilitating the orderly transfer of resources to alternative uses and other means of adjustment to new conditions of competition;

"(B) if critical circumstances are alleged to exist, shall include information supporting that allegation; and

"(C) if injury caused by imports of a perishable agricultural product is alleged, may request, subject to section 202(b)(2), emergency relief under section 202(c).

"(3) Whenever a petition is filed under paragraph (1), the Commission shall promptly transmit copies of the petition to the Office of the United States Trade Representative and other Federal agencies directly concerned.

"(b) STATEMENT OF PROPOSED ADJUSTMENT MEASURES.—

"(1) A petitioner under subsection (a) (and any other member of the domestic industry that wishes to join with the petitioner) may submit to the Commission and the Trade Representative, either with the petition or at any time within 120 days after the date of filing of the petition, a statement which should include, to the extent practicable, the following:

"(A) An assessment of the current problems affecting the ability of the domestic industry to compete with imports.

"(B) Recommendations regarding the types of actions that both workers and firms within the industry could undertake, during a period when import relief is provided under this chapter—

"(i) to improve the ability of the industry to compete on its own after such relief terminates; or

"(ii) if long-term competitiveness is not the primary objective, to facilitate orderly adjustment to increased import competition.

"(C) Recommendations regarding the types of actions that Federal agencies could take to assist the efforts of the domestic industry either to enhance its competitiveness or to adjust to import competition.

"(D) An explanation regarding how import relief will assist the industry in enhancing competitiveness or achieving adjustment.

"(2)(A) Before submitting a statement under paragraph (1), the petitioner may consult with the Trade Representative, the officers and employees of other Federal agencies considered appropriate by the Trade Representative, and members of the domestic industry, for purposes of evaluating the adequacy of the recommendations being considered for inclusion in the statement in relation to various forms of import relief that are authorized under this chapter.

"(B) A request for consultation under subparagraph (A) must be made to the Trade Representative. Upon receiving such a request, the Trade Representative shall consult with the petitioner and provide such assistance, including publication of appropriate notice in the Federal Register, as may be practicable in obtaining other participants in the consultation. No consultation may occur under subparagraph (A) unless the Trade Representative, or his delegate, is in attendance.

"SEC. 202. EMERGENCY RELIEF FROM INJURY CAUSED BY IMPORTS OF PERISHABLE AGRICULTURAL PRODUCTS.

"(a) MONITORING OF IMPORTS.—

"(1) An entity representing a domestic industry that—

"(A) produces a perishable agricultural product that is like or directly competitive with an imported perishable agricultural product; and

"(B) has reason to believe that such perishable agricultural product is being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the industry;

may file a request with the Trade Representative for the monitoring of such imports under paragraph (2). Within 21 days after receiving the request, the Trade Representative shall determine if—

"(A) the imported product is a perishable agricultural product; and

"(B) there is a reasonable indication that the domestic industry is vulnerable to serious injury or the threat thereof as a result of such increased imports (either actual or relative to domestic production).

"(2) If the determinations under paragraph (1)(A) and (B) are affirmative, the Trade Representative shall request, under section 332(g) of the Tariff Act of 1930, the Commission to monitor and investigate the imports concerned for a period not to exceed 2 years. The monitoring and investigation shall include the collection and analysis of information that would expedite an investigation under section 203.

"(b) REQUESTS FOR EMERGENCY RELIEF.—

"(1) If a petition is filed under section 201(a) that alleges injury from imports of a product that is, on the date of filing, subject to monitoring and investigation by the Commission under subsection (a), the petitioner may also request that emergency relief be provided under subsection (c) with respect to such imports.

"(2) A petition containing a request for emergency relief may not be filed under section 201(a) before the 90th day after the date on which the Commission commenced the monitoring and investigation of the imports concerned under subsection (a).

"(c) DETERMINATION AND ACTION ON REQUESTS FOR EMERGENCY RELIEF.—

"(1) If emergency relief is requested under subsection (b), the Commission shall promptly make an investigation to determine, on the basis of available information, whether—

"(A) increased imports (either actual or relative to domestic production) of the perishable agricultural product are a substantial cause of serious injury, or the threat thereof, to the domestic industry producing a like or directly competitive perishable product;

"(B) the serious injury is likely to be difficult to repair by reason of perishability of the like or directly competitive agricultural product; and

"(C) the serious injury cannot be timely prevented through investigation and action under sections 203 and 204.

"(2)(A) If the Commission finds that the criteria described in paragraph (1) have been met, the Commission shall find that amount of any increase in, or imposition of, any duty or import restriction on such product which is necessary to prevent or remedy such injury.

"(B) In recommending import relief, the Commission shall give preference to an increase in or the imposition of a duty on imports, if such relief is feasible and would prevent or remedy such injury.

"(3) The Commission shall report its determination under paragraph (1) and finding under paragraph (2) to the Trade Representative at the earliest practicable time, but not later than the 21st day after the day on which the petition is filed under section 201(a).

"(4) After receiving a report from the Commission containing an affirmative finding under paragraph (1), the Trade Representative shall provide emergency relief for the domestic industry unless he determines that provision of emergency relief is not in the national economic interest. The Trade Representative shall decide whether or not to provide emergency relief within 7 days after the day on which the report is received.

"(5) If the Trade Representative decides to provide emergency relief under this section, he shall, after taking into account the finding of the Commission under paragraph (2)—

"(A) order import relief in the form and amount he determines necessary to prevent the serious injury or threat thereof; or

"(B) order—

"(i) the suspension of liquidation of all imported articles subject to a determination under paragraph (4) that are entered, or withdrawn from the warehouse for consumption, after the date of the determination,

"(ii) the posting of a cash deposit, bond, or other security, in such amount as he considers appropriate, for the entry or withdrawal of articles to which the suspension of liquidation applies, or

"(iii) action under both clauses (i) and (ii).

"(d) TERMINATION OF EMERGENCY RELIEF.—

"(1) Any emergency relief provided under subsection (c) with respect to imported articles may not remain in effect after the date on which—

"(A) the Commission reports under section 203(g) that it did not find serious injury, or the threat thereof, to the domestic industry;

"(B) the denial of import relief for the industry under section 204 becomes final;

"(C) import relief for the industry first takes effect under section 204; or

"(D) the Trade Representative terminates the emergency relief because changed circumstances indicates that such action is no longer warranted.

"(2) If emergency relief is terminated under paragraph (1)—

"(A) any suspension of liquidation ordered under subsection (c)(5)(B) shall promptly be terminated;

"(B) any bond or security shall promptly be released; and

"(C) any cash deposit shall promptly be refunded.

"(3) If import relief is granted under section 204 in the form of—

"(A) an increase in, or imposition of, duties, such increase or imposition shall apply to articles with respect to which liquidation was suspended under subsection (c)(5)(B); or

"(B) the imposition of a quantitative restriction, the articles with respect to which liquidation was suspended under subsection (c)(5)(B) shall be counted against such restriction.

"(e) DEFINITION OF PERISHABLE AGRICULTURAL PRODUCT.—For purposes of this section, a perishable agricultural product is any agricultural article, including livestock, regarding which the Trade Representative considers action under this section to be appropriate after taking into account—

"(1) whether the article has—

"(A) a short shelf life,

"(B) a short growing season, or

"(C) a short marketing period,

"(2) whether the article is treated as a perishable product under any other Federal law or regulation; and

"(3) any other factor considered appropriate by the Trade Representative.

The presence or absence of any factor which the Trade Representative is required to take into account under paragraph (1), (2), or (3) is not necessarily dispositive of whether an article is a perishable agricultural product.

"SEC. 203. INVESTIGATIONS AND DETERMINATIONS BY COMMISSION.

"(a) IN GENERAL.—Upon—

"(1) the filing of a petition under section 201(a);

"(2) the request of the President or the Trade Representative;

"(3) the resolution of either the Committee on Ways and Means of the House of Representatives or the Committee on Finance of the Senate; or

"(4) its own motion;

the Commission shall promptly make an investigation to determine whether an article is being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industry producing an article like or directly competitive with the imported article.

"(b) CRITICAL CIRCUMSTANCES.—If a petition alleges that critical circumstances exist, the Commission shall determine, at the same time when the determination under subsection (a) is made, whether such circumstances do exist.

"(c) ECONOMIC FACTORS.—

"(1) In making determinations under subsection (a), the Commission shall take into account all economic factors which it considers relevant, including (but not limited to)—

"(A) with respect to serious injury—

"(i) the significant idling of productive facilities in the domestic industry (which includes the closing of plants or the under-utilization of production capacity),

"(ii) the inability of a significant number of firms to carry out domestic production operations at a reasonable level of profit, and

"(iii) significant unemployment or underemployment within the domestic industry;

"(B) with respect to threat of serious injury—

"(i) a decline in sales,

"(ii) a decrease in market share,

"(iii) a higher and growing inventory (whether maintained by domestic producers, importers, wholesalers, or retailers),

"(iv) a downward trend in production, profits, wages, or employment (or increasing underemployment) in the domestic industry,

"(v) the inability of producers in the domestic industry to generate adequate capital to finance the modernization of their domestic plants and equipment, and

"(vi) the extent to which the United States market is the focal point for the diversion of exports of the article concerned by reason of restraints on exports of such article to or on imports of such article into third country markets; and

"(C) with respect to substantial cause, an increase in imports (either actual or relative to domestic production) and a decline in the proportion of the domestic market supplied by domestic producers.

"(2) For purposes of this subsection, the term 'substantial cause' means a cause which is important and not less than any other cause.

"(3) In applying this subsection, the Commission shall consider the condition of the domestic industry over the course of the relevant business cycle, but may not aggregate the causes of declining demand associated with a recession or economic downturn in the United States economy into a single cause of serious injury or threat of injury.

"(4) The presence or absence of any factor which the Commission is required to evaluate in subparagraphs (A) and (B) of paragraph (1) is not necessarily dispositive of whether an article is being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industry.

"(5) In the case of an investigation involving imports of a seasonable agricultural article, the Commission may find that increased imports of such article are a substantial cause of serious injury or threat thereof to the domestic industry producing an article like or directly competitive with the imported article if such increased imports are largely entered during a specific period or season of the year and are largely impacting only those domestic producers harvesting or marketing the like or directly competitive article during that period or season of the year.

"(d) DETERMINATION OF DOMESTIC INDUSTRY.—

"(1) For purposes of subsection (a), in determining the domestic industry producing an article like or directly competitive with an imported article, the Commission—

"(A) shall, to the extent information is available—

"(i) in the case of a domestic producer which also imports, treat as part of such domestic industry only its domestic production, and

"(ii) in the case of a domestic producer which produces more than one article, treat as part of such domestic industry only that portion or subdivision of the producer which produces the like or directly competitive article; and

"(B) may, in the case of one or more domestic producers which produce a like or directly competitive article in a major geographic area of the United States and whose production facilities in such area for such article constitute a substantial portion of the domestic industry in the United States and primarily serve the market in such area, and where the imports are concentrated in such area, threat as such domestic industry only that segment of the production located in such area.

"(2) The term 'domestic industry' includes producers located in the United States insular possession.

"(e) TREATMENT OF GEOGRAPHICALLY ISOLATED MARKETS.—In making determinations under subsection (a), the Commission may, in appropriate circumstances, disregard quantities of the article imported into a geographically isolated market. A geographically isolated market is a market in which—

"(1) the producers located within the market have not supplied demand in that market to any substantial degree in the most recent representative period, and there is no reasonable likelihood that they will do so in the future;

"(2) the producers have made no significant effort, as measured by capital investments in plant and equipment, or in distribution and marketing, within a reasonably recent period, to meet demand in the market, and there is no reasonable likelihood that they will do so in the future; and

"(3) producers located outside the market have not historically met demand within the market at prices reasonably equivalent to prices prevailing elsewhere in the United States because of transportation, insurance, or other costs which would be incurred to ship the product to, or sell the product in, the market.

"(f) OTHER MATTERS PERTAINING TO INVESTIGATIONS.—In the course of any investigation under subsection (a), the Commission shall—

"(1) seek information (on a confidential basis, to the extent appropriate) on actions being taken, or planned to be taken, or both, by firms and workers in the industry to enhance competitiveness or adjust to import competition;

"(2) investigate any factor which in its judgment may be contributing to increased imports of the article under investigation, and, whenever in the course of its investigation the Commission has reason to believe that the increased imports are attributable in part to circumstances which come within the purview of subtitles A and B of title VII or section 337 of the Tariff Act of 1930, or other remedial provisions of law, the Commission shall promptly notify the appropriate agency so that such action may be taken as is otherwise authorized by such provisions of law; and

"(3) after reasonable notice, hold public hearings and afford interested parties an opportunity to be present, to present evidence, and to be heard at such hearings.

"(g) IMPORT INJURY DETERMINATIONS BY COMMISSION.—

"(1) Within 120 days after commencing an investigation under subsection (a) with respect to a domestic industry, the Commission shall—

"(A) determine whether increased imports are a substantial cause of serious injury, or the threat thereof, to the industry; and

"(B) if the determination under subparagraph (A) is affirmative and the petition alleged critical circumstances, determine if critical circumstances exist.

"(2)(A) If the Commission determines under paragraph (1)(B) that critical circumstances exist, the Commission—

"(i) shall direct the Commissioner of Customs to order the suspension of the liquidation of all articles subject to the determination that are entered, or withdrawn from warehouse for consumption, on or after the date of publication of notice of the order in the Federal Register; and

"(ii) may direct the Commissioner of Customs to order the posting of a cash deposit, bond, or other security, in such amount as he considers appropriate, for the entry of articles to which the suspension of liquidation applies.

"(B) The Commission shall immediately notify the Trade Representative of a determination made under subparagraph (B). Within 7 days after the day on which such notification is received, the Trade Representative, shall terminate the action taken by the Commission if he considers such action not to be in the national economic interest.

"(C) The Trade Representative shall terminate a suspension of liquidation ordered under subparagraph (A)(i), and release any bond or other security, and refund any cash deposit, required under subparagraph (A)(ii), if—

"(i) a denial of import relief for the industry concerned under section 204 becomes final; or

"(ii) import relief in a form other than an increase in, or the imposition of, duties is provided under section 204.

"(D) If import relief is granted under section 204 in the form of—

"(i) an increase in, or imposition of, duties, such increase or imposition shall apply to articles with respect to which liquidation was suspended under subparagraph (A)(i); or

"(ii) the imposition of a quantitative restriction, the articles with respect to which liquidation was suspended under subparagraph (A)(i) shall be counted against such restriction.

"(h) IMPORT RELIEF DETERMINATIONS BY COMMISSION.—

"(1) Within 60 days after making a determination under subsection (g)(1)(A) that serious injury, or the threat thereof, to a domestic industry exists, the Commission shall determine the form and amount of import relief that would be the most effective—

"(A) in preventing or remedying the serious injury or threat thereof; and

"(B) in facilitating the efforts by the domestic industry to enhance its long-term competitiveness or to adjust to import competition.

If the Commission recommends under subparagraph (A) the imposition of a quantitative restriction on imports, the Commission shall recommend the administration of such a restriction through the public auction of import licenses unless the Commission determines that the use of such an auction would have undesirable economic results.

"(2) In determining the form and amount of import relief under paragraph (1), the Commission shall consider the following factors:

"(A) The extent to which import relief, if implemented in conjunction with existing or proposed actions by the domestic industry that are—

"(i) specified in the statement of proposed adjustment measures, if any, submitted under section 201(b); or

"(ii) revealed to the Commission under subsection (f)(1);

are likely to enhance the long-term competitiveness, or otherwise facilitate the adjustment to import competition, of the domestic industry.

"(B) The current competitive position of the domestic industry in the United States and world markets.

"(C) The trends in conditions of competition in the United States and world markets that are likely to continue.

"(D) The role of the particular industry in the national economy, including its importance to United States national economic security.

"(i) REPORT BY COMMISSION.—

"(1) The Commission shall report to the Trade Representative its findings, and the basis therefor, with respect to each investigation undertaken under subsection (a). The report shall be made at the earliest practicable time, but not later than 180 days after the date on which the petition is filed, or resolution is received, or the motion is adopted, as the case may be.

"(2) The Commission shall include in the report required under paragraph (1) the following:

"(A) The determination made under subsection (g)(1)(A).

"(B) If the determination under subsection (g)(1)(A) is affirmative, the import relief determination made under subsection (h)(1).

"(C) Any dissenting or separate views by members of the Commission regarding the determinations.

"(D) A detailed statement regarding how the factors listed in subsection (h)(2) were applied in determining the form and amount of import relief.

"(E) An estimate of—

"(i) the effects (on the basis of either costs or benefits, or both) of the import relief on—

"(I) consumers of the imported product and consumers of the product generally, and

"(II) on other sectors of the United States economy, and

"(ii) the economic or social costs or benefits to taxpayers, communities, and workers which would likely result if import relief were or were not provided.

"(F) Information, if any, obtained by the Commission under subsection (f)(1) regarding actions or proposed actions by the domestic industry.

"(3) The Commission, after submitting a report to the Trade Representative under paragraph (1), shall promptly make it available to the public (with the exception of the confidential information obtained under subsection (f)(1) and any other information which the Commission determines to be confidential) and cause a summary thereof to be published in the Federal Register.

"(4) Except for good cause determined by the Commission to exist, no investigation for the purposes of this section shall be made with respect to the same subject matter as a previous investigation under this chapter, unless 1 year has elapsed since the Commission made its report to the President or the Trade Representative as the case may be of the results of such previous investigation.

"(j) NOTIFICATION EFFECTING AUTOMATIC CERTIFICATION OF ELIGIBILITY TO APPLY FOR ADJUSTMENT ALLOWANCES.—Within 48 hours after the Commission finds with respect to any article the serious injury, or the threat thereof, described in subsection (a) to a domestic industry, it shall notify the Secretary of Labor and the Secretary of Commerce (for purposes of effecting automatic certification of eligibility to apply for adjustment assistance under section 222(b) or 251(c)(2), as the case may be) of the identity of—

"(1) the domestic industry;

"(2) the firms and subdivisions, to the extent known, within such industry; and

"(3) the articles produced by such industry that are like or directly competitive to the imported articles that caused such injury or threat.

"SEC. 204. ACTION BY TRADE REPRESENTATIVE AFTER DETERMINATION OF IMPORT INJURY.

"(a) DETERMINATIONS REGARDING RELIEF.—

"(1) After receiving a report containing an affirmative finding under section 203(i) regarding a domestic industry and taking into account the matters specified in paragraph (3), the Trade Representative shall decide either—

"(A) to provide import relief to the extent that, and for such time (not to exceed 5 years) as, he determines necessary to prevent or remedy the serious injury, or the threat thereof, to the industry and to enhance the long-term competitiveness or otherwise facilitate the orderly adjustment to import competition of the industry; or

"(B) not to provide import relief because—

"(i) the provision of any import relief would threaten the national security of the United States; or

"(ii) the economic costs of providing any import relief are so great that they outweigh the economic and social benefits of providing import relief.

"(2) In addition to, or in lieu of, the forms of import relief specified in section 206(a)(3), the Trade Representative may initiate negotiations with the foreign governments concerned to address the underlying cause of the increase in imports, or otherwise to alleviate the serious injury or threat thereof to the domestic industry. If the Trade Representative decides to initiate negotiations in lieu of providing any other form of import relief, such decision shall be treated, for purposes of subsection (b)(1), as a decision to provide relief that differs from the import relief determined by the Commission. In the document required to be submitted under subsection (b)(1), the Trade Representative shall state the period of time in which he will undertake such negotiations. If at, or any time before, the close of such period of time (if Congress does not implement under subsection (b)(5) the import relief recommended by the Commission) the Trade Representative reports to Congress that the negotiations have not been successful, the Trade Representative is authorized to provide import relief under subsection (a) to the domestic industry concerned. For purposes of exercising such authority, the report of the Commission containing the affirmative finding under section 203(i) regarding the industry shall be treated as having been received by the Trade Representative on the day the negative report regarding the negotiations is made to Congress.

"(3) For purposes of making decisions under paragraph (1), the Trade Representative shall give particular weight to the estimate of costs and benefits included in the report of the Commission under section 203(i)(2)(E) and shall take into account, in addition to such other factors as he considers relevant—

"(A) information and advice from the Secretary of Labor on the extent to which workers in the industry will benefit from ad-

justment assistance under chapter 2 and other manpower programs;

"(B) information and advice from the Secretary of Commerce on the extent to which firms in the industry will benefit from adjustment assistance under chapter 3;

"(C) the factors set forth in subparagraphs (A) through (D) of section 203(h)(2);

"(D) the effect of import relief on consumers (including the price and availability of the imported article and the like or directly competitive article produced in the United States) and on competition in the domestic markets for such articles;

"(E) the likely effect of the import relief on the agricultural exports of the United States;

"(F) the effect of import relief on the international economic interests of the United States;

"(G) the impact on United States industries and firms as a consequence of any possible modification of duties or other import restrictions which may result from international obligations with respect to compensation;

"(H) the geographic concentration of imported articles marketed in the United States and presence, if any, of geographically isolated markets for such articles;

"(I) the extent to which the United States market is the focal point for exports of such article by reason of restraints on exports of such article, to, or on imports of such article into, third country markets;

"(J) the economic and social costs which would be incurred by taxpayers, communities, and workers, if import relief were or were not provided; and

"(K) if a seasonal agricultural product is involved, the seasonal nature of the imports.

"(4) The Trade Representative shall make the decision under paragraph (1) within 30 days (60 days if the Trade Representative considers the matter extraordinarily complicated) after receiving a report from the Commission containing an affirmative finding under section 204 (or a finding under section 204 which he considers to be an affirmative finding, by reason of section 330(d) of the Tariff Act of 1930); except that if a supplemental report is requested under paragraph (5), the Trade Representative shall make the decision under paragraph (1) within 30 days after the supplemental report is received.

"(5) The Trade Representative may, within 15 days after the date on which he receives an affirmative finding of the Commission under section 204 with respect to a domestic industry, request additional information from the Commission. The Commission shall, as soon as practicable but in no event more than 30 days after the date on which it receives the Trade Representative's request, furnish additional information with respect to the industry in a supplemental report.

"(b) REPORTS TO CONGRESS.—

"(1) On the day the Trade Representative decides to provide import relief under subsection (a) to a domestic industry, the Trade Representative shall transmit to Congress a document describing that relief. If the import relief to be provided differs from the import relief determined by the Commission under section 203(h)(1), the Trade Representative shall state the reasons in detail for the difference.

"(2) On the day on which the Trade Representative decides not to provide import relief under subsection (a)(1)(B) to a domestic industry, the Trade Representative shall transmit to Congress a document that sets forth—

"(A) in detail, the reasons for the decision; and

"(B) what other actions, if any, are being taken to help the industry to overcome the serious injury or threat thereof and the workers to find productive employment.

"(3) The document required to be transmitted to Congress under paragraph (1) or (2) shall specify how the Trade Representative applied—

"(A) the estimates of costs and benefits included in the report of the Commission under section 203(i)(2)(E); and

"(B) the factors set forth in subsection (a)(3)(A) through (I);

with respect to the decision under such paragraph.

"(4) On the day on which the Trade Representative implements any import relief under section 205 not reported under paragraph (1), he shall transmit to Congress a document setting forth the action he is taking and the reasons therefor.

"(5) If the Trade Representative reports under paragraph (1) or (2) that the import relief being provided differs from the import relief determined by the Commission, or that import relief will not be provided to the domestic industry, the import relief determined by the Commission under section 203(h)(1) shall take effect (as provided in subsection (c)(2)) upon enactment of a joint resolution described in section 152(a)(1)(A) within the 90-day period beginning on the date on which the document referred to in paragraph (1) or (2) is transmitted to the Congress.

"(c) TIME FOR TAKING EFFECT OF RELIEF.—

"(1) Except as provided in paragraphs (1) and (2), the Trade Representative shall order (or otherwise implement) import relief provided under this chapter to take effect within 15 days after the date on which the Trade Representative decides to provide the relief under section 204(a).

"(2) If the contingency set forth in subsection (b)(5) occurs, the Trade Representative shall, within 30 days after the date of the enactment of the joint resolution referred to in such subsection, order (or otherwise implement) the import relief that was determined by the Commission under section 203(h)(1).

"(3) If the Trade Representative announces on the date on which the decision is made under section 204(a) his intention to negotiate one or more orderly marketing or other agreements, the import relief shall be implemented and take effect within 90 days after such date.

"(d) ORDERLY MARKETING AND OTHER AGREEMENTS.—

"(1) If the Trade Representative provides import relief other than through orderly marketing or other agreements, he may, after such relief takes effect, negotiate orderly marketing or other agreements with foreign countries, and may, after such agreements take effect, suspend or terminate, in whole or in part, any import relief previously provided.

"(2) If the Trade Representative negotiates an orderly marketing or other agreement and the agreement does not continue to be effective, he may, consistent with the limitations contained in section 205, provide any other import relief.

"(e) TREATMENT OF CERTAIN SUSPENSIONS OF DUTY.—

"(1) The suspension of—

"(A) item 806.30 or 807.00 of the Tariff Schedules of the United States with respect to an article; and

"(B) the designation of any article as an eligible article for purposes of title V;

shall be treated as an increase in duty under section 206(a)(3).

"(2) No order providing for a suspension referred to in paragraph (1) with respect to any article may be made by the Trade Representative, nor may any such suspension be determined by the Commission under section 203(h)(1), unless the Commission determines in the course of its investigation under section 203 that the serious injury, or threat thereof, substantially caused by imports to the domestic industry producing a like or directly competitive article results from, as the case may be—

"(A) the application of item 806.30 or item 807.00; or

"(B) the designation of the article as an eligible article for the purposes of title V.

"(f) REGULATIONS.—

"(1) The Trade Representative shall by regulation provide for the efficient and fair administration of any import relief provided under this chapter.

"(2) In order to carry out an orderly marketing or other agreements concluded to carry out this chapter, the Trade Representative may prescribe regulations governing the entry or withdrawal from warehouse of articles covered by such agreement. In addition, in order to carry out any orderly marketing agreement concluded under this chapter with one or more countries accounting for a major part of United States imports of the article covered by such agreements, including imports into a major geographic area of the United States, the Trade Representative may issue regulations governing the entry or withdrawal from warehouse of like articles which are the product of countries not parties to such agreement.

"(3) Regulations prescribed under this subsection shall, to the extent practicable and consistent with efficient and fair administration, insure against inequitable sharing of imports by a relatively small number of the larger importers.

"SEC. 205. EXTENSION, MODIFICATION, AND TERMINATION OF IMPORT RELIEF.

"(a) EXTENSION, MODIFICATION, AND TERMINATION.—Any import relief provided under this chapter—

"(1) shall, unless extended under paragraph (3), terminate no later than the close of the 5th anniversary of the day on which import relief with respect to the article in question first took effect under section 204;

"(2) if provided for a period of more than 3 years, shall, to the extent feasible, be phased down during the period of such relief, with the first reduction of relief taking effect no later than the close of the 3rd anniversary of the day on which such relief first took effect;

"(3) may be extended by the Trade Representative at a level of relief no greater than the level in effect immediately before such extension, for one period of not more than 3 years if the Trade Representative determines, after taking into account the advice received from the Commission under subsection (b) and after taking into account the matters referred to in section 204(a)(3), that such extension is in the national interest; and

"(4) shall be terminated by the Trade Representative if he determines, after taking into account the advice received from the Commission under subsection (b) and

after seeking advice of the Secretary of Commerce and the Secretary of Labor (and the Secretary of Agriculture if an agricultural product is involved), that such reduction or termination is in the national interest.

"(b) REGULAR COMMISSION REVIEW.—

"(1) So long as any import relief remains in effect, the Commission shall keep under review developments with respect to the industry concerned (including the progress and specific efforts made by the firms in the industry concerned to enhance competitiveness or adjust to import competition). The Commission shall submit to the Congress and the Trade Representative, and make available to the public, an annual report on the review undertaken under this paragraph while the import relief is in effect.

"(2) Upon request of the Trade Representative or upon its own motion, the Commission shall advise the Trade Representative of its judgment as to the probable economic effect on the industry concerned of the extension, reduction, or termination of the import relief.

"(3) Upon petition on behalf of the industry concerned, filed with the Commission not earlier than the date which is 9 months, and not later than the date which is 6 months, before the day any import relief provided under this chapter is to terminate by reason of the expiration of the initial period therefor, the Commission shall advise the Trade Representative of its judgment as to the probable economic effect on such industry of such termination.

"(4) In advising the Trade Representative under paragraph (2) or (3) as to the probable economic effect on the industry concerned, the Commission shall take into account all economic factors which it considers relevant, including the matters referred to in section 204(a)(3) and the progress and specific efforts made by the industry concerned to enhance competitiveness or to adjust to import competition.

"(5) Advice by the Commission under paragraph (2) or (3) shall be given on the basis of an investigation during the course of which the Commission shall hold a hearing at which interested persons shall be given a reasonable opportunity to be present, to produce evidence, and to be heard.

"(c) SPECIAL COMMISSION REVIEW.—

"(1) The Commission—

"(A) at the request of the Trade Representative shall; and

"(B) at the request of any interested party, or on its own motion, may;

undertake a review to determine whether a modification of the form or amount of any import relief provided under this chapter would be appropriate—

"(i) to compensate for changes in currency exchange rates;

"(ii) to prevent or respond to attempts to circumvent the import relief;

"(iii) to ensure the effectiveness of the import relief in providing adequate opportunity for facilitating competitiveness or adjustment;

"(iv) to account for changed circumstances in the domestic economy; or

"(v) to account for actions taken or not taken by the domestic industry to become more competitive or to adjust.

During any review undertaken under this paragraph, the Commission shall provide opportunity for the presentation of views by interested persons.

"(2) As promptly as feasible, but not later than the 90th day after commencing a review under paragraph (1), the Commission shall submit to the Trade Representative each import relief modification, and a detailed statement of the reasons therefor, that it determines under paragraph (1) to be appropriate. Within 21 days after receiving the proposed modification and statement, the Trade Representative shall decide whether to order or implement the proposed modification or any part thereof.

For purposes of the preceding sentence, a proposed modification of the Commission shall be treated by the Trade Representative as an affirmative determination of the Commission under section 203(i) and the provisions of section 204 apply to a proposed modification in the same manner and to the same extent as to such an affirmative determination.

"SEC. 206. DEFINITIONS; MISCELLANEOUS PROVISIONS.

"(a) DEFINITIONS.—For purposes of this chapter:

"(1) The term 'Commission' means the United States International Trade Commission.

"(2) Critical circumstances exist if a substantial increase (absolutely or relatively) in the quantity of an article being imported into the United States over a relatively short period of time has led to circumstances in which a delay in the taking effect of import relief would cause harm that would significantly impair the effectiveness of such relief.

"(3)(A) The term 'import relief' means one or more of the following actions with respect to an imported article:

"(i) Subject to subparagraph (B), the ordering of an increase in, or the imposition of, any duty on the article.

"(ii) Subject to subparagraph (B), the ordering of a tariff-rate quota on the article.

"(iii) The ordering of a modification of, or the imposition of, any quantitative restriction on the importation into the United States of the article.

"(iv) The negotiation, conclusion, and carrying out of orderly marketing agreements with foreign countries limiting the export from foreign countries or the importation into the United States of the article.

"(B) No order issued to implement import relief described in clause (i) or (ii) of subparagraph (A) shall be made increasing a rate of duty to (or imposing) a rate which is more than 50 percent ad valorem above the rate (if any) existing at the time of the order.

"(C) The import relief specified in clauses (iii) and (iv) of subparagraph (A) may not be provided to any industry at the same time.

"(4) The term 'Trade Representative' means the United States Trade Representative.

"(b) ARTICLES TO WHICH CHAPTER NOT APPLICABLE.—No investigation may be made under section 203 with respect to an article which has received import relief under this chapter unless 2 years have elapsed since the last day on which such import relief was provided with respect to that article.

"(c) OTHER PROVISIONS.—

"(1) Actions by the Trade Representative under this chapter may be taken without regard to the provisions of section 126(a) of this Act but only after consideration of the relation of such actions to the international obligations of the United States.

"(2) If the Commission treats as the domestic industry production located in a major geographic area of the United States under section 203(d)(1)(B), then the Trade Representative shall take into account the geographic concentration of domestic production and of imports in that area in providing import relief, if any, which may include actions authorized under paragraph (1)."

(b) CONFORMING AMENDMENTS.—

(1) TRADE ACT OF 1974.—The Trade Act of 1974 is amended as follows:

(A) section 127(b) (19 U.S.C. 2137(b)) is amended by striking out "203" and inserting "204".

(B) Sections 224 and 264 (19 U.S.C. 2274 and 2354) are each amended—

(i) by striking out "201" in subsection (a) and inserting "203";

(ii) by striking out "201" in subsection (b) and inserting "203(i)"; and

such section 264 is amended by striking out "201(b)" in subsection (c) and inserting "203(g)".

(C) Section 406 (19 U.S.C. 2436) is amended—

(i) by striking out "201(a)(1)" in subsection (a)(1) and subsection (d) and inserting "201(a)";

(ii) by striking out "subsections (a)(2), (b)(3), and (c) of section 201" in subsection (a)(2) and inserting "sections 201(b) and 203(d) and (e)(3)";

(iii) by amending subsection (b)—

(I) by striking out "sections 202 and 203" each place it appears and inserting "section 204", and

(II) by striking out "201(b)" and inserting "203(a)"; and

(iv) by striking out "202 and 203" in subsection (c) and inserting "204".

(2) CARIBBEAN BASIN ECONOMIC RECOVERY ACT.—Section 213 of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2703) is amended—

(A) by amending subsection (e)(1)—

(i) by striking out "President may by proclamation" and inserting "United States Trade Representative", and

(ii) by striking out "proclaimed pursuant to section 203" and inserting "provided under chapter 1 of title II";

(B) by striking out "President under section 201(d)(1)" in subsection (e)(2) and inserting "United States Trade Representative under section 204";

(C) by striking out "(a) and (c) of section 203" in subsection (e)(3) and inserting "chapter 1 of title II";

(D) by amending subsection (e)(4)—

(i) by striking out "proclamation" and inserting "import relief",

(ii) by striking out "made under subsections (a) and (c) of section 203" and inserting "provided under chapter 1 of title II"; and

(iii) by striking out "201(b)" each place it appears and inserting 203";

(E) by amending subsection (e)(5)—

(i) by striking out "proclamation issued pursuant to section 203" and inserting "import relief provided under chapter 1 of title II", and

(ii) by striking out "subsections (h) and (i) of section 203" and inserting "section 205";

(F) by amending subsection (f)(2) and (3) by striking out "President" each place it appears and inserting "United States Trade Representative";

(G) by amending subsection (f)(4)—

(i) by amending subparagraph (A) by striking out "proclamation" and inserting "provision", and by striking out "202(a)(1)" and inserting "204", and

(ii) by striking out "the President makes a determination pursuant to section

203(b)(2)" in subparagraph (B) and inserting "the United States Trade Representative makes a determination under section 204(a)(1)(B)".

(3) TRADE AND TARIFF ACT OF 1984.—

(A) Section 307(b)(4) of the Tariff and Trade Act of 1984 (19 U.S.C. 2114d(4)) is amended by striking out "actions taken under 203" and inserting "import relief provided under chapter 1 of title II".

(B) Title IV of the Tariff and Trade Act of 1984 is amended—

(i) by amending section 403—

(I) by striking out "President under section 201(d)(1)" in subsection (b) and inserting "United States Trade Representative under section 203",

(II) by striking out "subsections (a) and (c) of section 203" in subsections (c) and (d) and inserting "chapter 1 of title II",

(III) by striking out "201(b)" in subsection (d) and inserting "203(g)", and

(IV) by striking out "subsections (h) and (i) of section 203" in subsection (e)(2) and inserting "section 205"; and

(ii) by amending section 404—

(I) by striking out "President" each place it appears therein and inserting "United States Trade Representative";

(II) by striking out "proclamation of import relief under section 202(a)(1)" and inserting "provision of import relief under chapter 1 of title II", and

(III) by striking out "President makes a determination under section 203(b)(2)" and inserting "United States Trade Representative makes a decision under section 204(a)".

(4) TARIFF ACT OF 1930.—Section 330(d) of the Tariff Act of 1930 (19 U.S.C. 1330(d)) is amended—

(A) by amending paragraph (1)—

(i) by striking out "201" and inserting "203", and

(ii) by striking out "(b)(1)" and inserting "(a)";

(B) by amending paragraph (2)—

(i) by striking out "President" each place it appears and inserting "United States Trade Representative",

(ii) by striking out "201" the first place it appears and inserting "203",

(iii) by striking out "201(d)(1)" and inserting "203(g)",

(iv) by striking out "202 and 203" each place it appears and inserting "203 and 204", and

(v) by striking out "203(b)" in subparagraph (B) and inserting "204(a)"; and

(C) by striking out "203(c)(1)" in paragraph (4) and inserting "206(a)(4)".

(5) TABLE OF CONTENTS.—The entry for such chapter 1 in the table of contents to the Trade Act of 1974 is amended to read as follows:

"CHAPTER 1—IMPORT RELIEF

"Sec. 201. Petitions for relief.
"Sec. 202. Emergency relief from injury caused by imports of perishable agricultural products.
"Sec. 203. Investigations and determinations by Commission.
"Sec. 204. Action by Trade Representative after determination of import injury.
"Sec. 205. Extension, modification, and termination of import relief.
"Sec. 206. Definitions; miscellaneous provisions.".

(c) EFFECTIVE DATE.—The amendments made by subsections (a) and (b) shall take effect on the date of the enactment of this Act and shall apply with respect to petitions filed under chapter 1 of title II of the Trade Act of 1974 on or after that date. Any petition filed under section 201 of such chapter before such date of enactment, and with respect to which the United States International Trade Commission did not make a finding before such date with respect to serious injury or the threat thereof, may be withdrawn and refiled, without prejudice, by the petitioner.

CHAPTER 2—INDUSTRY RELIEF FROM MARKET DISRUPTION CAUSED BY IMPORTS FROM NONMARKET ECONOMY COUNTRIES

SEC. 135. MARKET DISRUPTION.

(a) AMENDMENTS.—Section 406 of the Trade Act of 1974 (19 U.S.C. 2436) is amended—

(1) by striking out "President" each place it appears in paragraphs (3) and (4) of subsection (a), and in subsections (b), (c), and (d), and inserting "United States Trade Representative";

(2) by striking out "Communist country" each place it appears therein and inserting "nonmarket economy country"; and

(3) by amending subsection (e) to read as follows:

"(e) For purposes of this section, the term 'nonmarket economy country' means any country in which economic activity, as a whole, is generally determined through central government planning rather than being dependent on market forces."; and

(4) by adding at the end thereof the following new subsections:

"(f)(1) For purposes of this section, market disruption exists within a domestic industry whenever an article is being imported into the United States in such increased quantities (either absolutely or relatively) as to be an important cause of material injury or the threat thereof, to the domestic industry producing an article like or directly competitive with the imported article.

"(2) In making its determination under paragraph (1), the Commission shall consider, among other factors—

"(A) the volume of imports of the merchandise which is the subject of the investigation;

"(B) the effect of imports of the merchandise on prices in the United States for like or directly competitive articles;

"(C) the impact of imports of such merchandise on domestic producers of like or directly competitive articles; and

"(D) evidence of disruptive pricing practices, or other efforts to unfairly manage trade patterns.

"(3) For purposes of paragraph (2)—

"(A) In evaluating the volume of imports of merchandise, the Commission shall consider whether the increase in the volume of imports of the merchandise, either in absolute terms or relative to production or consumption in the United States, is significant.

"(B) In evaluating the effect of imports of such merchandise on prices, the Commission shall consider whether—

"(i) there has been significant price underselling by the imported merchandise as compared with the price of like products of the United States, and

"(ii) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.

"(C) In examining the impact on the affected industry, the Commission shall evaluate all relevant economic factors which have a bearing on the state of the industry, including, but not limited to—

"(i) actual and potential decline in output, sales, market share, profits, productivity, return on investments, and utilization of capacity.

"(ii) factors affecting domestic prices, and

"(iii) actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment.

"(4) In making its determination under paragraph (1), the Commission shall, where appropriate, cumulate imports from 2 or more nonmarket economy countries subject to investigation under this section.

"(g) The Commission may recommend, in addition to other relief available under this section, a variable tariff that is equivalent to the average of—

"(1) the average price at which United States producers of merchandise that is like or similar to the article under investigation sell, or offer to sell, the merchandise in arms length transactions; and

"(2) the average price at which imported merchandise that is like or similar to the article under investigation is sold, or offered for sale, in the United States in arms length transactions.

"(h) The Trade Representative may deny import relief with respect to imports from a nonmarket economy country only if the provision of such relief would have a serious negative impact on the domestic economy.".

(b) EFFECTIVE DATE.—

(1) Except as provided in paragraph (2), the amendments made by subsection (a) apply with respect to petitions filed under section 406(a) of the Trade Act of 1974 on or after the date of the enactment of this Act.

(2) If there is in effect, on such date of enactment, any bilateral agreement between the United States and any nonmarket economy country containing obligations of the United States with which the amendments made by subsection (a) conflict, the amendments made by subsection (a) (except those made by paragraphs (1) and (2) of such subsection) shall apply with respect to petitions regarding imports from that country that are filed under section 406(a) of the Trade Act of 1974 on or after the date after such date of enactment on which such obligations under the bilateral agreement terminate.

CHAPTER 3—TRADE ADJUSTMENT ASSISTANCE

SEC. 141. TRADE READJUSTMENT ALLOWANCES.

(a) TO SUPPLEMENT REEMPLOYMENT WAGES.—Section 232 of the Trade Act of 1974 (19 U.S.C. 2292) is amended—

(1) by striking out "Subject to subsections (b) and (c)," in subsection (a) and inserting "Except as provided in subsection (d), and subject to subsections (b) and (c),"; and

(2) by adding at the end thereof the following new subsection:

"(d)(1) If an adversely affected worker accepts full-time employment (hereinafter referred to in this subsection as 'reemployment') at a weekly wage that is less than his average weekly wage in adversely affected employment and the worker has met the requirements of section 231(a)(1) and (2), the worker may elect to receive trade readjustment allowances (in the form of supplemental wage allowances) under this subsection with respect to any week during which the worker performs services in such reemployment job for scheduled hours of work in each such week. Upon making such an election, the adversely affected worker is not el-

igible for trade readjustment allowances under the other provisions of this part.

"(2) A supplement wage allowance shall be payable for any week of reemployment without regard to whether the worker is also receiving, or is entitled to, unemployment insurance with respect to such week.

"(3) The supplemental wage allowance payable to an adversely affected worker under this subsection with respect to any week in which services are performed in such a reemployment job shall be an amount that—

"(A) is equal to the difference between—

"(i) the weekly wage received for such week, and

"(ii) an amount equal to 80 percent of his average weekly wage in adversely affected employment (as determined for purposes of section 247(6)); but

"(B) does not exceed 50 percent of the weekly amount of trade readjustment allowance for the worker (as determined for purposes of subsection (a)).".

(b) DURATION OF ALLOWANCES.—Section 233(a) of the Trade Act of 1974 (19 U.S.C. 2293) is amended—

(1) by striking out "(1) The" and inserting "(1) Except as otherwise provided in this section, the";

(2) by redesignating paragraphs (2) and (3) as paragraphs (3) and (4), respectively;

(3) by inserting after paragraph (1) the following:

"(2) The maximum amount of supplemental wage allowances payable to a reemployed worker under section 232(d) with respect to the period covered by any certification shall in lieu of the maximum amount of trade readjustment allowance specified in paragraph (1) be the amount that is the product of 52 multiplied by the maximum weekly amount as determined under section 232(d)(2)(B), but such product shall be reduced by such maximum weekly amount multiplied by the number of weeks preceding the first week of work in the reemployment job with respect to which the worker was entitled to or paid a trade readjustment allowance."; and

(4) by amending paragraph (4) (as redesignated by paragraph (2) of this subsection) by striking out "under this chapter" and inserting "under section 231(a)".

SEC. 142. TRAINING FOR WORKERS.

(a) TRAINING PROGRAM ENROLLMENT A PREREQUISITE FOR ELIGIBILITY FOR TRADE READJUSTMENT ALLOWANCES.—Section 231 of the Trade Act of 1974 (19 U.S.C. 2291) is amended as follows:

(1) Subsection (a) is amended—

(A) by amending paragraph (5)—

(i) by amending that portion that precedes subparagraph (A) to read as follows: "(5) Such worker, if not subject to paragraph (6)—"; and

(ii) by adding at the end thereof the following flush sentence:

"The Secretary shall waive the application of subparagraph (A) in the case of any worker if the Secretary determines that no acceptable job search program is reasonably available for the worker."; and

(B) by adding at the end thereof the following new paragraph:

"(6) Such worker, unless exempt from this paragraph under subsection (e), has no reasonable prospect of being reemployed by the firm or subdivision from which the worker was totally separated and—

"(A) is enrolled in a training program approved by the Secretary under section 236(a); or

"(B) has, after the date on which the worker first became totally separated or partially separated from the adversely affected employment, completed a training program approved by the Secretary under section 236(a).".

(2) The following new subsections are added at the end thereof:

"(d) If the Secretary determines that—

"(1) an adversely affected worker—

"(A) is not enrolled in a training program as required under subsection (a)(6)(A), or

"(B) has ceased to participate in a training program approved by the Secretary under section 236(a) before completing the program; and

"(2) there is no justifiable cause for such failure to enroll or cessation;

no trade readjustment allowance may be paid to the adversely affected worker under this part on or after the date of such determination until the worker enrolls or resumes participation in a training program approved under section 236(a).

"(e) If the Secretary determines that it is not feasible or appropriate to approve a training program under section 236(a) for an adversely affected worker, the Secretary shall exempt the worker from subsection (a)(6).".

(b) ENTITLEMENT TO TRAINING; PAYMENT BY VOUCHER.—Section 236 of the Trade Act of 1974 (19 U.S.C. 2296) is amended as follows:

(1) Subsection (a) is amended—

(A) by striking out "(to the extent appropriated funds are available)" and all that follows down to "Insofar as possible," in paragraph (1) and inserting the following: "approve such training for the worker and the worker shall be entitled to have payment of the costs of such training (but not to exceed $4,000 with respect to any single certification and any one adversely affected worker) paid by the Secretary. The Secretary shall prescribe regulations that set forth the criteria under subparagraphs (A) through (E) that will be used as the basis for making determinations under this subsection.";

(B) by redesignating paragraphs (2), (3), and (4) as paragraphs (3), (4), and (5), respectively;

(C) by inserting after paragraph (1) of subsection (a) the following new paragraph:

"(2) The Secretary shall pay the costs of training provided under paragraph (1) under a voucher system. If the costs of the training provided to a worker under paragraph (1) is less than $4,000, then a relocation allowance granted to the worker under section 238 may be paid, in whole or part, through the voucher system, but the aggregate payment under the voucher system of any such allowance together with the payment for training under paragraph (1) may not exceed the $4,000 limitation in that paragraph."; and

(D) by amending paragraph (5) (as so redesignated) by—

(i) striking out "and" in subparagraph (C),

(ii) redesignating subparagraph (D) as subparagraph (E), and

(iii) by inserting after subparagraph (C) the following:

"(D) a program of remedial education, and".

(2) Subsection (c) is repealed.

(3) Subsections (d), (e), and (f) are redesignated as subsections (c), (d), and (e), respectively.

(4) That part of subsection (c) (as so redesignated) that precedes paragraph (1) is amended to read as follows:

"(d) Notwithstanding any provision of subsection (a)(1), the Secretary shall pay the costs of on-the-job training of an adversely affected worker under subsection (a)(1) in 12 equal monthly installments, but the Secretary may pay such costs only if—".

(c) CONFORMING AMENDMENTS.—

(1) Section 233(b) of the Trade Act of 1974 (19 U.S.C. 2293(b)) is amended by striking out "if the adversely affected worker who would receive such allowance did" and inserting "in the case of an adversely affected worker who was exempted from the training requirement in section 231(a)(6) if the worker does".

(2) Section 239(a) of the Trade Act of 1974 (19 U.S.C. 2311(a)) is amended by striking out "and (4)" and inserting: "(4) will determine exemptions under section 231(e), and (5)".

SEC. 143. COOPERATING STATE AGENCY FUNCTIONS.

Section 239(f) of the Trade Act of 1974 (19 U.S.C. 2311(f)) is amended—

(1) by redesignating paragraphs (1) and (2) as paragraphs (3) and (4);

(2) by inserting before "to apply" in paragraph (3) (as so redesignated) the following: ", as appropriate, to enroll in a job search program or";

(3) by striking out "within 60 days" in paragraph (4) (as so redesignated) and inserting "as soon as practicable"; and

(4) by inserting before paragraph (3) (as so redesignated) the following:

"(1) advise each worker who applies for unemployment insurance of the benefits under this chapter and the procedures and deadlines for applying for such benefits,

"(2) facilitate the early filing of petitions under section 221 for workers who the agency considers likely to be eligible for benefits under this chapter,".

SEC. 144. SUPPLEMENTAL WORKER TRAINING PROGRAMS.

(a) IN GENERAL.—Title II of the Trade Act of 1974 (19 U.S.C. 2251 et seq.) is amended—

(1) by redesignating chapter 5 as chapter 6; and

(2) by inserting after chapter 4 the following new chapter:

"CHAPTER 5—SUPPLEMENTAL WORKER TRAINING

"SEC. 276. FINANCIAL ASSISTANCE FOR TRAINING PROGRAMS.

"(a) The Secretary of Commerce (hereinafter referred to in this chapter as the 'Secretary') may provide financial assistance in the form of grants and loans under this chapter to support, in whole or in part, training programs administered by educational institutions (whether public or private) and by firms for workers eligible for training under chapter 2.

"(b) Loans and grants made by the Secretary under this chapter shall be subject to such terms and conditions as the Secretary considers necessary to protect the interests of the United States, including the restrictions applicable to direct loans provided for in section 255 (b) and (c) and the following conditions:

"(1) The aggregate amount of loans made with respect to any one training program under this chapter and outstanding at any time may not exceed $1,000,000.

"(2) The aggregate amount of grants made under this chapter and outstanding at any time may not exceed $1,000,000.

"SEC. 277. ELIGIBLE TRAINING PROGRAMS.

"(a) Except as provided in subsection (b), the Secretary may not provide financial assistance under this chapter with regard to a

training program unless the Secretary determines, after consultation with the Secretary of Labor, that the program will provide training that would meet the standards for approval under section 236(a)(1)(D).

"(b) The Secretary may exempt from subsection (a) any training program if the Secretary considers the program to contain innovative training methods that merit testing. Not more than 30 percent of the monies available in any fiscal year for the carrying out of this chapter may be expended on training programs subject to this subsection.

"SEC. 278. FINANCING.

"(a) There is established in the Treasury of the United States the Supplemental Training Fund (hereinafter in this section referred to as the 'fund') which shall be available, as provided for in advance in appropriation Acts, for the provision of financial assistance under this chapter. The fund shall consist of—

"(1) appropriations to the fund under subsection (b); and

"(2) payments of principal and interest, and other receipts, received by the Secretary in the administration of this chapter.

"(b) There are appropriated from time-to-time to the fund all monies in the account in the Treasury into which are deposited repayments and other receipts under section 257(c) other than such monies as are necessary for the carrying out of the administrative functions associated with the operation of the financial assistance program authorized under chapter 3.".

SEC. 145. AUTOMATIC CERTIFICATION OF ELIGIBILITY TO APPLY FOR ADJUSTMENT ASSISTANCE.

(a) CERTIFICATION OF WORKERS.—Section 222 of the Trade Act of 1974 (19 U.S.C. 2273) is amended—

(1) by striking out "The Secretary" and inserting "(a) Except as provided in subsection (b), the Secretary"; and

(2) by adding at the end thereof the following:

"(b) The Secretary shall treat any group of workers in a firm or subdivision that is—

"(1) within a domestic industry with respect to which the Secretary receives a notification under section 203(j); and

"(2) produces articles that are like or directly competitive with the articles identified in such notification;

as having met the requirements for certification under subsection (a) if the petition for certification is filed within 3 years after the date such notification is received. A certification of eligibility to apply for adjustment assistance shall be issued under section 223 specifically identifying each group of workers who qualify for certification under this subsection.".

(b) CERTIFICATION OF FIRMS.—Section 251(c) of the Trade Act of 1974 (19 U.S.C. 2341(a)) is amended—

(1) by redesignating subparagraphs (A) and (B) of paragraph (2) as clauses (i) and (ii), respectively;

(2) by redesignating paragraphs (1), (2), and (3) as subparagraphs (A), (B), and (C), respectively;

(3) by striking out "paragraph (3)" in the last sentence and inserting "subparagraph (C)";

(4) by striking out "The Secretary" and inserting "(1) Except as provided in paragraph (2), the Secretary"; and

(5) by inserting at the end thereof the following:

"(2) The Secretary shall treat any firm that is—

"(A) within a domestic industry with respect to which the Secretary receives a notification under section 203(j); and

"(B) produces articles that are like or directly competitive with the articles identified in such notification;

as having met the requirements for certification under paragraph (1) if the petition for certification is filed within 3 years after the date such notification is received.".

SEC. 146. ADJUSTMENT ASSISTANCE TRUST FUND.

(a) Section 245 of the Trade Act of 1974 (19 U.S.C. 2317) is amended to read as follows:

"SEC. 245. ADJUSTMENT ASSISTANCE TRUST FUND.

"(a) There is established in the Treasury of the United States a trust fund to be known as the Adjustment Assistance Trust Fund (hereinafter in this section referred to as the 'Trust Fund').

"(b) The Trust Fund shall consist of monies—

"(1) transferred under subsection (c);

"(2) deposited under subsection (d); and

"(3) appropriated pursuant to subsection (f).

"(c) The Secretary of the Treasury shall transfer, at least quarterly, to the Trust Fund out of the general fund of the Treasury of the United States amounts determined by the Secretary of the Treasury to be equivalent to the amounts received into the general fund that are attributable to—

"(1) the imposition of duties as import relief under chapter 1 of this title or as an action under section 301(a); and

"(2) the public auctioning of import licenses under section 1102 of the Trade Agreements Act of 1979 (19 U.S.C. 2581).

"(d) With respect to each fiscal year in which duties are imposed under section 245A, the Secretary of the Treasury shall deposit into the Trust Fund all duties collected under that section with respect to that year.

"(e) Amounts in the Trust Fund shall only be available—

"(1) to carry out part 1 and section 236, including administrative expenses; and

"(2) to the extent provided for in advance by appropriation Acts, to carry out—

"(A) chapters 2 (except part 1 and section 236) and 3 of this title, including administrative expenses, and

"(B) any community assistance program provided for under Federal law with respect to communities in which a substantial number of workers or firms, or both, are certified as eligible to apply for adjustment assistance under chapter 2 or 3.

"(f) There are authorized to be appropriated to the Trust Fund such sums as may be necessary to supplement the monies otherwise accruing to the Trust Fund to carry out the provisions referred to in subsection (e).

"(g) Any amount remaining in the Trust Fund at the close of a fiscal year not needed for current operations shall be deposited into the general fund of the Treasury as miscellaneous receipts.".

SEC. 147. IMPOSITION OF SMALL UNIFORM DUTY ON ALL IMPORTS.

(a) IN GENERAL.—Subchapter C of part III of chapter 2 of title II of the Trade Act of 1974 (19 U.S.C. 2311 et seq.) is amended by inserting after section 245 the following new section:

"SEC. 245A. IMPOSITION OF DUTIES TO FUND WORKER ADJUSTMENT ASSISTANCE PROGRAM.

"(a)(1) The President shall undertake negotiations necessary to achieve changes in the General Agreement on Tariffs and Trade that would allow any country to impose a small uniform duty on all imports to such country for the purpose of using the revenue from such duty to fund any program which assists worker adjustment to import competition.

"(2) On the first day after the date of enactment of this section on which the General Agreement on Tariffs and Trade allows any country to impose a duty described in paragraph (1), the President shall submit to the Congress a written statement certifying that the General Agreement on Tariffs and Trade allows such a duty.

"(b) With respect to each fiscal year occurring after the fiscal year in which the statement referred to in subsection (a)(3) is submitted to Congress, there is imposed, subject to subsection (d) and in addition to any other duty imposed by law, a duty on all articles entered, or withdrawn from warehouse, for consumption in the customs territory of the United States during such fiscal year.

"(c) The rate of the duty imposed under subsection (b) during a fiscal year shall be a uniform ad valorem rate, proclaimed by the President at least 30 days before the beginning of such year, sufficient to provide the funding necessary to carry out the provisions of this chapter during such year.

"(d)(1) Except as otherwise provided in this subsection, duty-free treatment provided with respect to any article under any other provision of law shall not prevent the imposition of duty with respect to such article by subsection (b).

"(2) No duty may be imposed under subsection (b) with respect to—

"(A) any article that is accorded duty-free treatment under schedule 8 of the Tariff Schedules of the United States (other than an article provided for in item 870.40, 870.45, 870.50, 870.55, or 870.60 of such Schedule); or

"(B) any article which has a value of less than $1,000.".

SEC. 148. EFFECTIVE DATES AND CONFORMING AMENDMENTS.

(a) EFFECTIVE DATES.—

(1) Except as provided in paragraph (2), the amendments made by this chapter take effect after the date of the enactment of this Act.

(2) The amendments made by sections 141 and 142 apply with respect to workers covered by petitions filed under section 221 of the Trade Act of 1974 on or after such date of enactment.

(b) CONFORMING AMENDMENTS.—The table of contents to the Trade Act of 1974 is amended—

(1) by striking out the entry for section 245 and inserting the following:

"Sec. 245. Adjustment assistance trust fund.
"Sec. 245A. Imposition of duties to fund worker adjustment assistance program.";

(2) by redesignating chapter 5 of title II thereof as chapter 6; and

(3) by inserting after the entries for chapter 4 of such title the following:

"CHAPTER 5—SUPPLEMENTAL WORKER TRAINING

"Sec. 276. Financial assistance for training programs.
"Sec. 277. Eligible training programs.
"Sec. 278. Financing.".

Subtitle D—Relief From Injury Caused by Subsidies and Dumping

SEC. 151. REFERENCE TO THE TARIFF ACT OF 1930.

Unless otherwise provided, whenever in this chapter an amendment or repeal is expressed in terms of an amendment to, or repeal of, a title, subtitle, section, subsection, or other provision, the reference shall be considered to be made to a title, subtitle, section, subsection, or other provision of the Tariff Act of 1930 (19 U.S.C. 1671 et seq.).

SEC. 152. PROCESSED AGRICULTURAL PRODUCTS.

(a) DEFINITION OF INDUSTRY PRODUCING PROCESSED AGRICULTURAL PRODUCTS.—Section 771(4) (19 U.S.C. 1677(4)) is amended by adding at the end thereof the following new subparagraph:

"(E) INDUSTRY PRODUCING PROCESSED AGRICULTURAL PRODUCTS.—

"(i) IN GENERAL.—In an investigation involving a processed agricultural product produced from any raw agricultural product, the producers or growers of the raw agricultural product may be considered part of the industry producing the processed product if—

"(I) the processed agricultural product is produced from the raw agricultural product through a single continuous line of production; and

"(II) there is a substantial coincidence of economic interest between the producers or growers of the raw agricultural product and the processors of the processed agricultural product based upon relevant economic factors, which may, in the discretion of the Commission, include price, added market value, or other economic interrelationships (regardless of whether such coincidence of economic interest is based upon any legal relationship).

"(ii) PROCESSING.—For the purposes of this subparagraph, the processed agricultural product shall be considered to be processed from a raw agricultural product through a single continuous line of production if—

"(I) the raw agricultural product is substantially or completely devoted to the production of the processed agricultural product; and

"(II) the processed agricultural product is produced substantially or completely from the raw product.

"(iii) RELEVANT ECONOMIC FACTORS.—For purposes of clause (i)(II), in addition to such other factors it considers relevant to the question of coincidence of economic interest, the Commission shall—

"(I) if price is taken into account, consider the degree of correlation between the price of the raw agricultural product and the price of the processed agricultural product; and

"(II) if added market value is taken into account, consider whether the value of the raw agricultural product constitutes a significant percentage of the value of the processed agricultural product.

"(iv) RAW AGRICULTURAL PRODUCT.—For purposes of this subparagraph, the term 'raw agricultural product' means any farm or fishery product.".

(b) MATERIAL INJURY.—Section 771(7)(F) (19 U.S.C. 1677(7)(F)) is amended—

(1) by striking out "and" at the end of subclause (VII);

(2) by striking out the period at the end of subclause (VIII) and inserting ", and"; and

(3) by adding at the end thereof the following:

"(IX) in any investigation under this title which involves imports of both a raw agricultural product (within the meaning of paragraph (4)(E)(iv)) and any product processed from such raw agricultural product, the likelihood that there will be increased imports, by reason of product shifting, if there is an affirmative determination by the Commission with respect to either the raw agricultural product or the processed agricultural product (but not both).".

(c) INTERESTED PARTIES.—Section 771(9) (19 U.S.C. 1677(9)) is amended—

(1) by striking out "and" at the end of subparagraph (E);

(2) by striking out the period at the end of subparagraph (F) and inserting in lieu thereof ", and"; and

(3) by adding at the end thereof the following new subparagraph:

"(G) in any investigation under this title involving an industry engaged in producing a processed agricultural product, as defined in paragraph (4)(E), a coalition or trade association which is representative of either—

"(i) processors, or

"(ii) processors and producers or growers.".

(d) CONFORMING AMENDMENTS.—

(1) Section 702(b)(1) and 732(b)(1) (19 U.S.C. 1671a(b)(1) and 1673(a)(b)(1)) are each amended by striking out "subparagraph (C), (D), (E), or (F) of section 771(9)" each place it appears and inserting in lieu thereof "subparagraph (C), (D), (E), (F), or (G) of section 771(9)".

(2) Subsections (g)(2) and (h)(1) of sections 704 and 734 (19 U.S.C. 1671c; 1673c) are each amended by striking out "subparagraph (C), (D), (E), and (F)" and inserting in lieu thereof "subparagraph (C), (D), (E), (F), or (G)".

(3) Section 514 (19 U.S.C. 1514) is amended by striking out "as defined in section 771(9)(C), (D), (E), and (F) of this Act".

(4) Subsection (a) of section 516 (19 U.S.C. 1516(a)) is amended by adding at the end thereof the following new paragraph:

"(3) Any producer of a raw agricultural product who is considered under section 771(4)(E) to be part of the industry producing a processed agricultural product of the same class or kind as the designated imported merchandise shall, for purposes of this section, be treated as an interested party producing such processed agricultural product.".

SEC. 153. DEFINITION OF DOMESTIC SUBSIDY.

Section 771(5) (19 U.S.C. 1677(5)) is amended to read as follows:

"(5) SUBSIDY.—

"(A) IN GENERAL.—The term 'subsidy' has the same meaning as the term 'bounty or grant' as that term is used in section 303 of this Act, and includes, but is not limited to, the following:

"(i) Any export subsidy described in Annex A to the Agreement (relating to illustrative list of export subsidies).

"(ii) The following domestic subsidies, if provided or required by government action to a specific enterprise or industry, or group of enterprises or industries, whether publicly or privately owned and whether paid or bestowed directly or indirectly on the manufacture, production, or export of any class or kind of merchandise:

"(I) The provision of capital, loans or loan guarantees on terms inconsistent with commercial considerations.

"(II) The provision of goods or services at preferential rates.

"(III) The grant of funds or forgiveness of debt to cover operating losses sustained by a specific industry.

"(IV) The assumption of any costs or expenses of manufacture, production, and distribution.

"(B) SPECIAL RULE.—In applying subparagraph (A), the administering authority, in each investigation, shall determine whether the benefits under the bounty, grant, or subsidy are actually paid to or bestowed on a specific enterprise or industry, or group of enterprises or industries. A nominal general availability, under the terms of the law or rule establishing a bounty, grant, or subsidy, of the benefits thereunder is not cause for determining that the bounty, grant, or subsidy cannot be, or has not been, paid to or bestowed on a specific enterprise or industry, or group thereof.

"(C) DETERMINATION OF PREFERENTIAL RATES.—For purposes of determining under subparagraph (A)(ii)(II) whether the rate at which goods or services are provided is preferential, the administering authority shall compare such rate with the following:

"(i) The freely-available and market-determined rate at which such or similar goods or services are provided within the country.

"(ii) If a rate cannot be determined under clause (i), an appropriate rate applicable to external transactions regarding such or similar goods or services, including, but not limited to—

"(I) the rate (if different from the rate subject to investigation) at which the government provides such or similar goods or services for export;

"(II) the world market rate if any, for such or similar goods or services; or

"(III) the freely available and market-determined rate at which such or similar goods or services are provided within another country that has a market for the goods or service that is similar to the market of the country subject to the investigation.

"(iii) If a rate cannot be determined under clause (ii), a rate determined by the administering authority, on the basis of the best information available to it, that reflects—

"(I) the cost of producing the goods or providing the services; and

"(II) a reasonable profit for such production or provision,".

SEC. 154. DEFINITION OF MATERIAL INJURY AND THREAT OF MATERIAL INJURY.

Section 771(7) (19 U.S.C. 1677(7)) is amended—

(1) by amending subparagraph (B) to read as follows:

"(B) VOLUME AND CONSEQUENT IMPACT.—In making its determinations under sections 703(a), 705(b), 733(a), and 735(b), the Commission, in each case—

"(i) shall consider—

"(I) the volume of imports of the merchandise which is the subject of the investigation,

"(II) the effect of imports of that merchandise on prices in the United States for like products, and

"(III) the impact of imports of such merchandise on domestic producers of like products, but only in the context of production operations within the United States; and

"(ii) may consider such other economic factors as are relevant to the determination regarding whether there is material injury by reason of imports.

In the notification required under section 705(d) or 735(d), as the case may be, the Commission shall explain its analysis of each factor considered under clause (i), and identify each factor considered under clause (ii) and explain in full its relevance to the determination.";

(2) by amending subparagraph (C)—

(A) by amending the side heading to read as follows: "(C) EVALUATION OF RELEVANT FACTORS.—",

(B) by striking out "price undercutting" and inserting "price underselling" in clause (ii),

(C) by amending clause (iii)—

(i) by amending that part that precedes subclause (I) to read as follows:

"(iii) IMPACT ON AFFECTED DOMESTIC INDUSTRY.—In examining the impact required to be considered under subparagraph (B)(iii), the Commission shall evaluate all relevant economic factors which have a bearing on the state of the industry in the United States, including, but not limited to—", and

(ii) by adding at the end thereof the following flush sentence:

"The Commission shall evaluate all relevant economic factors within the context of the business cycle and conditions of competition that are distinctive to the affected industry.",

(C) by amending clause (iv) to read as follows:

"(iv) CUMULATION.—For purposes of clauses (i) and (ii), the Commission shall cumulatively assess the volume and price effects of imports from two or more countries if such imports compete with each other, and with like products of the domestic industry, in the United States market, and if such imports—

"(I) are subject to any investigation under section 303, 701, or 731;

"(II) are subject to any final order or suspension agreement resulting from an investigation under section 303, 701, or 731; or

"(III) were entered before any quantitative restraint was imposed, if such restraint was the basis on which a petition filed under section 303, 701, or 731 was withdrawn after the administering authority made an affirmative preliminary determination on the petition.

Subclauses (II) and (III) apply only if the order, agreement, or restraint concerned came into effect within the 12-month period ending on the date the investigation with respect to which this clause is being applied is initiated.", and

(D) by adding at the end thereof the following:

"(v) EXCLUSION OF NEGLIGIBLE IMPORTS FROM CUMULATION.—The Commission is not required to apply clause (iv) or subparagraph (F)(iii) in any case in which the Commission determines that imports of the merchandise subject to investigation are negligible and have no discernable adverse impact on the domestic industry. For purposes of making such a determination, the Commission shall evaluate all relevant economic factors regarding the imports, but not limited to, whether—

"(I) the volume and market share of the imports are negligible;

"(II) sales transactions involving the imports are isolated and sporadic; and

"(III) the domestic market for the like product is price sensitive by reason of the nature of the product, so that a small quantity of imports can result in price suppression or depression.";

(3) by amending subparagraph (E) to read as follows:

"(E) SPECIAL RULES.—For purposes of this paragraph—

"(i) STANDARD OF DETERMINATION.—The presence or absence of any factor which the Commission is required to evaluate under subparagraph (C) or (D) shall not necessarily give decisive guidance with respect to the determination by the Commission of material injury.

"(ii) GEOGRAPHICALLY ISOLATED MARKETS.—In determining whether material injury, the threat of material injury, or the material retardation of the establishment of an industry exists, the Commission may consider whether imports of the merchandise which is the subject of the investigation have historically supplied a substantial proportion of demand in a geographically isolated market, and, in appropriate circumstances, may disregard imports the merchandise into such a geographically isolated market in making its determination. A geographically isolated market is one in which—

"(I) producers located within such market have not supplied demand in that market to any substantial degree in the most recent representative period, and there is no reasonable likelihood that they will do so in the future;

"(II) producers have made no significant effort as measured by capital investment in plant and equipment, or in distribution and marketing, within a reasonably recent period, to meet demand in that market, and there is no reasonable likelihood that they will do so in the future; and

"(III) producers located outside the area have historically not met demand within the region at prices reasonably equivalent to prices prevailing elsewhere in the United States because of transportation, insurance, or other costs which would be incurred to ship the product to or market the product in the geographically isolated market."; and

(4) by amending subparagraph (F) (as amended by section 152(b))—

(A) by inserting the following before the comma at the end of clause (i)(I): "provided by a foreign country and effects likely to be caused by the subsidy",

(B) by striking out "and" at the end of clause (i)(VIII),

(C) by striking out the period at the end of clause (i)(IX) and inserting in lieu thereof ", and", and

(D) by adding at the end of clause (i) the following new subclause:

"(X) the extent to which the United States is a focal point for exports of the merchandise by reason of restraints on exports of the merchandise to, or on imports of the merchandise into, third country markets.", and

(E) by adding at the end thereof the following new clauses:

"(iii) CUMULATION.—To the extent practicable and subject to paragraph (C)(v), for purposes of clause (i) (III) and (IV), the Commission shall cumulatively assess the volume and price effects of imports from two or more countries if such imports—

"(I) compete with each other, and with like products of the domestic industry, in the United States market; and

"(II) are subject to any investigation under section 303, 701, or 731.

"(iv) EFFECT OF DUMPING IN THIRD-COUNTRY MARKETS.—In investigations under subtitle B, the Commission shall consider whether dumping in third-country markets, as evidenced by dumping findings or antidumping remedies in other GATT member markets against the same class or kind of merchandise manufactured or exported by the same party as under investigation, suggests a threat of material injury to the domestic industry. In the course of its investigation, the Commission shall request information from the foreign manufacturer, exporter, or United States importer concerning this issue. If the foreign manufacturer, exporter, or United States importer does not provide specific and convincing information to establish that there is no threat of injury to the United States industry, then the Commission may draw adverse inferences. For purposes of this clause, the term 'GATT member market' means any country which is a signatory to The Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade (relating to antidumping measures), and the European Community shall be treated as being one country.".

SEC. 155. PREVENTION OF CIRCUMVENTION OF ANTIDUMPING AND COUNTERVAILING DUTY ORDERS.

Section 771 (19 U.S.C. 1677) is further amended by adding at the end thereof the following new paragraph:

"(18) PREVENTION OF CIRCUMVENTION OF FINDINGS AND ORDERS.—

"(A) DEFINITION.—As used in this paragraph, the term 'order or finding' means—

"(i) a countervailing duty order issued under section 303 or 706;

"(ii) an antidumping duty order issued under section 736; or

"(iii) a finding issued under the Antidumping Act, 1921.

"(B) DUMPING OR SUBSIDIZATION OF MERCHANDISE COMPLETED OR ASSEMBLED IN THE UNITED STATES.—If a product which is within the class or kind of merchandise covered by an order or finding is completed or assembled in the United States with parts or components imported from the country covered by such order or finding: the order or finding shall apply to those parts or components used in the completion or assembly of the merchandise in the United States, if—

"(i) substantially all the parts and components are imported from the country covered by the order or finding;

"(ii) the value added in the United States is small in relation to the total value of the merchandise entered into the commerce of the United States; and

"(iii) the parts or components were produced or exported by a company related to the company performing the completion or assembly in the United States.

"(C) DUMPING OR SUBSIDIZATION OF MERCHANDISE COMPLETED OR ASSEMBLED IN THIRD COUNTRIES.—If the administering authority decides such action to be appropriate to prevent significant evasion of an order or finding, the administering authority may include in the order or finding merchandise of the class or kind covered by the order or finding that is completed or assembled in a third country before importation into the United States if—

"(i) substantially all the parts and components are imported from a country covered by the order or finding;

"(ii) the value added in the third country is small in relation to the total value of the merchandise imported into the United States; and

"(iii) the parts or components were produced or exported by a company related to the company performing the completion or assembly in the third country.

"(D) MINOR ALTERATIONS OF MERCHANDISE.—The class or kind of merchandise subject to an order or finding shall presumptively include articles altered in form or appearance in minor respects (including raw agricultural products that have undergone minor processing), and whether or not included in the same tariff classification after such alteration, if such alteration does not result in a change in the class or kind of the merchandise, and unless the administering

authority determines that it would be unnecessary to consider the altered merchandise within the scope of the order or finding.".

SEC. 156. DIVERSIONARY INPUT DUMPING.

(a) IN GENERAL.—Section 771 of the Tariff Act of 1930 (19 U.S.C. 1677) is further amended by adding at the end thereof the following new paragraph:

"(19) DIVERSIONARY INPUT DUMPING.—Diversionary input dumping occurs when any material or component—

"(A) which is incorporated into the merchandise under investigation; and

"(B) with respect to which, either—

(i) during the 6-year period occurring before the date on which the investigation referred to in subparagraph (A) was commenced—

"(I) an antidumping duty order was issued under section 736;

"(II) an investigation was suspended under section 734; or

"(III) a review occurred under section 751; or

(ii) an agreement, arrangement, or understanding containing quantitative limitations, restrictions, or other terms relating to the importation into the United States of such material or component on which an investigation termination under section 734 was based was entered into or undertaken after a preliminary determination was made during the 6-year period referred to in clause (i) by the United States and a country;

is purchased by the manufacturer or producer of such merchandise at a price that is less than the input value of such material or component determined under section 773(e)(4).".

(b) INVESTIGATION OF DIVERSIONARY INPUT DUMPING.—

(1) Section 732 (19 U.S.C. 1673a) is amended by adding at the end thereof the following new subsection:

"(e) INVESTIGATION OF DIVERSIONARY INPUT DUMPING.—The administering authority shall investigate whether diversionary input dumping is occurring whenever—

"(1) the administering authority has reasonable grounds to believe or suspect that diversionary input dumping is occurring;

"(2) a material or component described in clause (ii) of section 771(18)(A) is routinely used as a major material or component in manufacturing or producing the merchandise under investigation such that it has a significant effect on the cost of manufacturing the merchandise; and

"(3) official government statistics or other reliable, generally accepted trade statistics indicate that subsequent to the issuance of an antidumping duty order under section 736 or the entry into force of an international agreement or arrangement relating to the importation into the United States of the material or component, the following changes have occurred, as measured by quantity or market share—

"(A) shipments to the United States of the material or component have decreased absolutely or the rate of increase of such shipments has decreased, and

"(B) shipments to the United States of the merchandise under investigation have increased.".

(2) Section 733(b) (19 U.S.C. 1673b(b)) is amended by adding at the end thereof the following new paragraph:

"(3) DIVERSIONARY INPUT DUMPING.—If, before making a preliminary determination under paragraph (1) or (2), the administering authority determines that there is reason to believe or suspect that diversionary input dumping is occurring, the period of time within which a preliminary determination must be made under paragraph (1) or (2) shall be extended to 190 days (240 days in cases declared extraordinarily complicated under subsection (c)) after the date on which the petition is filed under section 732(b) or the date on which the investigation is initiated under section 732(a).".

(3) Section 735(a) (19 U.S.C. 1673d(a)) is amended by adding at the end thereof the following new paragraph:

"(4) DIVERSIONARY INPUT DUMPING.—If, after making a preliminary determination under section 733(b), the administering authority determines that there is reason to believe or suspect that diversionary input dumping is occurring, the period of time within which a final determination must be made under paragraph (1) shall be extended to 105 days (165 days if paragraph (2) applies) after the date on which the preliminary determination was made under section 733(b).".

(c) DETERMINATION OF INPUT VALUE.—

(1) Section 773(a) (19 U.S.C. 1677b(a)) is amended by adding at the end thereof the following:

"(5) DIVERSIONARY INPUT DUMPING.—Notwithstanding paragraph (1), if the administering authority determines that diversionary input dumping is occurring with respect to the merchandise under investigation, the foreign market value of such merchandise shall be the constructed value of such merchandise determined under subsection (e).".

(2) Section 773(e) (19 U.S.C. 1677b(e)) is amended by adding at the end thereof the following new paragraph:

"(4) DIVERSIONARY INPUT DUMPING.—

"(A) IN GENERAL.—If the administering authority determines that diversionary input dumping is occurring, the constructed value of the merchandise subject to investigation that is otherwise calculated under this subsection shall be increased by an amount equal to the excess of—

"(i) the input value of the material or component determined under subparagraph (B), over

"(ii) the price at which the manufacturer or producer of the merchandise under investigation purchased the material or component.

"(B) DETERMINATION OF INPUT VALUE OF MATERIALS AND COMPONENTS.—

"(i) IN GENERAL.—For purposes of this paragraph, and subject to clause (ii), the input value of any material or component involved in diversionary input dumping is the value of the material or component determined by the administering authority on the basis of—

"(I) if section 771(19)(B)(i) applies to the material or component, the foreign market value determined under the appropriate proceeding referred to in such section; or

"(II) if section 771(19)(B)(ii) applies to the material or component, the foreign market value calculated for purposes of the preliminary affirmative determination concerned or a value determined on the basis of reliable information presented by parties during the investigation or otherwise available to the Commission.

"(ii) ADJUSTMENT.—If the administering authority has reason to believe that the value determined under clause (i) does not accurately reflect the competitive benefit that the material or component gives to the manufacturer or producer of the merchandise subject to investigation, the administering authority may appropriately adjust the value to reflect the value of that benefit.".

SEC. 157. APPLICATION OF COUNTERVAILING DUTY LAWS TO NON-MARKET ECONOMY COUNTRIES.

(a) TITLE VII AMENDMENT.—Section 701 (19 U.S.C. 1671) is amended—

(1) by redesignating subsections (c) and (d) as subsections (d) and (e), respectively; and

(2) by inserting after subsection (b) the following:

"(c) TREATMENT OF NON-MARKET ECONOMY COUNTRIES.—The provisions of this subtitle apply with respect to any non-market economy country (as defined in section 406(e) of the Trade Act of 1974) to the extent that the administering authority can reasonably identify, and determine the amount of, a subsidy provided by that country.".

(b) SECTION 303 AMENDMENTS.—Section 303(a) of the Tariff Act of 1930 (19 U.S.C. 1303(a)) is amended—

(1) by adding at the end thereof the following:

"(3) The provisions of this section apply with respect to any non-market economy country (as defined in section 406(e) of the Trade Act of 1974) to the extent that the administering authority (as defined in section 777(1)) can reasonably identify, and determine the amount of, a grant or bounty provided by that country."; and

(2) by striking out "(as defined in section 777(1))" in subsection (b).

SEC. 158. ACCESS TO INFORMATION.

Section 777 (19 U.S.C. 1677f) is amended—

(1) by amending subsection (b)(1)(B)(ii) to read as follows:

"(ii) a statement to the administering authority that the business proprietary information is of a type that should not be released under administrative protective order, or a statement to the Commission that information should not be released under administrative protective order.";

(2) by amending subsection (c)(1)—

(A) by amending subparagraph (A) to read as follows:

"(A) IN GENERAL.—Upon receipt of an application (before or after receipt of the information requested) which describes in general terms the information requested and sets forth the reasons for the request, the administering authority or the Commission may make all business proprietary information presented to, or obtained by it, during a proceeding (except privileged information, classified information, and information of a type which the administering authority or the Commission determines should not be released under administrative protective order) available under a protective order described in subparagraph (B), regardless of when the information is submitted during a proceeding."; and

(B) by adding at the end thereof the following new subparagraphs:

"(C) TIME LIMITATION.—The administering authority shall determine whether to make information available under this paragraph not later than 14 days (or 21 days if the statements described in subsection (b)(1)(B)(ii) are submitted with such information) after the date on which an application for disclosure is submitted under subparagraph (A); except that the administering authority may extend the 14-day or 21-day limitation, as the case may be, by not more than 10 additional days if the information is unusually voluminous or complex. If the determination is affirmative, business proprietary information already submitted to the administering authority shall be made available, subject to the terms and conditions of the protective order, on the

date such determination occurs. Business proprietary information submitted to the administering authority after such determination shall be served as required by subsection (d).

"(D) FAILURE TO DISCLOSE.—If a person submitting information refuses to disclose business proprietary information which the administering authority determines should be released under a protective order described in subparagraph (B), the administering authority shall return the information, and any nonconfidential summary thereof, to the person submitting it and shall not consider them.

"(E) DIVERSIONARY INPUT DUMPING PROCEEDINGS.—In investigations of diversionary input dumping, the administering authority may release under administrative protective order, in accordance with this subsection, any information designated as business proprietary information by the person submitting it, whether or not submitted in the same proceeding, except that information submitted before the effective date of section 771(19) shall not be released under administrative protective order without the consent of the party without submitting it."; and

(3) by adding at the end thereof the following new subsections:

"(d) SERVICE.—Any party submitting business proprietary information to the administering authority during a proceeding shall, at the same time, serve the information upon all other parties to the proceeding, if the information is covered by a protective order. The administering authority shall not accept any such information that is not accompanied by a certificate of service and a copy of the protective order version of the document containing the information. Business proprietary information shall only be served upon parties that are subject to protective order; however, a nonconfidential summary thereof shall be served upon all other parties.

"(e) TIMELY SUBMISSIONS.—Information shall be submitted to the administering authority during the course of a proceeding on a timely basis and shall be subject to comment by other parties within such reasonable time as the administering authority shall provide. If information is submitted without an adequate opportunity for other parties to comment thereon, the administering authority shall return the information to the party submitting it and shall not consider it.".

SEC. 159. DRAWBACK TREATMENT.

(a) IN GENERAL.—Section 779 (19 U.S.C. 1677h) is amended by striking out "shall be treated as any other customs duties." and inserting "shall not be treated as being regular customs duties.".

(b) CONFORMING AMENDMENTS.—

(1) The section heading for such section 779 is amended by striking out "DRAWBACKS" and inserting "DRAWBACK TREATMENT".

(2) The table of contents for title VII is amended by striking out "Drawbacks." in the entry for section 779 and inserting "Drawback treatment.".

SEC. 160. APPLICATION OF COUNTERVAILING AND ANTIDUMPING DUTIES TO GOVERNMENTAL IMPORTATIONS.

(a) IN GENERAL.—Subtitle D (19 U.S.C. 1677 et seq.) is amended by adding at the end thereof the following new section:

"SEC. 780. APPLICATION OF TITLE TO GOVERNMENTAL IMPORTATIONS.

"Merchandise imported by, or for the use of, an agency of the United States Government is not exempt from the provisions of this title.".

(b) CONFORMING AMENDMENT.—The table of contents for title VII is amended by adding at the end thereof the following:

"Sec. 780. Application of title to governmental importations.".

SEC. 161. CERTIFICATION OF SUBMISSIONS IN COUNTERVAILING AND ANTIDUMPING PROCEEDINGS.

Section 776 (19 U.S.C. 1677e) is amended—

(1) by redesignating subsections (a) and (b) as subsections (b) and (c), respectively;

(2) by amending the sideheading to subsection (b) (as so redesignated) to read as follows: "(b) VERIFICATION.—"; and

(3) by inserting before such subsection (b) the following:

"(a) CERTIFICATION OF SUBMISSIONS.—Any person providing factual information to the administering authority or the Commission in connection with a proceeding under this title on behalf of the petitioner or any other interested party shall certify that such information is accurate and complete to the best of that person's knowledge.".

SEC. 162. EXPLANATION OF SIGNIFICANT DEVIATIONS FROM ADMINISTRATIVE PRECEDENT.

(a) FINAL DETERMINATIONS.—Sections 705(d) and 735(d) (19 U.S.C. 1671d(d)) and 1673d(d)) are each amended by adding at the end thereof the following new sentence: "If there is any significant deviation from established administrative precedent in the determination of the administering authority, the notification required of the administrative authority under the preceding sentence shall contain an explanation of the deviation.".

(b) ADMINISTRATIVE REVIEW.—Section 751 (19 U.S.C. 1675) is amended by adding at the end thereof the following new subsection:

"(f) DEVIATION FROM ADMINISTRATIVE PRECEDENT.—If there is any significant deviation from established administrative precedent in any determination made by the administrative authority under this section, the notice required to be published under this section with respect to the determination shall contain an explanation of the deviation.".

SEC. 163. CORRECTION OF MINISTERIAL ERRORS.

(a) FINAL DETERMINATIONS.—Sections 705 and 735 (19 U.S.C. 1671d and 1673d) are each amended by adding at the end thereof the following new subsection:

"(e) CORRECTION OF MINISTERIAL ERRORS.—The administering authority shall establish procedures for the correction of ministerial errors in final determinations within a reasonable time after the determinations are issued under this section. Such procedures shall ensure opportunity for interested parties to present their views regarding any such errors. As used in this subsection, the term 'ministerial error' includes errors in addition, subtraction, or other arithmetic function, clerical errors resulting from inaccurate copying, duplication, or the like, and any other type of unintentional error which the administering authority considers ministerial.".

(b) ADMINISTRATIVE REVIEW.—Section 751 (19 U.S.C. 1675) is amended by adding at the end thereof the following new subsection:

"(g) CORRECTION OF MINISTERIAL ERRORS.—The administering authority shall establish procedures for the correction of ministerial errors in final determinations within a reasonable time after the determinations are issued under this section. Such procedures shall ensure opportunity for interested parties to present their views regarding any such errors. As used in this subsection, the term 'ministerial error' includes errors in addition, subtraction, or other arithmetic function, clerical errors resulting from inaccurate copying, duplication, or the like, and any other type of unintentional error which the administering authority considers ministerial.".

SEC. 164. DOWNSTREAM PRODUCT MONITORING.

(a) IN GENERAL.—Subtitle D (19 U.S.C. 1677 et seq.) is amended by adding at the end thereof the following:

"SEC. 781. DOWNSTREAM PRODUCT MONITORING.

"(a) DEFINITIONS.—As used in this section—

"(1) The term 'component part' means an imported article that—

"(A) during the 5-year period before the date on which a petition is filed under subsection (b) has been subject to—

"(i) an order issued under this title imposing a countervailing duty or antidumping duty of 15 percent ad valorem or higher, or

"(ii) an agreement entered into under section 704 or 734 after a preliminary affirmative determination under section 703(b) or 733(b)(1) was made involving an estimated net subsidy or net dumping margin of 15 percent ad valorem or higher; and

"(B) because of its inherent characteristics is routinely used as a major part, component, assembly, subassembly, or material in other manufactured articles.

"(2) The term 'downstream product' means any imported manufactured article into which is incorporated any component part.

"(b) PETITION REQUESTING MONITORING.—

"(1) IN GENERAL.—A domestic producer of an article that is like a component part or a downstream product may petition the administering authority to designate a downstream product for monitoring under subsection (c). The petition shall specify—

"(A) the downstream product;

"(B) the component product incorporated into such downstream product; and

"(C) reasons for suspecting the likely diversion, as a result of the imposition of antidumping or countervailing duties, of exports of the component part to the United States into increased production and exportation to the United States of such downstream product.

"(2) ACTION ON PETITIONS.—Within 14 days after receiving a petition, the administering authority shall determine whether there is a reasonable likelihood that imports into the United States of the downstream product will increase as an indirect result of any diversion with respect to component parts. In making such a determination, the administering authority may, if appropriate, take into account such factors as—

"(A) the value of the component part in relation to the value of the downstream product;

"(B) the extent to which the component part has been substantially transformed as a result of its incorporation into the downstream product; and

"(C) the relationship between the producers of component parts and producers of downstream products.

"(3) PUBLICATION OF DETERMINATION.—The administering authority shall publish notice of each determination under paragraph (2) in the Federal Register.

"(4) DETERMINATIONS NOT SUBJECT TO JUDICIAL REVIEW.—A determination by the administering authority under paragraph (2) is not subject to judicial review.

"(c) ITC MONITORING.—

"(1) NOTICE TO ITC.—The administering authority shall immediately inform the Commission of an affirmative determination under subsection (b)(2) regarding a downstream product.

"(2) MONITORING.—The Commission shall immediately commence the monitoring of the volume of trade in downstream products regarding which notice is received under paragraph (1). If the Commission finds that imports of a downstream product being monitored increased during any calendar quarter by 5 percent or more over the preceding quarter, the Commission shall analyze that increase in the context of overall economic conditions in that product sector.

"(3) REPORTS.—The Commission shall make quarterly reports to the administering authority regarding the monitoring and analyses undertaken under paragraph (2). The Commission shall make the reports available to the public.

"(d) ACTION ON BASIS OF MONITORING REPORTS.—The administering authority shall review the information in the reports prepared by the Commission under subsection (c) and—

"(1) consider the information in determining whether to initiate an investigation under section 702(a) or 732(a) regarding any downstream product; and

"(2) request the Commission to cease monitoring any downstream product if the information indicates that imports into the United States are not increasing and there is no reasonable likelihood of diversion with respect to component parts.".

(b) CONFORMING AMENDMENT.—The table of contents for title VII is amended by adding at the end of the following:

"Sec. 781. Downstream product monitoring.".

SEC. 165. MULTIPLE OFFENDERS.

(a) DEFINITIONS.—As used in this section:

(1) The term "Act" means the Tariff Act of 1930.

(2) The term "antidumping action" means—

(A) an antidumping duty order published under section 736 of the Act; or

(B) a suspension agreement entered into under section 734 of the Act, but only if a final dumping margin is assessed.

(3) The term "Commission" means the United States International Trade Commission.

(4) The term "eligible domestic entity" means—

(A) a manufacturer or producer in the United States; or

(B) a certified union or recognized union or group of workers which is representative of an industry in the United States;

that produces a product that is—

(i) like or directly competitive with merchandise that is subject to an antidumping order; or

(ii) is similar enough to such merchandise as to be considered for inclusion with such merchandise in a product monitoring category established under this section.

(5) The term "first offender" means any foreign manufacturer or producer for which a dumping margin has been finally determined under an antidumping action with respect to a product included in a product monitoring category.

(6) The term "multiple offender" means any foreign manufacturer or producer for which a dumping margin has been finally determined under 3 or more antidumping actions imposed within any period of 10 consecutive 12-month periods with respect to one or more products included in a product monitoring category.

(7) The term "second offender" means any foreign manufacturer or producer for which a dumping margin has been finally determined under 2 antidumping actions imposed within any period of 10 consecutive 12-month periods with respect to one or more products included in a product monitoring category.

(8) The term "Secretary" means the Secretary of Commerce.

(9) The term "TSUS" means the Tariff Schedules of the United States (19 U.S.C. 1202).

(b) ESTABLISHMENT OF PRODUCT MONITORING CATEGORY.—

(1) An eligible domestic equity may file a petition with the Secretary requesting that a product monitoring category be established.

(2) A petition submitted under paragraph (1) shall include such information as the Secretary considers necessary or appropriate, including, but not limited to—

(A) the specification of a general category of products based on the products produced by each of the foreign manufacturers for which a dumping margin was determined with respect to the antidumping action on which the petition is based;

(B) the specification, by TSUS item numbers or other appropriate classification, of each kind of product within the general category specified under subparagraph (A) that the petitioner wishes included or excluded from the requested product monitoring category, and the reasons for requesting inclusion or exclusion; and

(C) the specification of any kind of product not specified under subparagraph (B) that the petitioner wishes included in the requested category.

(3) Upon receiving a petition under paragraph (1), the Secretary shall—

(A) verify the antidumping action on which the petition is based;

(B) upon verification, determine if the petitioner is an eligible domestic entity; and

(C) if an eligible domestic entity, promptly submit a copy of the petition to the Commission and direct the Commission to establish a product monitoring category with respect to the product to which the antidumping action applies.

(c) ACTION BY COMMISSION.—

(1) After being directed by the Secretary under subsection (b)(3)(C), the Commission shall—

(A) publish notice in the Federal Register that the request has been received; and

(B) provide opportunity for the presentation of views regarding the establishment of the requested product monitoring category, including a public hearing if requested by any interested person.

(2) Within 90 days after receiving such a request, the Commission, after taking into account the information in the petition, the views received under paragraph (1)(B), and any other factor it considers relevant, shall establish a product monitoring category, using the appropriate TSUS item classifications, consisting of similar articles that are manufactured or produced by similar processes and that have similar uses.

(3) Upon petition by an interested person, or upon its own motion, the Commission may, after providing opportunity for the presentation of views by other interested persons, modify a product monitoring category to the extent considered necessary or appropriate.

(d) ACTION AFTER ESTABLISHMENT OF PRODUCT MONITORING CATEGORIES WITH RESPECT TO FIRST OFFENDERS.—

(1) After a product monitoring category is established, any eligible domestic entity may request the Secretary to monitor the importation into the United States of any product that—

(A) is included in that category; and

(B) is produced by any first offender with respect to that category.

(2) After receiving a request under paragraph (1) regarding an imported article produced by a first offender, the Secretary shall decide whether there is a reasonable likelihood that sales at less than fair value in the United States of such product may occur. If the decision of the Secretary is affirmative, the Secretary shall monitor the importation into the United States of such product.

(3) If the monitoring implemented under paragraph (2) results in information indicating a reasonable likelihood that the imported product is being sold in the United States at less than fair value, the Secretary shall immediately initiate an investigation with respect to the product under section 732(a) of the Act, unless a substantial proportion of the domestic manufacturers or producers of the like or directly competitive product request that such investigation not be initiated.

(e) ACTION AFTER ESTABLISHMENT OF PRODUCT MONITORING CATEGORIES WITH RESPECT TO SECOND OFFENDERS.—

(1) After a product monitoring category is established, the Secretary shall monitor the importation into the United States of all products within that category that are produced by each second offender with respect to that category.

(2) If the monitoring implemented under paragraph (1) results in information indicating a reasonable likelihood that one or more of such products is being sold in the United States at less than fair value, the Secretary shall immediately initiate an investigation with respect to each of such products under section 732(a) of the Act.

(f) ACTION AFTER ESTABLISHMENT OF PRODUCT MONITORING CATEGORIES WITH RESPECT TO MULTIPLE OFFENDERS.—

(1) After a product monitoring category is established, the Secretary shall monitor the importation into the United States of all products in that category, and products that are in any related product category, that are produced by each multiple offender with respect to that category.

(2) If the monitoring implemented under paragraph (1) results in evidence that one or more of such products is being sold in the United States at less than fair value, the Secretary shall immediately initiate an investigation with respect to each of such products under section 732(a) of the Act.

(g) SPECIAL RULES RELATING TO INVESTIGATIONS INITIATED UNDER THIS SECTION.—In applying the provisions of subtitle B of title VII of the Act with respect to an investigation that is initiated as required under paragraph (1)—

(1) the Secretary and the Commission shall expedite the proceedings under sections 733 and 735 of the Act to the maximum extent possible;

(2) critical circumstances shall be presumed to exist for purposes of sections 733(e) and 735(a)(3) of the Act; and

(3) the Commission, in making its determinations regarding whether or not material injury or the threat thereof to the domestic industry exists, shall take into account any

effect on the industry that may have been caused by a previous dumping by the first, second, or multiple offender, as the case may be, involved in the investigation.

(h) TREATMENT OF PRIOR OFFENSES.—Any foreign manufacturer or producer for which a final dumping margin was determined under one or more antidumping actions imposed after January 1, 1980, and before the date of the enactment of this Act with respect to one or more products in a product monitoring category established under subsection (b) shall be treated as a second offender under this section if, within the 10-year period beginning on the date of the enactment of this Act, a dumping margin for that manufacturer or producer is determined under an antidumping action with respect to a product in the same category.

SEC. 166. CIVIL ACTIONS FOR RECOVERY OF DAMAGES.

Section 801 of the Act of September 8, 1916 (39 Stat. 198; 15 U.S.C. 72) is amended—

(1) by striking out "That it shall be unlawful for" in the first undesignated paragraph of such section and inserting "(a) For purposes of this section, an 'unfair competitive act' exists if";

(2) by striking out "to import, sell or cause" in subsection (a) (as so designated by paragraph (1)) and inserting "imports, sells or causes";

(3) by striking out the second undesignated paragraph;

(4) by striking out "Any person injured in his business or property by reason of any violation of, or combination or conspiracy to violate, this section," in the third undesignated paragraph and inserting "(b) Any person that is injured in his business or property by reason of the commission of, or the combination or conspiracy to commit, an unfair competitive act"; and

(5) by amending the fourth undesignated paragraph to read as follows:

"(c) For purposes of this section:

"(1) The provisions of subsections (a) and (b) may not be construed to deprive the proper State courts of jurisdiction in actions for damages under the section.

"(2) The term 'actual market value' means foreign market value as determined under section 773 of the Tariff Act of 1930.

"(3) If—

"(A) the person against whom a suit is brought under subsection (b) is, or has been, a multiple offender within the meaning of subsection (a)(6) of section 165 of the Trade and International Economic Policy Act of 1987 with respect to a product monitoring category established under that section; and

"(B) the articles involved in the alleged unfair competitive act under the suit are included within the same product monitoring category;

then there is a rebuttable presumption that an act committed by the foreign manufacturer under subsection (a) was committed with intent of destroying or injuring an industry in the United States. With respect to any suit brought under this section in which such a rebuttable presumption applies, recovery shall be limited to the actual damages sustained and the cost of the suit, including a reasonable attorney's fee".

SEC. 167. COMPENSATION AWARDS.

(a) DEFINITIONS.—As used in this section:

(1) The term "Act" means the Tariff Act of 1930.

(2) The term "affected domestic producer" means any manufacturer or producer within the domestic industry with respect to which an affirmative injury determination was made in connection with an antidumping order.

(3) The term "antidumping action" has the same meaning that is given such term in section 165(a)(2).

(4) The term "Commission" means the United States International Trade Commission.

(5) The term "dumped merchandise" means merchandise with respect to which an antidumping duty is imposed under an antidumping order.

(6) The term "dumping period" means the period of time during which foreign merchandise subject to an antidumping order was sold, or offered for sale, in the United States at less than fair value and applied by the Commission for purposes of making a determination under section 735(b) with respect to the domestic industry that produced a like or directly competitive product.

(b) APPLICATION PROCEDURES.—The Commission shall prescribe procedures governing when and the form and manner in which affected domestic producers may apply to the Commission for compensation under this section.

(c) COMPENSATION DETERMINATION.—

(1) Upon receiving a timely application under subsection (b), the Commission shall determine if the applicant—

(A) is an affected domestic producer; and

(B) suffered economic injury during the dumping period as a result of the sale, or offer for sale, in the United States of the dumped merchandise.

(2) If the Commission makes affirmative determinations under paragraph (1)(A) and (B), it shall—

(A) determine the monetary value of the economic injury that was suffered by the applicant; and

(B) issue to the applicant a compensation award stating the amount of money which is payable to the applicant from the appropriate special compensation account established under subsection (d).

(d) SPECIAL COMPENSATION ACCOUNTS.—

(1) On the date an antidumping order takes effect, the Secretary shall establish in the Treasury of the United States a special compensation account with respect to that order.

(2) The Secretary shall deposit into a special compensation account all antidumping duties that are collected under the antidumping order with respect to which the account was established.

(3) The monies in a special compensation account shall be available, to the extent provided for in advance in appropriation Acts, for the payment of compensation awards issued under subsection (c)(2) in conjunction with the antidumping order with respect to which the account was established.

(4) The Secretary shall by regulation prescribe the time and manner in which payment of compensation awards from special compensation accounts will be made. If the amount of compensation award claims made at any time exceed the amount of monies in the special compensation account, the Secretary shall make pro rata payments of the claims. After all compensation awards have been paid from a special compensation account, the Secretary shall terminate the account, and any monies remaining therein deposited into the general fund as miscellaneous receipts.

(5) Upon the termination of a special compensation account, all antidumping duties collected under the antidumping order with respect to which the account was established shall be deposited into the general fund of the Treasury as miscellaneous receipts.

SEC. 168. INJURY TEST FOR CERTAIN MERCHANDISE SUBJECT TO A COUNTERVAILING DUTY ORDER UNDER SECTION 303.

Section 303 of the Tariff Act of 1930 (19 U.S.C. 1303) is amended by adding at the end of subsection (a) the following new paragraphs:

"(4)(A) The administering authority shall notify the Commission whenever the international obligations of the United States, as determined by the United States Trade Representative, require a determination of injury to the domestic industry with respect to merchandise covered by a countervailing duty order issued under this section for which there was no determination of injury by the Commission. Within 180 days after the date of such notice (hereinafter in this paragraph referred to as the 'injury requirement notice', the Commission shall make a determination of whether—

"(i) an industry in the United States—

"(I) would be materially injured, or

"(II) would be threatened with material injury, or

"(ii) the establishment of an industry in the United States would be materially retarded,

by reason of imports of the duty-free merchandise subject to the outstanding countervailing duty order if the outstanding order were revoked. This determination shall have the same force and effect as a final determination under section 705(b) and shall be communicated to the administering authority and published by the Commission in the Federal Register.

"(B) Pending receipt of the Commission's determination under subparagraph (A), the liquidation of all entries covered by the order and which are entered or withdrawn from warehouse for consumption on or after the date of the injury requirement notice shall be suspended, and the outstanding order, including any requirement for cash deposits, shall remain in effect. Pending receipt of the Commission's determination under subparagraph (A), the administering authority shall also suspend, as of the date of the injury requirement notice, the conduct of any administrative review of the outstanding order under section 751 which covers, in whole or in part, merchandise entered or withdrawn from warehouse for consumption on or after such date.

"(C)(i) Upon being notified of an affirmative determination under subparagraph (A) by the Commission, the administering authority shall, as appropriate, liquidate entries of merchandise the liquidation of which was suspended under subparagraph (B) in accordance with section 751 and continue suspension of liquidation and the collection of estimated duties required to be deposited. The countervailing duty order shall remain in effect until revoked, in whole or in part, under section 751(c).

"(ii) Upon being notified of a negative determination under subparagraph (A) by the Commission, the administering authority shall revoke the countervailing duty order then in effect, publish notice of the revocation in the Federal Register, and refund, without payment of interest, any estimated countervailing duties collected during the period of suspension of liquidation under subparagraph (B). Revocation of the order shall only apply with respect to entries of merchandise which are entered, or withdrawn from warehouse, for consumption on

or after the date of the injury requirement notice.

"(5) If, during the pendency of an investigation under this section, the administering authority notifies the Commission that the international obligations of the United States require a determination of injury under subsection (a)(2) with respect to such imports, then—

"(A) if the administering authority has not yet made a preliminary determination under this section, the Commission shall commence an investigation of injury as if it had been informed by the administering authority at the time specified in section 702(d) that a countervailing duty investigation was being instituted and the administering authority may extend the time for its preliminary determination to an appropriate period not to exceed 45 days, but in no event shall such a determination be made before an affirmative determination by the Commission under section 703(a); and

"(B) if the administering authority has made a preliminary determination under this section, but not a final determination, as to whether a grant or bounty is being paid or bestowed, the Commission shall thereafter commence an investigation as if the preliminary determination by the administering authority was made on the effective date of the injury requirement. The administering authority may extend the time for its final determination an appropriate period not to exceed 120 days. The Commission shall make its preliminary determination under this paragraph not later than 45 days after the date on which it receives notification from the administering authority that the international obligations of the United States require an injury determination and its final determination under this paragraph not later than 120 days after being so informed by the administering authority, but in no event shall the Commission's final determination be made before the final determination by the administering authority under section 303 of the Act. Pending receipt of the Commission's final determination under this paragraph, any suspension of liquidation of entries and collection of determination of estimated duties ordered by the preliminary determination of the administering authority under this section, shall remain in effect.".

SEC. 169. STUDIES.

(a) STUDY OF MARKET ORIENTATION OF CHINA.—The Secretary of Commerce shall undertake a study regarding the new market orientation of the People's Republic of China. The study shall address, but not be limited to—

(1) the effect of the new orientation on Chinese market policies and price structure, and the relationship between domestic Chinese prices and world prices;

(2) the extent to which United States trade law practices can accommodate the increased market orientation of the Chinese economy; and

(3) the possible need for changes in United States antidumping laws as they apply to foreign countries, such as China, which are in transition to a more market-oriented economy.

The Secretary of Commerce shall submit to the Congress within 1 year after the date of the enactment of this Act a report on the study required under this section.

(b) SUBSIDIES CODE COMMITMENTS.—Within 90 days after the date of the enactment of this Act, the United States Trade Representative shall initiate a review of all bilateral subsidy commitments that have been entered into by foreign governments with the United States. The review shall include—

(1) an evaluation of the extent to which the commitments have been complied with;

(2) with respect to those commitments found under paragraph (1) not to have been complied with, an estimate regarding when compliance is likely; and

(3) recommendations regarding how compliance can be improved.

The United States Trade Representative shall complete the review required under this subsection, and submit a report thereon to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate within 180 days after the date of the enactment of this Act.

Subtitle E—Intellectual Property Rights

SEC. 171. CONGRESSIONAL FINDINGS AND PURPOSES.

(a) FINDINGS.—The Congress finds that—

(1) international protection of intellectual property rights is vital to the international competitiveness of United States persons that rely on protection of intellectual property rights;

(2) United States persons that rely on protection of intellectual property rights are among the most advanced and competitive in the world;

(3) the existing protection under section 337 of the Tariff Act of 1930 against unfair trade practices is cumbersome and costly and has not provided United States owners of intellectual property rights with adequate protection against foreign companies violating such rights; and

(4) foreign barriers, and the absence of adequate and effective protection of United States intellectual property rights, seriously impede the ability of the United States persons that rely on protection of intellectual property rights to operate overseas, thereby harming the economic interests of the United States.

(b) PURPOSES.—The purposes of this chapter are—

(1) to amend section 337 of the Tariff Act of 1930 to make it a more effective remedy for the protection of United States intellectual property rights; and

(2) to provide for the development, with appropriate consultations, of an overall strategy to ensure adequate and effective international protection for United States persons that rely on protection of intellectual property rights.

SEC. 172. PROTECTION UNDER THE TARIFF ACT OF 1930.

(a) IN GENERAL.—Section 337 of the Tariff Act of 1930 (19 U.S.C. 1337) is amended as follows:

(1) Subsection (a) is amended to read as follows:

"(a)(1) Subject to paragraph (2), the following are unlawful, and when found by the Commission to exist shall be dealt with, in addition to any other provision of law, as provided in this section:

"(A) Unfair methods of competition and unfair acts in the importation of articles (other than articles provided for in subparagraphs (B), (C), and (D)) into the United States, or in the sale of such articles by the owner, importer, consignee, or agent of either, the threat or effect of which is—

"(i) to destroy or substantially injure an industry in the United States;

"(ii) to prevent the establishment of such an industry; or

"(iii) to restrain or monopolize trade and commerce in the United States.

"(B) The importation into the United States, or the sale by the owner, importer, consignee, or agent of either, of articles that—

"(i) infringe a valid and enforceable United States patent or a valid and enforceable United States copyright registered under title 17, United States Code; or

"(ii) are made, produced, processed, or mined under, or by means of, a process covered by the claims of a valid and enforceable United States patent.

"(C) The importation into the United States, or the sale by the owner, importer, consignee, or agent of either, of articles that infringe a valid and enforceable United States trademark registered under the Trademark Act of 1946.

"(D) The importation, or the sale by the owner, importer, consignee, or agent of either, of a semiconductor chip product in a manner that constitutes infringement of a mask work registered under chapter 9 of title 17, United States Code.

"(2) Subparagraphs (B), (C), and (D) of paragraph (1) apply only if an industry in the United States, relating to the articles protected by the patent, copyright, trademark, or mask work concerned, exists or is in the process of being established.

"(3) For purposes of paragraph (2), an industry in the United States shall be considered to exist if there is in the United States, with respect to the articles protected by the patent, copyright, trademark, or mask work concerned—

"(A) significant investment in plant and equipment;

"(B) significant employment of labor or capital; or

"(C) substantial investment in its exploitation, including engineering, research and development, or licensing.".

(2) Subsection (c) is amended by inserting before the period in the first sentence the following: ", except that the Commission may, by issuing a consent order or on the basis of a settlement agreement, terminate any such investigation, in whole or in part, without making such a determination".

(3) Subsection (e) is amended—

(A) by striking out "If" in the first sentence and inserting "(1) If"; and

(B) by adding at the end thereof the following new paragraphs:

"(2) A complainant may petition the Commission for the issuance of an order under this subsection. The Commission shall make a determination with regard to such petition by no later than the 90th day after the date on which the Commission's notice of investigation is published in the Federal Register. The Commission may extend the 90-day period for an additional 60 days in a case it designates as a more complicated case. The Commission shall publish in the Federal Register its reasons why it designated the case as being more complicated. The Commission may require the petitioner to post a bond as a prerequisite to the issuance of an order under this subsection. If the Commission later determines that the respondent has not violated the provisions of this section, the bond may be forfeited to the respondent. The Commission shall by rule prescribe the terms and conditions under which bonds may be forfeited to respondents under this paragraph.

"(3) The Commission may grant preliminary relief under this subsection or subsection (f) with respect to a violation involving a registered trademark, copyright, or mask work or a patent, to the same extent as preliminary injunctions and temporary re-

straining orders may be granted under the Federal Rules of Civil Procedure.".

(4) Subsection (f) is amended—

(A) by striking out "In lieu of" in paragraph (1) and inserting "In addition to, or in lieu of,"; and

(B) by inserting "twice" after "of $10,000 or".

(5) Such section is further amended—

(A) by striking out "President" each place it appears in subsection (g) and inserting "United States Trade Representative";

(B) by redesignating subsections (g), (h), (i), and (j) as subsections (i), (j), (k), and (l), respectively; and

(C) by inserting after subsection (f) the following new subsection:

"(g)(1) If—

"(A) a complaint is filed against a person under this section;

"(B) the complaint and a notice of investigation are served on the person;

"(C) the person fails to respond to the complaint and notice or otherwise fails to appear to answer the complaint and notice;

"(D) the person fails to show good cause why the person should not be found in default; and

"(E) the complainant seeks relief limited solely to that person;

the Commission shall presume the facts alleged in the complaint to be true and shall, upon request, issue an exclusion from entry or a cease and desist order, or both, limited to that person unless, after considering the effect of such exclusion or order upon the public health and welfare, competitive conditions in the United States economy, the production of like or directly competitive articles in the United States, and United States consumers, the Commission finds that such exclusion or order should not be issued.

"(2) A general exclusion from entry of the articles concerned, regardless of the source or importer of the article, may be issued if—

"(A) no person appeared to contest an investigation concerning a violation of the provisions of this section, and

"(B) such a violation is established by substantial, reliable, and probative evidence.

"(h) The Commission may by rule prescribe sanctions for abuse of discovery and abuse of process to the extent authorized by Rule 11 and Rule 37 of the Federal Rules of Civil Procedure.".

(6) Subsection (j) (as redesignated by paragraph (4)(A) of this section) is amended—

(A) by inserting "(1)" before the first sentence; and

(B) by adding at the end the following:

"(2) If any person who has previously been found by the Commission to be in violation of this section petitions the Commission for a determination that the petitioner is no longer in violation of this section or for a modification or rescission of an exclusion from entry or order under subsection (d), (e), (f), or (g)—

"(A) the burden of proof in any proceeding before the Commission regarding such petition shall be on the petitioner; and

"(B) relief may be granted by the Commission with respect to such petition—

"(i) on the basis of new evidence or evidence that could not have been presented at the prior proceeding, or

"(ii) on grounds which would permit relief from a judgment or order under the Federal Rules of Civil Procedure.".

(7) Subsection (k) (as redesignated by paragraph (4)(A) of this section) is amended—

(A) by striking out "claims of United States letters patent" in the first sentence and inserting "proceeding under subsection (a)(1)(B), (C), or (D)"; and

(B) by striking out "a patent owner" in the second sentence and inserting "an owner of the patent, copyright, registered trademark, or mask work".

(8) Such section is further amended by adding at the end the following:

"(m)(1) Information submitted to the Commission or exchanged among the parties in connection with proceedings under this section which is designated as confidential by the person submitting it may not be disclosed (except under a protective order issued under regulations of the Commission which authorizes limited disclosure of such information) to any person (other than a person described in paragraph (2)) without the consent of the person submitting it.

"(2) Notwithstanding the prohibition contained in paragraph (1), information referred to in that paragraph may be disclosed to—

"(A) an officer or employee of the Commission who is directly concerned with carrying out the investigation in connection with which the information is submitted,

"(B) an officer or employee of the United States Government who is directly involved in the review under subsection (h), or

"(C) an officer or employee of the United States Customs Service who is directly involved in administering an exclusion from entry under this section resulting from the investigation in connection with which the information is submitted.".

(b) TECHNICAL AMENDMENTS.—Section 337 (as amended by subsection (a)), is further amended—

(1) by amending subsection (c)—

(A) by striking out "or (f)" and inserting "(f), or (g)", and

(B) by striking out "and (f)" and inserting "(f), and (g)";

(2) by striking out "or (f)" each place it appears in subsection (i) and inserting "(f), or (g)";

(3) by striking out "(g)" in subsection (j) and inserting "(i)"; and

(4) by striking out "or (f)" in subsection (k) and inserting "(f), or (g)".

(c) CONFORMING AMENDMENT.—The Act entitled "An Act to limit the importation of products made, produced, processed, or mined under process covered by unexpired valid United States patents, and for other purposes", approved July 2, 1940 (54 Stat. 724, 19 U.S.C. 1337a), is repealed.

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—Subject to paragraphs (2) and (3), the amendments made by this chapter shall apply with respect to findings made by the United States International Trade Commission under section 337 of the Tariff Act of 1930 on or after the date of the enactment of this Act.

(2) INVESTIGATIONS.—In the case of any investigation under section 337 of the Tariff Act of 1930 which must be completed by the International Trade Commission within 6 months after the date of the enactment of this Act, the Commission may, upon determining and declaring that the investigation is complicated, take up to an additional 3 months beyond the original statutory deadline to complete the investigation.

SEC. 173. ACTION AGAINST COUNTRIES THAT DENY ADEQUATE AND EFFECTIVE PROTECTION OF INTELLECTUAL PROPERTY RIGHTS.

(a) IDENTIFICATION OF PRIORITY FOREIGN COUNTRIES.—

(1) Within 30 days after the annual report is issued under section 181(b) of the Trade Act of 1974, the United States Trade Representative (hereinafter in this section referred to as the "Trade Representative") shall identify those foreign countries and instrumentalities (hereinafter referred to as "priority foreign countries")—

(A) that have the most egregious acts, policies, or practices that deny adequate and effective protection of intellectual property rights;

(B) whose acts, policies, or practices that deny adequate and effective protection of intellectual property rights have the greatest adverse impact in their own markets, or in other international markets, for the affected United States items; and

(C) that have not entered into good faith negotiations, or are not making significant progress in bilateral or multilateral negotiations, to provide adequate and effective protection of intellectual property rights.

(2) For purposes of identifying priority foreign countries under paragraph (1), the Trade Representative shall—

(A) consult with the Register of Copyrights, the Commissioner of Patents and Trademarks, other appropriate officers of the United States Government; and

(B) take into account information from such sources as may be available to him or submitted to him by interested persons, including information contained in reports submitted under section 181(b) of the Trade Act of 1974 and petitions submitted under section 301 of that Act.

(3) The Trade Representative may at any time—

(A) revoke the identification of any priority foreign country made under paragraph (1); or

(B) identify as a priority foreign country under paragraph (1) any foreign country not previously so identified;

if information available to the Trade Representative indicates that such action is appropriate.

(4) The Trade Representative shall publish in the Federal Register a list of priority foreign countries identified under this section and shall make such revisions to the list as may be required by reason of action under paragraph (3).

(b) ACTION UNDER TITLE III OF THE 1974 ACT.—

(1) After a foreign country is identified as a priority foreign country under subsection (a), the Trade Representative, subject to paragraph (2), shall promptly initiate an investigation under section 302 of the Trade Act of 1974 with respect to any act, policy, or practice of that country that—

(A) was the basis for such identification; and

(B) is not at the time the subject of any investigation or action under chapter I of title III of such Act.

(2) The Trade Representative shall, from time to time, consult with the Register of Copyrights, the Commissioner of Patents and Trademarks, and other appropriate officers of the United States Government, during investigations initiated in accordance with paragraph (1).

(3) The Trade Representative shall not initiate an investigation under paragraph (1) with respect to an act, policy, or practice of a priority foreign country if the Trade Representative determines that the undertaking of the investigation would be detrimental to United States national economic interests. In any case in which an investiga-

tion is not initiated by reason of this section, the Trade Representative shall promptly submit to the Congress a written report setting forth, in detail, the reasons for the determination and specifying the United States economic interests that would be adversely affected.

(c) APPLICATION OF TITLE III PROVISIONS.—In applying chapter 1 of title III of the Trade Act of 1974 to any investigation initiated under this section, a determination and decision by the Trade Representative under section 304(a) on what action, if any, to take must be made within 6 months after the date of the initiation of the investigation, except that the Trade Representative may extend such 6-month period by not more than an additional 6 months if the Trade Representative determines that—

(A) complex or complicated issues are involved that require additional time;

(B) the priority foreign country is making substantial progress in drafting or implementing legislative or administrative measures that will provide adequate and effective protection of intellectual property rights; or

(C) the priority foreign country is undertaking enforcement measures to provide adequate and effective protection of intellectual property rights.

Subtitle F—Organization and Functions of Trade Agencies

CHAPTER 1—OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

SEC. 181. FUNCTIONS.

(a) IN GENERAL.—Section 141(c) of the Trade Act of 1974 (19 U.S.C. 2171(c)) is amended—

(1) by amending paragraph (1) to read as follows:

"(c)(1) The United States Trade Representative shall—

"(A) have primary responsibility for developing, and for coordinating the implementation of, United States international trade policy, including commodity matters, and, to the extent they are related to international trade policy, direct investment matters;

"(B) serve as the principal advisor to the President on international trade policy and shall advise the President on the impact of other policies of the United States Government on international trade;

"(C) have lead responsibility for the conduct of, and shall be the chief representative of the United States for, international trade negotiations in which the United States participates;

"(D) issue and coordinate policy guidance to departments and agencies on basic issues of policy and interpretation arising in the exercise of international trade functions, to the extent necessary to assure the coordination of international trade policy and consistent with any other law;

"(E) act as the principal spokesman of the President on international trade;

"(F) report directly to the President and the Congress regarding, and be responsible to the President and the Congress for the administration of, trade agreements programs;

"(G) advise the President and Congress with respect to nontariff barriers to international trade, international commodity agreements, and other matters which are related to the trade agreements programs;

"(H) be responsible for making reports to Congress with respect to matters referred to in subparagraphs (C) and (F);

"(I) be chairman of the interagency trade organization established under section 242(a) of the Trade Expansion Act of 1962, and shall consult with and be advised by such organization in the performance of his functions; and

"(J) in addition to those functions that are delegated to the United States Trade Representative as of the date of the enactment of the Trade and International Economic Policy Reform Act of 1987, be responsible for such other functions as the President may direct.";

(2) by redesignating paragraphs (2) and (3) as paragraphs (3) and (4), respectively; and

(3) by inserting after paragraph (1) the following:

"(2) It is the sense of Congress that the United States Trade Representative should—

"(A) be the senior representative on any body that the President may establish for the purpose of providing to the President advice on overall economic policies in which international trade matters predominate; and

"(B) be included as a participant in all economic summit and other international meetings at which international trade is a major topic.".

(b) OFFICE OF UNFAIR TRADE PRACTICES.—Such section 141 is further amended—

(1) by redesignating subsection (f) as subsection (g); and

(2) by inserting after subsection (e) the following new subsection:

"(f)(1) There is established in the Office an Office of Unfair Trade Practices (hereinafter in this subsection referred to as the 'Practices Office').

"(2) The functions of the Practices Office are as follows:

"(A) The coordination of the application of interagency resources to specific unfair trade practice cases.

"(B) The preparation of the annual report on foreign trade barriers required under section 181(b).

"(C) The identification, and referral to the appropriate administering authority for consideration with respect to action, of each act, policy, or practice in the report required under section 181(b), or otherwise known to the Office on the basis of other available information, that may be an unfair trade practice that either—

"(i) is considered to be inconsistent with the provisions of any trade agreement and has a significant adverse impact on United States commerce; or

"(ii) has a significant adverse impact on domestic firms or industries that are either too small or financially weak to initiate proceedings under the trade laws.

"(D) The submission of an annual report to the Committee on Ways and Means and the Committee on Finance describing each referral made to an administering authority under subparagraph (C) and any action taken on the referral.

"(E) The identification of practices having a significant adverse impact on United States commerce that the attainment of United States negotiating objective would eliminate.

"(F) The identification, on a biennial basis, of those United States Government policies and practices that, if engaged in by a foreign government, might constitute unfair trade practices under United States law.

"(3) In performing its functions under paragraph (2) the Practices Office shall be assisted by an interagency unfair trade practices advisory committee composed of the Trade Representative, who shall chair the committee, and senior representatives of the following agencies, appointed by the respective heads of those agencies:

"(A) The Bureau of Economics and Business Affairs of the Department of State.

"(B) The United States and Foreign Commercial Services of the Department of Commerce.

"(C) The International Trade Administration (other than the United States and Foreign Commercial Service) of the Department of Commerce.

"(D) The Foreign Agricultural Service of the Department of Agriculture.".

"(4) For purposes of this subsection, the term 'unfair trade practice' means any act, policy, or practice that—

"(A) may be a subsidy with respect to which countervailing duties may be imposed under subtitle A of title VII;

"(B) may result in the sale or likely sale of foreign merchandise with respect to which antidumping duties may be imposed under subtitle B of title VII;

"(C) may be either an unfair method of competition, or an unfair act in the importation of articles into the United States, that is unlawful under section 337; or

"(D) may be an act, policy, or practice of a kind with respect to which action may be taken under title III of the Trade Act of 1974.".

(c) INTERAGENCY TRADE ORGANIZATION.—

(1) Section 242 of the Trade Expansion Act of 1962 (19 U.S.C. 1872) is amended as follows:

(A) Subsection (a) is amended to read as follows:

"(a)(1) The President shall establish an interagency organization.

"(2) The functions of the organization are—

"(A) to assist, and make recommendations to, the President in carrying out the functions vested in him by the trade laws and to advise the Trade Representative in carrying out the functions set forth in section 141 of the Trade Act of 1974;

"(B) to assist the President, and advise the Trade Representative, with respect to the development and implementation of the international trade policy objectives of the United States; and

"(C) to advise the President and the Trade Representative with respect to the relationship between the international trade policy objectives of the United States and other major policy areas which may significantly affect the overall international trade policy and trade competitiveness of the United States.

"(3) The interagency organization shall be composed of the following:

"(A) The Trade Representative, who shall be chairperson.

"(B) The Secretary of Commerce.

"(C) The Secretary of State.

"(D) The Secretary of the Treasury.

"(E) The Secretary of Agriculture.

"(F) The Secretary of Labor.

The Trade Representative may invite representatives from other agencies, as appropriate, to attend particular meetings if subject matters of specific functional interest to such agencies are under consideration. It shall meet at such times and with respect to such matters as the President or the Chairman shall direct.".

(B) Subsection (b) is amended by adding at the end thereof the following:

"In carrying out its functions under this subsection, the organization shall take into account the advice of the congressional ad-

visers and private sector advisory committees, as well as that of any committee or other body established to advise the department, agency, or office which a member of the organization heads.".

(2) It is the sense of Congress that the interagency organization established under subsection (a) should be the principal interagency forum within the executive branch on international trade policy matters.

SEC. 182. FUNCTIONS OF THE UNITED STATES TRADE REPRESENTATIVE IN ADMINISTERING GSP.

Title V of the Trade Act of 1974 (19 U.S.C. 2461 et seq.) is amended—

(1) by striking out "President" each place it appears and inserting "United States Trade Representative";

(2) By amending subsection (a) of section 502—

(A) by striking out "with respect to which there is in effect an Executive order or Presidential Proclamation" in paragraph (1) and inserting "which is designated",

(B) by striking out "of the United States designating such country" in paragraph (1),

(C) by striking out the parenthetical clause in paragraph (2), and

(D) by striking out "by Executive order or Presidential Proclamation" in paragraph (3).

(3) by amending subsection (a) of section 503—

(A) by amending the second sentence to read as follows: "Before any such list is furnished to the Commission, there shall be in effect a designation of beneficiary developing countries under section 502."; and

(B) by striking out "by Executive order or Presidential proclamation" in the last sentence; and

(4) by amending subsection (b) of section 504 by striking out "issues an Executive order or Presidential proclamation revoking" in the last sentence and inserting "revokes".

SEC. 183. REPORT BY UNITED STATES TRADE REPRESENTATIVE UNDER SECTION 181.

Section 181 of the Trade Act of 1974 (19 U.S.C. 2241) is amended as follows:

(1) Subsection (a)(1) is amended—

(A) by striking out "and" at the end of subparagraph (A);

(B) by redesignating subparagraph (B) as subparagraph (C);

(C) by inserting "or (B)" after "(A)" in subparagraph (C) (as so redesignated); and

(D) by inserting after subparagraph (A) the following new subparagraph:

"(B) identify and analyze any other significant act, policy, or practice not identified under subparagraph (A) that may constitute an element of export targeting as defined in section 301(e)(8); and".

(2) Subsection (b)(1) is amended by striking out "Committee on Ways and Means" and inserting "appropriate committees".

CHAPTER 2—UNITED STATES INTERNATIONAL TRADE COMMISSION

SEC. 185. ANNUAL REPORTS ON SECTORAL COMPETITIVENESS; IMPORT MONITORING.

Section 332 of the Tariff Act of 1930 (19 U.S.C. 1332) is amended by adding at the end thereof the following:

"(h) ANNUAL REPORTS ON SECTORAL COMPETITIVENESS.—(1) The Commission shall conduct studies, on an annual basis, regarding—

"(A) the conditions of competition between the United States and global markets with respect to key sectors of the United States economy;

"(B) the implications of such conditions of competition for the national economic security; and

"(C) the extent to which recent actions by the United States under the trade laws have affected the competitiveness of the sectors.

"(2) The purpose of the studies required under paragraph (1) is to provide to Congress and to appropriate officials of the United States Government useful analyses and information to assist in anticipating sectoral trade problems within the national economy and in formulating policies to avoid or remedy such problems.

"(3) In deciding which sectors of the national economy to study, the Commission shall—

"(A) consult with the appropriate committees of the Congress and with the United States Trade Representative; and

"(B) take in account—

"(i) the extent to which the sector involves a critical technology;

"(ii) the extent to which the sector contributes to the industrial base of an economy;

"(iii) the extent to which the sector contributes to the health or condition of other sectors;

"(iv) the role of the sector in the domestic economy generally;

"(v) the potential role of the sector in global markets over the next decade; and

"(vi) any other relevant factor.

"(4) The Commission shall submit reports containing the results of the studies conducted under this subsection to the Congress and to the United States Trade Representative as soon as practicable after the close of the year to which the studies pertain.

"(i) MONITORING OF IMPORTS.—The Commission shall, beginning on the date of the enactment of this section, monitor imports into the United States for the purposes of identifying, ranking, and providing analysis with respect to, those classes or kinds of imported merchandise that may pose potential significant problems from import competition for United States industries, based on such factors as changes in net trade balances of the articles concerned and evidence of increasing import penetration of the domestic market. The Commission shall submit to the Committees referred to in subsection (g) a quarterly report regarding the monitoring required under this subsection.".

SEC. 186. TRADE REMEDY ASSISTANCE OFFICE.

Section 339 of the Tariff Act of 1930 (19 U.S.C. 1339) is amended—

(1) by amending subsection (a)—

(A) by striking out "a Trade" and inserting "a separate office to be known as the Trade", and

(B) by striking out ", upon request, concerning—" and inserting "upon request and shall, to the extent feasible, provide assistance and advice to interested parties concerning—"; and

(2) by amending subsection (b) to read as follows:

"(b) The Trade Remedy Assistance Office, in coordination with each agency responsible for administering a trade law, shall provide technical and legal assistance and advice to eligible small businesses to enable them—

"(1) to prepare and file petitions and applications (other than those which, in the opinion of the Office, are frivolous); and

"(2) to seek to obtain the remedies and benefits available under the trade laws, including any administrative review or administrative appeal thereunder.".

SEC. 187. TREATMENT OF CONFIDENTIAL INFORMATION BY COMMISSION.

The first sentence of section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)) is amended by striking out ", and shall report to Congress" and inserting ". However, the Commission may not release information which the Commission considers to be confidential business information unless the party submitting the confidential business information had notice, at the time of submission, that such information would be released by the Commission, or such party subsequently consents to the release of the information. The Commission shall report to Congress.".

SEC. 188. TREATMENT OF COMMISSION UNDER PAPERWORK REDUCTION ACT.

Section 330 of the Tariff Act of 1930 (19 U.S.C. 1330) is amended by adding at the end thereof the following new subsection:

"(f) The Commission shall be considered to be an independent regulatory agency for purposes of chapter 35 of title 44, United States Code.".

Subtitle G—Miscellaneous Trade Law Provisions

SEC. 191. IMPORTS AFFECTING NATIONAL SECURITY.

(a) AMENDMENT TO TEA OF 1962.—Section 232(b) of the Trade Expansion Act of 1962 (19 U.S.C. 1862(b)) is amended—

(1) by inserting "(1)" before "Upon request";

(2) by amending the third sentence by striking out "one year" and inserting "270 days";

(3) by striking out the last sentence; and

(4) by adding at the end thereof the following:

"(2) If the Secretary finds under paragraph (1) that an article is being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security, he shall advise the President of that finding in the report required under paragraph (1). Within 90 days after receiving the report, the President shall—

"(A) determine whether he concurs with the advice of the Secretary;

"(B) if he concurs, determine the nature and duration of the action that, in his judgment, must be taken to adjust the imports of the article and its derivatives so that such imports will not threaten to impair the national security; and

"(C) report in writing to the Congress the reasons for the determination under subparagraph (A), or under both subparagraphs (A) and (B), as the case may be.

"(3) If the President determines under paragraph (2)(B) to take action to adjust imports of an article and its derivatives, the President shall implement that action no later than the 15th day after the day on which he determines to take action under paragraph (2)(B).".

(b) APPLICATION OF AMENDMENTS.—

(1) The amendments made by subsection (a) apply with respect to investigations that are requested or applied for, or initiated by the Secretary of Commerce on his own motion, under section 232(b) of the Trade Expansion Act of 1962 on or after the date of the enactment of this Act.

(2) The amendment made by subsection (a) that requires the President to take action within 90 days after receiving a report from the Secretary of Commerce under such section 232(b) applies to advice submitted by the Secretary with respect to

investigations that were applied for under such section on or after April 1, 1987.

(c) ENFORCEMENT OF MACHINE TOOL IMPORT ARRANGEMENTS.—The Secretary of Commerce is authorized to request the Secretary of the Treasury to carry out such actions as may be necessary or appropriate to ensure the attainment of the objectives of the machine tool decision of the President on May 20, 1986, and to enforce any quantitative limitation, restriction, or exporting nations and contained in related bilateral arrangements. Such actions may include, but are not limited to, requirements that valid export licenses or other documentation issued by a foreign government be presented as a condition for the entry into the United States of assembled and unassembled machine tool products. For purposes of this subsection, the term "related bilateral arrangement" means any arrangement, agreement, or understanding entered into or undertaken, or previously entered into or undertaken, by the United States and any foreign country or customs union containing such quantitative limitations, restrictions, or other terms relating to the importation into, or exportation to, the United States of categories of assembled and unassembled machine tool products as may be necessary to implement such machine tool decision of May 20, 1986.

SEC. 192. GENERALIZED SYSTEM OF PREFERENCES.

(a) TREATMENT OF WATCHES.—Section 503(c)(1)(B) of the Trade Act of 1974 (19 U.S.C. 2463(c)(1)(B)) is amended to read as follows:

"(B) watches, except those watches the United States Trade Representative specifically determines, after public notice and comment, will not cause material injury to watch manufacturing and assembly operations in the United States or the United States insular possessions,".

(b) REALLOCATION OF CERTAIN BENEFITS.—Section 504(c)(3) of the Trade Act of 1974 (19 U.S.C. 2464(c)(3)) is amended—

(1) by redesignating subparagraphs (C) and (D) as subparagraphs (D) and (E), respectively;

(2) by inserting after subparagraph (B) the following new paragraph:

"(C)(i) Not earlier than January 4, 1987, the President shall waive the application of this subsection with respect to any eligible article of any beneficiary developing country that—

"(I) qualifies for waiver under subparagraphs (A) and (B);

"(II) is determined by the President to have difficulty servicing the debt it owes to foreign or multilateral sources; and

"(III) has not less than 20 percent of the debt that it owes to foreign or multilateral sources held by any combination of United States banks, the International Monetary Fund, and the World Bank.

"(ii) The aggregate value of articles to which waivers made under clause (i) may apply for any calendar year may not exceed the aggregate value of the articles with respect to which countries, on the basis of exports during the preceding calendar year, are no longer treated under this subsection as beneficiary developing countries.

"(iii) The President shall allocate the aggregate value waived under clause (i) for any calendar year among beneficiary developing countries referred to in that clause. In deciding which, if any, of such countries and which eligible articles to include in an allocation, the President shall give great weight to—

"(I) the amount of foreign and multilateral debt of each such country, relative to the gross national product of that country;

"(II) the estimated percentage of export earnings that each country would be required to devote to servicing foreign and multilateral debt under existing contracts;

"(III) the trade surplus that each country holds with the United States, relative to that country's level of debt outstanding to foreign or multilateral sources; and

"(IV) the extent to which each country is undertaking good faith efforts to meet its debt obligations."; and

(3) by striking out "subparagraph (A)" in subparagraph (E)(i) and (ii) (as redesignated under paragraph (1)) and inserting "subparagraphs (A) and (C)".

SEC. 193. CARIBBEAN BASIN INITIATIVE.

(a) SENSE OF CONGRESS.—It is the sense of the Congress that—

(1) the Caribbean Basin Economic Recovery Act should be preserved;

(2) to the extent that the Congress imposes changes that are intended to improve the competitive environment for United States industries and workers, such changes should not unduly affect the unilateral duty-free trade system available to the beneficiary countries designated under such Act;

(3) generic changes in the trade laws of the United States should not discriminate against imports from designated beneficiary countries in relation to imports from other United States trading partners; and

(4) it is in the economic and security interest of the United States to maintain the commitment in such Act to the countries of the Western Hemisphere.

(b) AMENDMENT TO ACT.—Section 212(e) of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2701 et seq.) is amended to read as follows:

"(e) The President may, after complying with the requirements of subsection (a)(2)—

"(1) withdraw or suspend the designation of any country as a beneficiary country; or

"(2) withdraw, suspend, or limit the application of duty free treatment under this subtitle to any article of any country;

if, after such designation, he determines that as a result of changed circumstances such country would be barred from designation as a beneficiary country under subsection (b).".

SEC. 194. EXTENSION OF INTERNATIONAL COFFEE AGREEMENT ACT OF 1980.

(a) EXTENSION.—Section 2 of the International Coffee Agreement Act of 1980 (19 U.S.C. 1356k) is amended by striking out "October 1, 1986" and inserting "October 1, 1989".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect January 1, 1987.

SEC. 195. STEEL IMPORTS.

Section 805 of the Steel Import Stabilization Act is amended—

(1) by redesignating subsection (c) as subsection (d); and

(2) by inserting after subsection (b) the following new subsection:

"(c)(1) Any steel product that is manufactured in a country that is not party to a bilateral arrangement from steel which was melted and poured in a country that is party to a bilateral arrangement (hereinafter in this subsection referred to as an 'arrangement country') may be treated for purposes of the quantitative restrictions and related terms under that arrangement as if it were a product of the arrangement country.

"(2) The Secretary of Commerce, after consultation with the United States Trade Representative, may direct the Secretary of the Treasury to implement such procedures as may be necessary or appropriate to carry out the purpose of paragraph (1).".

SEC. 196. COAL EXPORTS TO JAPAN.

It is the sense of Congress that—

(1) the objectives of the November 1983 Joint Policy Statement on Energy Cooperation, as it relates to United States exports of coal to Japan, have not been achieved;

(2) the President should seek to establish reciprocity with Japan with respect to metallurgical coal exports and steel product imports and should encourage increased purchases by Japan of United States steam coal;

(3) to that end the President should direct the United States Trade Representative to negotiate an agreement with Japan under which Japan will import United States metallurgical coal on a market share basis equivalent to Japan's market share of steel products that are exported to the United States; and

(4) the President should report to the Congress by November 1, 1988, regarding the results of the outcome of any negotiation undertaken in response to this section.

SEC. 197. USE OF UNITED STATES VESSELS TO TRANSPORT IMPORTED AUTOMOBILES.

(a) CONGRESSIONAL FINDINGS.—The Congress finds that—

(1) millions of automobiles manufactured in foreign countries are imported into the United States each year, and those imports contribute substantially to the United States deficit in merchandise trade;

(2) unfair, restrictive, or discriminatory practices of exporting countries, and commercial interests of those countries engaged in the marine transportation of foreign automobiles to the United States, have practically precluded United States-flag vessels owned and operated by citizens of the United States and manned by United States seamen from participating in such transportation, with further adverse effects on the balance of trade in goods and services of the United States;

(3) United States-flag automobile-carrying vessels are competitive with foreign flag vessels, and it has recently been demonstrated, in a few instances at least, that, when the foreign unfair, restrictive, or discriminatory practices are removed or suspended, agreements can readily be negotiated with foreign automobile manufacturers and exporters for the ocean transportation in United States-flag vessels of the automobiles they import into the United States.

(b) PRESIDENTIAL ACTION.—The President shall take appropriate and feasible steps within his power, including the full exercise of all rights of the United States under international treaties, to negotiate trade agreements with each foreign country from which 50,000 or more automobiles are imported into the United States each year that will eliminate unfair, restrictive, or discriminatory practices in the marine transportation of such import.

(c) REPORT.—Within 180 days after the date of the enactment of this Act and semiannually thereafter the President shall report to the Congress on the progress of the negotiations carried out under subsection (b).

SEC. 198. PURCHASES OF UNITED STATES-MADE AUTOMOTIVE PARTS BY JAPAN.

(a) FINDINGS.—The Congress finds that—

(1) the United States merchandise trade deficit reached the unprecedented level of $170,000,000,000 in 1986;

(2) the United States trade deficit with Japan, which reached $59,000,000,000 in 1986, accounted for approximately one-third of the total deficit;

(3) approximately one-half of the United States trade deficit with Japan was in motor vehicles and equipment;

(4) Japanese automobile firms based in Japan produced 7,800,000 passenger cars in 1986 and exported 2,300,000 cars to the United States, United States exports of auto parts to Japan were only about $300,000,000 in 1986;

(5) United States automotive parts producers meet increasingly rigorous requirements for quality, just-in-time supply, and competitive pricing in the United States market; and

(6) the market-oriented sector specific (MOSS) talks on auto parts are aimed at overcoming substantial market access barriers and increasing the access of United States auto parts producers to the original and replacement parts market represented by Japanese automobiles produced in Japan, the United States, and third countries.

(b) SENSE OF CONGRESS.—The Congress—

(1) strongly supports efforts being made by United States negotiators to expand significantly the opportunities for United States automotive parts producers to supply original and replacement parts for Japanese automobiles, wherever those automobiles may be produced; and

(2) determines that success of the MOSS talks will be measured by a significant increase in sales by United States auto parts companies to Japanese vehicle companies and the initiation of long-term sourcing relationships between such companies.

(c) REPORT ON OUTCOME.—The United States Trade Representative and the Secretary of Commerce shall report to Congress at the conclusion of the MOSS talks on the outcome of the talks and on any agreements reached with Japan with respect to purchases by Japanese firms of United States automotive parts.

TITLE II—INTERNATIONAL TRADE IN TELECOMMUNICATIONS PRODUCTS AND SERVICES

SEC. 201. SHORT TITLE.

This title may be cited as the "Telecommunications Trade Act of 1987".

SEC. 202. FINDINGS AND PURPOSES.

(a) FINDINGS.—The Congress finds that—

(1) rapid growth in the world market for telecommunications products and services will continue for several decades;

(2) the United States can improve prospects for—

(A) the growth of—

(i) United States exports of telecommunications products and services, and

(ii) export-related employment and consumer services in the United States, and

(B) the continuance of the technological leadership of the United States,

by undertaking a program to achieve an open world market for trade in telecommunications products, services, and investment;

(3) most foreign markets for telecommunications products, services, and investment are characterized by extensive government intervention (including restrictive import practices and discriminatory procurement practices) which adversely affect United States exports of telecommunications products and services and United States investment in telecommunications;

(4) unfair and discriminatory trade practices in foreign countries have resulted in, and continue to threaten, the loss of jobs in the United States telecommunications industry;

(5) the open nature of the United States telecommunications market, accruing from the liberalization and restructuring of such market, has resulted, and will continue to result, in a dramatic increase in imports of telecommunications products and a growing imbalance in competitive opportunities for trade in telecommunications; and

(6) unless this imbalance is corrected through the achievement of fully competitive market opportunities for United States telecommunications products and services in foreign markets, the United States should avoid granting continued open access to the telecommunications products and services, and other products and services, of such foreign countries in the United States market.

(b) PURPOSES.—The purposes of this title are—

(1) to foster the economic and technological growth of and employment in the United States telecommunications industry and to secure a high quality telecommunications network for the benefit of the people of the United States;

(2) to ensure that countries which have made commitments to open telecommunications trade fully abide by those commitments; and

(3) to achieve a more open world trading system for telecommunications products and services through negotiation and achievement of fully competitive market opportunities for United States telecommunications exporters and their subsidiaries in those markets in which barriers exist to free international trade.

SEC. 203. NEGOTIATING OBJECTIVES.

(a) PRIMARY OBJECTIVES.—The primary negotiating objectives of the United States under this title regarding telecommunications products and services are to provide for—

(1) the nondiscriminatory procurement of telecommunications products and related services by foreign entities that provide local exchange telecommunications services which are owned, regulated, or controlled by foreign governments;

(2) assurances that any requirement for the registration of telecommunications products, which are to be located on customer premises, for the purposes of—

(A) attachment to a telecommunications network in a foreign country, and

(B) the marketing of the products in a foreign country,

be limited to the certification by the manufacturer that the products meet the standards established by the foreign country for preventing harm to the network or network personnel;

(3) transparency of, and open participation in, the standards-setting processes used in foreign countries with respect to telecommunications products;

(4) the ability to have telecommunications products, which are to be located on customer premises, approved and registered by type, and, if appropriate, the establishment of procedures between the United States and foreign countries for the mutual recognition of type approvals;

(5) access to the basic telecommunications network in foreign countries on reasonable and nondiscriminatory terms and conditions (including non-discriminatory prices) for the provision of value-added services by United States suppliers; and

(6) monitoring and effective dispute settlement provisions regarding matters referred to in paragraphs (1) through (5).

(b) SECONDARY OBJECTIVES.—The secondary negotiating objectives of the United States under this title regarding telecommunications products and services are to obtain—

(1) national treatment for telecommunications products and services that are provided by United States firms;

(2) most-favored-nation treatment for such products and services;

(3) nondiscriminatory procurement policies with respect to such products and services and the inclusion under the Agreement on Government Procurement of the procurement (by sale or lease by government-owned or controlled entities) of all telecommunications products and services;

(4) the reduction or elimination of customs duties on telecommunications products;

(5) the elimination of subsidies, dumping, violations of intellectual property rights, and other unfair trade practices that distort international trade in telecommunications products and services;

(6) the elimination of investment barriers that restrict the establishment of foreign-owned business entities which market such products and services; and

(7) monitoring and dispute settlement mechanisms to facilitate compliance with telecommunications trade agreements.

SEC. 204. INVESTIGATIONS OF FOREIGN TELECOMMUNICATIONS TRADE BARRIERS.

(a) REQUIRED INITIAL INVESTIGATIONS.—

(1) The United States Trade Representative (hereinafter in this title referred to as the "Trade Representative"), in consultation with the Secretary of Commerce and the interagency trade organization established under section 242(a) of the Trade Expansion Act of 1962 (19 U.S.C 1872), shall undertake an investigation with respect to each foreign country for the purposes of—

(A) identifying and analyzing those acts, policies, and practices in the markets of that foreign country that deny fully competitive market opportunities to telecommunications products and services of United States firms; and

(B) establishing, on the basis of the analysis under subparagraph (A) and after taking into consideration—

(i) the needs of the affected United States industries,

(ii) the competitiveness of United States industries in domestic and world markets,

(iii) the progress being made to expand market opportunities under existing agreements or ongoing negotiations, and

(iv) the availability of appropriate incentives and effective remedies,

the specific primary and secondary negotiating objectives specified in section 203 that should be pursued in negotiations under section 205 in order to obtain fully competitive market opportunities in that foreign country for telecommunications products and services of United States firms.

(2) The Trade Representative may exclude any foreign country from the investigations required to be conducted under paragraph (1) if the Trade Representative determines that the potential market in that country for United States telecommunications products and services is not substantial.

(3) The Trade Representative shall complete each investigation required to be undertaken under paragraph (1) by no later

than the 180th day after the date of the enactment of this Act.

(b) OTHER INVESTIGATIONS.—If at any time after the investigations required under subsection (a) are completed the Trade Representative—

(1) on his own motion, considers that there is reason to believe that any act, policy, or practice in the market of a foreign country is such as to deny fully competitive market opportunities to telecommunications products or services of United States firms; or

(2) accepts a petition filed by an interested party alleging that any act, policy, or practice described in paragraph (1) exists;

the Trade Representative may undertake an investigation with respect to the foreign country concerned for the purposes described in subparagraphs (A) and (B) of subsection (a)(1). An investigation undertaken under this subsection shall be completed within 180 days after the date on which the Trade Representative commences the investigation under paragraph (1) or the petition is filed under paragraph (2).

(c) REVIEW OF MARKETS OF COUNTRIES INITIALLY EXCLUDED FROM INVESTIGATION.—The Trade Representative shall—

(1) at least annually, review the potential market for United States telecommunications products and services in countries that were excluded from investigation under subsection (a) and with respect to which no investigation has been initiated under subsection (b); and

(2) if he considers any such country to have a market for United States telecommunications products and services which is substantial, undertake, and complete within 180 days, an investigation for the purposes described in subparagraphs (A) and (B) of subsection (a)(1) regarding that country.

(d) REPORT TO CONGRESS.—The Trade Representative shall submit to the Congress a report on the investigations undertaken under subsections (a), (b), and (c). Each report shall be submitted within 30 days after the investigation is completed.

SEC. 205. ACTION BY THE PRESIDENT IN RESPONSE TO INVESTIGATIONS BY TRADE REPRESENTATIVE.

(a) IN GENERAL.—After—

(1) all investigations required under section 204(a) are completed (and in no case later than the 180th day after the date of the enactment of this Act); and

(2) each investigation undertaken under section 204 (b) or (c) is completed;

the President shall enter into negotiations with the foreign country or countries subject to investigation for the purpose of entering into bilateral or multilateral trade agreements, as appropriate, under section 208 which achieve the specific primary and secondary negotiating objectives that were established under section 204(a)(1)(B) with regard to such countries.

(b) ACTIONS TO BE TAKEN IF NO AGREEMENT OBTAINED.—

(1) If the President is unable during the negotiating period to enter into a trade agreement or agreements under section 208 with a foreign country which achieve the specific primary and secondary negotiating objectives established for that country under section 204(a)(1)(B), the President, by no later than the close of the negotiating period—

(A) shall take whatever actions are authorized under paragraph (3) that are necessary and appropriate to achieve the purposes of the primary objectives not covered by agreement; and

(B) may take whatever actions are authorized under paragraph (3) that are necessary to achieve the secondary objectives not covered by agreement.

(2) In taking action under paragraph (1) (A) and (B), the President shall first take those actions which most directly affect trade in telecommunications products and services with the country concerned.

(3) The President is authorized to take any of the following actions under paragraph (1) (A) and (B):

(A) Terminate, withdraw, or suspend any portion of any trade agreement entered into under—

(i) the Trade Act of 1974;

(ii) section 201 of the Trade Expansion Act of 1962; or

(iii) section 350 of the Tariff Act of 1930;

with respect to any duty or import restriction imposed by the United States on any telecommunications product.

(B) Take any action described in section 301 of the Trade Act of 1974.

(C) Prohibit the Federal Government from purchasing specified telecommunications products.

(D) Increase domestic preferences under title III of the Act of March 3, 1933 (41 U.S.C. 10a, et seq.) for purchases by the Federal Government of specified telecommunications products.

(E) Suspend any waiver of domestic preferences under title III of the Act of March 3, 1933 (41 U.S.C. 10a, et seq.) which may have been extended pursuant to the Trade Agreements Act of 1979 with respect to telecommunications products or any other products.

(F) Order the appropriate Federal officials to deny Federal funds or Federal credits for purchases of specified telecommunications products of any specified foreign country.

(G) Suspend, in whole or in part, benefits accorded articles from specified foreign countries under title V of the Trade Act of 1974 (19 U.S.C. 2461, et seq.).

(4) Notwithstanding section 125 of the Trade Act of 1974 and any other provision of law, if any portion of a trade agreement described in paragraph (3)(A) is terminated, withdrawn, or suspended under paragraph (1) with respect to any duty imposed by the United States, the rate of such duty determined by the President up to the rate provided for in rate column number 2 of the Tariff Schedules of the United States shall apply to such products after the date on which such termination, withdrawal, or suspension takes effect.

(5) No action taken under paragraph (1) shall affect any binding obligations under any written contract entered into before the date of the enactment of this Act, to which any citizen or national of the United States is a party.

(6) Any action the President decides to take under subparagraph (3) of this subsection shall be treated as an action necessary to implement a trade agreement for the purposes of section 151 and subsections (c), (d), (e), (f), and (g) of section 102 of the Trade Act of 1974.

(c) NEGOTIATING PERIOD.—

(1) For purposes of subsection (b), the term "negotiating period" means—

(A) with respect to a foreign country investigated under section 204(a), the 18-month period beginning on the date of the enactment of this Act; and

(B) with respect to a foreign country investigated under section 204 (b) or (c), the 12-month period beginning on the date the investigation was completed.

(2) The negotiating period with respect to a foreign country may be extended by not more than two 12-month periods. An extension of the negotiating period shall take effect if (and only if)—

(A) the President, not less than 90 days before the negotiating period expires (or if extended previously, before the first extension period expires), submits to the House of Representatives and the Senate—

(i) a draft of a negotiating period extension bill, and

(ii) a statement that—

(I) substantial progress is being made in negotiations with the foreign country concerned, and

(II) further negotiations are necessary to reach an agreement which meets the specific primary and secondary negotiating objectives established under section 204(a)(1)(B) with regard to that country; and

(B) before the expiration of the negotiating period (or the first extension thereof), a negotiating period extension bill is enacted into law.

(3) For purposes of this subsection, the term "negotiating period extension bill" means a bill of either House of Congress the matter after the enacting clause of which is as follows: "That the Congress approves the extension for 12 months of the negotiating period with that was requested by the President on .", the first blank space being filled with the name of the foreign country concerned, and the second blank space being filled with the date on which the submissions to Congress under paragraph (2)(A) regarding the extension were made.

(4) On the day on which submissions to Congress under paragraph (2)(A) regarding an extension are made, the negotiating period extension bill submitted by the President shall be introduced (by request) in the House by the majority leader of the House, for himself and the minority leader of the House, or by Members of the House designated by the majority leader and minority leader of the House; and shall be introduced (by request) in the Senate by the majority leader of the Senate, for himself and the minority leader of the Senate, or by Members of the Senate designated by the majority leader and minority leader of the Senate. If either House is not in session on the day on which such a trade agreement is submitted, the implementing bill shall be introduced in that House, as provided in the preceding sentence, on the first day thereafter on which that House is in session. Such bills shall be referred by the Presiding Officer of the respective Houses to the Committee on Ways and Means and the Committee on Finance.

(5) Subsections (d) through (g) of section 151 of the Trade Act of 1974 apply to any agreement period extension bill. Any reference in such subsections to an implementing bill shall be treated as a reference to a negotiating period extension bill.

(d) MODIFICATION AND TERMINATION AUTHORITY.—The President may modify or terminate any action taken under subsection (b) if, and only if, the foreign country concerned enters into a trade agreement under section 208 which achieves the specific negotiating objective regarding which such action was taken.

(e) REPORT.—The President shall promptly inform the appropriate committees of the House and Senate of any action taken under subsection (b) or of the modification or termination of any such action under subsection (d).

SEC. 206. REVIEW OF TRADE AGREEMENT IMPLEMENTATION BY TRADE REPRESENTATIVE.

(a) DEFINITION.—For purposes of this section, the term "trade agreement" means—

(1) a trade agreement entered into under section 208 that is in force with respect to the United States; and

(2) a trade agreement regarding telecommunications products or services that was in force with respect to the United States on the date of the enactment of this Act.

(b) PERIODIC REVIEW.—

(1) The Trade Representative shall review each trade agreement to determine whether any act, policy, or practice of the foreign country—

(A) is not in compliance with the terms of the agreement; or

(B) otherwise denies, within the context of the terms of the trade agreement, to telecommunications products and services of United States firms fully competitive market opportunities in that foreign country.

(2) The Trade Representative shall carry out the reviews required under paragraph (1)—

(A) with respect to each trade agreement described in subsection (a)(1), within 6 months after the agreement enters into force with respect to the United States, and annually thereafter; and

(B) with respect to each trade agreement described in subsection (a)(2), within 18 months after the date of the enactment of this Act, and annually thereafter.

(c) REVIEW FACTORS.—

(1) In undertaking reviews under subsection (a), the Trade Representative shall consider any evidence of actual patterns of trade (including United States exports of telecommunications products to a foreign country and sales and services related to those products) that do not reflect patterns of trade which would reasonably be anticipated to flow from the concessions or commitments of such country based on the international competitive position and export potential of such products and services.

(2) The Trade Representative shall consult with the United States International Trade Commission in regard to the actual patterns of trade described in paragraph (1).

(d) ACTION IN RESPONSE TO AFFIRMATIVE DETERMINATION.—If the Trade Representative makes an affirmative determination under subsection (b) with respect to any act, policy, or practice of a foreign country, the Trade Representative shall take whatever action authorized under paragraph (e) that is necessary—

(1) to offset fully such act, policy, or practice, and

(2) to restore the balance of concessions in telecommunications products and services trade between the United States and such foreign country;

except that the Trade Representative may not take any action under subsection (e) on the basis of a review under subsection (b) regarding a trade agreement described in subsection (a)(2) before the President takes action under section 205(b)(3) with respect to any country.

(e) AUTHORIZED ACTIONS.—

(1) The Trade Representative is authorized to take the following actions under subsection (d):

(A) Terminate, withdraw, or suspend any portion of any trade agreement entered into under—

(i) the Trade Act of 1974,

(ii) section 201 of the Trade Expansion Act of 1962, or

(iii) section 350 of the Tariff Act of 1930,

with respect to any duty or import restriction imposed by the United States on any telecommunications product.

(B) Take any action under section 301 of the Trade Act of 1974.

(2) Actions described in paragraph (1) may be taken under subsection (d) with respect to other than telecommunications products and services only if—

(A) the Trade Representative has taken all feasible actions described in subparagraphs (A) and (B) of paragraph (1) with respect to telecommunications products and services; and

(B) the applicable objectives established in section 204(a)(1)(B) have not been achieved.

(3) Notwithstanding section 125 of the Trade Act of 1974 and any other provision of law, if any portion of a trade agreement is terminated, withdrawn, or suspended under paragraph (1)(A) with respect to any duty imposed by the United States on any product, the rate of such duty determined by the United States Trade Representative up to the rate provided for in rate column number 2 of the Tariff Schedules of the United States shall apply to such products after the date on which such termination, withdrawal, or suspension takes effect.

(4) Any action the Trade Representative decides to take under paragraph (1) shall be treated as necessary to implement a trade agreement for the purposes of section 151 and subsections (c), (d), (e), (f) and (g) of section 102 of the Trade Act of 1974.

(f) ACTIONS NOT TO AFFECT CERTAIN CONTRACTUAL OBLIGATIONS.—No action taken under this section shall affect any binding obligations under any written contract entered into before the date of the enactment of this Act, to which any citizen or national of the United States is a party.

(g) MODIFICATION AND TERMINATION AUTHORITY.—The Trade Representative may modify or terminate any action taken under subsection (e) if, and only if, he determines that the foreign country has taken appropriate remedial action regarding the act, policy, or practice concerned.

(h) REPORT.—The Trade Representative shall promptly inform the appropriate committees of the House and Senate of any actions taken under subsection (c) or of the modification or termination of any such action under subsection (g).

SEC. 207. CONSULTATIONS.

(a) ADVICE FROM DEPARTMENTS AND AGENCIES.—For purposes of determining appropriate action under section 205(b) or 206(d), the President and the Trade Representative shall consult with the Secretary of Commerce and the interagency trade organization established under section 242(a) of the Trade Expansion Act of 1962 (19 U.S.C. 1872).

(b) ADVICE FROM THE PRIVATE SECTOR.—The—

(1) Trade Representative, in conducting investigations and establishing negotiating objectives under section 204, and for purposes of determining appropriate action under section 206(d); and

(2) President, for purposes of determining appropriate action under section 205(b);

shall provide the opportunity for presentation of views by any interested party, including appropriate committees established under section 135 of the Trade Act of 1974.

(c) CONSULTATIONS WITH CONGRESS AND OFFICIAL ADVISORS.—For purposes of conducting negotiations under section 205(a), the President shall keep appropriate committees of the Congress, as well as appropriate committees established pursuant to section 135 of the Trade Act of 1974, currently informed with respect to—

(1) the negotiating priorities and objectives for each country involved;

(2) the assessment of negotiating prospects, both bilateral and multilateral; and

(3) any United States concessions which might be included in negotiations to achieve the objectives described in section 205.

SEC. 208. GENERAL TRADE AGREEMENT AUTHORITY.

(a) IN GENERAL.—During the 42-month period beginning on the date of enactment of this Act, the President may enter into trade agreements, for purposes of achieving the primary and secondary negotiating objectives established under section 204(a)(1)(B), with foreign countries. The trade agreements may provide for—

(1) the harmonization, reduction, or elimination of—

(A) duties, or

(B) restrictions on, barriers to, or other distortions of international trade, or

(2) the prohibition of, or limitations on the imposition of—

(A) duties, or

(B) restrictions on, barriers to, or other distortions of international trade.

(b) AGREEMENT TREATED IN SAME MANNER AS AGREEMENT UNDER SECTION 102 OF THE TRADE ACT OF 1974.—

(1) For purposes of section 151 and subsections (c), (d), (e), (f), and (g) of section 102 of the Trade Act of 1974, any trade agreement entered into under subsection (a) (other than a trade agreement provided for under paragraph (2)) shall be treated as a trade agreement entered into under section 102 of the Trade Act of 1974.

(2) The President may by proclamation implement any trade agreement entered into under subsection (a) that provides solely for unilateral concessions by a foreign country to the United States.

(c) APPLICATION OF AGREEMENT BENEFITS.—Notwithstanding any other provision of law, any agreement entered into under this section may provide that the benefits and obligations of such agreement—

(1) apply solely to the parties to the agreement, or

(2) not apply uniformly to all parties to such agreement.

SEC. 209. COMPENSATION AUTHORITY.

(a) IN GENERAL.—If—

(1) the President takes action under section 205(b); or

(2) the Trade Representative takes action under section 206(d); and

(3) such action is found to be inconsistent with the international obligations of the United States, including the obligations under the General Agreement on Tariffs and Trade;

the President may enter into trade agreements with the foreign country concerned for the purpose of granting new concessions as compensation for such action in order to maintain the general level of reciprocal and mutually advantageous concessions.

(b) AGREEMENT TREATED IN SAME MANNER AS AGREEMENT UNDER SECTION 102 OF THE TRADE ACT OF 1974.—For purposes of section 151 and subsections (c), (d), (e), (f), and (g) of section 102 of the Trade Act of 1974, any trade agreement entered into under subsection (a) shall be treated as a trade agree-

ment entered into under section 102 of the Trade Act of 1974.

SEC. 210. DEFINITION OF TELECOMMUNICATIONS PRODUCT.

For purposes of this title, the term "telecommunications product" means any paging alerting device provided for in item 685.70 of the Tariff Schedules of the United States (19 U.S.C. 1202), as in effect on November 14, 1985, and any article that is classified under the following item numbers of such Schedules:

684.57	684.67	685.28	688.17
684.58	684.80	685.30	688.41
684.59	685.16	685.32	707.90
684.65	685.24	685.34	
684.66	685.25	685.48	

SEC. 211. INTERNATIONAL OBLIGATIONS.

Nothing in this title may be construed to require the President and the United States Congress to act in a manner inconsistent with the legal obligations of the United States, including the General Agreement on Tariffs and Trade.

SEC. 212. FEDERAL COMMUNICATIONS COMMISSION.

(a) CLARIFICATION OF FACTORS FCC REQUIRED TO CONSIDER.—The Communications Act of 1934 is amended by adding at the end of title II (relating to common carriers) the following new section:

"CONSIDERATION OF INTERNATIONAL TRADE FACTORS

"SEC. 225. The Congress finds that international telecommunications trade has significant impact with regard to telecommunications policymaking in the United States. It is therefore the policy of the United States that the Commission, in order to fulfill its duties and obligation to make decisions on the basis of the public interest, convenience, and necessity under this title should, in making its determinations, take into account, where appropriate, the impact of international trade on the ability of the United States telecommunications industry to be competitive in the international marketplace and on the ability of the American public to obtain, on a continuing basis, quality services and equipment. Whenever the Commission makes determinations or takes actions which take into account the impact of international trade, it shall consult with the United States Trade Representative and other appropriate officials of the executive branch. The Commission should avoid taking actions which would conflict with or otherwise interfere with separate trade actions, including negotiations, which the United States Trade Representative or other trade-related agencies are taking.".

(b) REPORT TO CONGRESS.—On or before November 1, 1987, the Federal Communications Commission (hereafter referred to in this section as the "Commission") shall report to the Congress its findings and conclusions based on the Notice of Inquiry and Proposed Rulemaking, CC Docket No. 86-494, adopted on December 23, 1986. If further rulemaking action is considered appropriate based on such inquiry, the Commission shall commence a rulemaking based on such findings and conclusions not later than December 1, 1987.

(c) TELECOMMUNICATIONS COMPETITIVENESS IN THE UNITED STATES.—

(1)(A) The Secretary of Commerce, acting with the Federal Communications Commission and the National Telecommunications and Information Administration, shall conduct a study of the competitiveness of the United States domestic telecommunications industry and the effects of foreign telecommunications policies and practices thereon in order to assist the Congress and the President in determining what actions might be necessary to preserve the competitiveness of the American telecommunications industry.

(B) The study provided for by subparagraph (A) shall be carried out within available appropriations.

(2)(A) Within 45 days of the date of the enactment of this Act, the Secretary of Commerce and the Chairman of the Federal Communications Commission, or their designees, shall begin consultation and coordination on the study under paragraph (1)(A).

(B) The Commission shall provide notice and reasonable opportunity for the public comment within 90 days of the date of the enactment of this Act.

(3) The Commission shall, within 120 days of the date of the issuance of public notice of the study, transmit to the Congress and the President a copy of the findings and recommendations. Such findings and recommendations shall be referred to the appropriate committees of the House of Representatives and the Senate.

TITLE III—EXPORT ENHANCEMENT

SEC. 301. SHORT TITLE.

This title may be cited as the "Export Enhancement Act of 1987".

SEC. 302. FINDINGS AND PURPOSES.

(a) FINDINGS.—The Congress makes the following findings:

(1) While a free and open world trading system has contributed substantially to world growth and prosperity in the 20th century, current macroeconomic policies and trade imbalances seriously threaten that system.

(2) The world trading system cannot be sustained unless the United States and its trading partners implement balanced growth policies.

(3) World economic growth requires both a financial system which fosters and supports stable exchange rates and the coordination of macroeconomic policies among industrialized countries.

(4) The United States trade deficit in 1986 of $169,800,000,000 threatens the long-term economic well-being of the United States.

(5) The unchecked bilateral trade imbalances between the United States and its trading partners could jeopardize the political, strategic, and economic relationships of the United States with other countries, relationships which are vital to world stability and peace.

(6) In order to provide more balanced and sustainable economic growth in the United States and abroad, the United States must lower its trade deficit by implementing macroeconomic and trade policies which facilitate and expand export opportunities.

(7) Since 1981, manufactured exports have stagnated and agricultural exports have fallen by almost 40 percent. The trade deficit has grown from $40 billion to almost $170 billion. Between 1981 and 1983 alone, the United States lost 2 million jobs, more than 1 million of which were in manufacturing.

(8) The significant decline in recent years in the volume and value of agricultural exports makes the development and implementation of an effective United States agricultural trade policy imperative.

(9) The indebtedness of third world countries not only poses risks for the United States financial system, but has affected jobs and exports as well. Exports to third world countries in 1985 were $11 billion below the level of exports in 1981. Falling exports to third world countries have cost the United States hundreds of thousands of jobs.

(10) In spite of the continuing need to expand exports, current Federal Government export promotion and facilitation programs are not sufficient to meet the challenge of competition from other countries for world markets.

(11) United States and Foreign Commercial Service Officers are often accorded insufficient status abroad, and are frequently diverted from their primary duty of promoting United States exports in order to perform export licensing duties.

(12) The activities of the Overseas Private Investment Corporation and the Trade and Development Program serve important United States development assistance and international economic objectives.

(13) Inadequate protection of and enforcement procedures for United States intellectual property interests abroad have resulted in the counterfeiting of United States trademarks and the piracy of United States copyrights, patents, and mask works, acts which violate basic international principles of fair trade, cause trade distortions due to lost sales by countries whose companies have developed the counterfeited or pirated goods, pose health and safety threats to consumers, and have caused a loss of United States jobs.

(b) PURPOSES.—The purposes of this title are—

(1) to promote world growth as a means of improving the standard of living in the United States and abroad;

(2) to broaden overseas markets for United States exports;

(3) to emphasize the importance for United States exports of establishing a stable and competitive dollar;

(4) to increase United States exports by—

(A) strengthening the United States and Foreign Commercial Services;

(B) streamlining export controls for national security purposes; and

(C) improving the operation of the United States mixed credit program; and

(5) restoring the markets for United States exports in developing countries by—

(A) committing the United States to world growth;

(B) broadening the authority of the Overseas Private Investment Corporation to help increase economic activity in developing countries; and

(C) enhancing the resources of the Trade and Development Program.

Subtitle A—Export Promotion

SEC. 311. UNITED STATES AND FOREIGN COMMERCIAL SERVICE.

(a) ESTABLISHMENT.—

(1) IN GENERAL.—The Secretary of Commerce shall establish, within the International Trade Administration, the United States and Foreign Commercial Service. The Secretary shall, to the greatest extent practicable, transfer to the Commercial Service the functions of the United States and Foreign Commercial Services.

(2) ASSISTANT SECRETARY OF COMMERCE AND DIRECTOR GENERAL.—The head of the Commercial Service shall be the Assistant Secretary of Commerce and Director General of the Commercial Service, who shall be appointed by the President, by and with the advice and consent of the Senate.

(3) COORDINATION WITH FOREIGN POLICY OBJECTIVES.—The Secretary shall take the nec-

essary steps to ensure that the activities of the Commercial Service are carried out in a manner consistent with United States foreign policy objectives, and the Secretary shall consult regularly with the Secretary of State in order to comply with this paragraph.

(4) AUTHORITY OF CHIEF OF MISSION.—All activities of the Commercial Service shall be subject to section 207 of the Foreign Service Act of 1980 (22 U.S.C. 3927).

(b) STATEMENT OF PURPOSE.—The Commercial Service shall place primary emphasis on the promotion of exports of goods and services from the United States, particularly by small businesses and medium-sized businesses, by carrying out activities such as—

(1) identifying United States businesses with the potential to export goods and services and providing such businesses with advice and information on establishing export businesses;

(2) providing United States exporters with information on economic conditions, market opportunities, and the legal and regulatory environment within foreign countries;

(3) providing United States exporters with information and advice on the necessary adaptation of product design and marketing strategy to meet the differing cultural and technical requirements of foreign countries;

(4) providing United States exporters with actual leads and an introduction to contacts within foreign countries;

(5) assisting United States exporters in locating reliable sources of business services in foreign countries;

(6) assisting United States exporters in their dealings with foreign governments and enterprises owned by foreign governments; and

(7) assisting the coordination of the efforts of State and local agencies and private organizations which seek to promote United States business interests abroad so as to maximize their effectiveness and minimize the duplication of efforts.

(c) OFFICES.—

(1) IN GENERAL.—The Commercial Service shall consist of a headquarters office, district offices located in major United States cities, and foreign offices located in major foreign cities.

(2) HEADQUARTERS.—The headquarters of the Commercial Service shall provide such managerial, administrative, research, and other services as the Secretary considers necessary to carry out the purposes of the Commercial Service.

(3) DISTRICT OFFICES.—The Secretary shall establish district offices of the Commercial Service in any United States city in a region in which the Secretary determines that there is a need for Federal Government export assistance.

(4) FOREIGN OFFICES.—(A) The Secretary may, after consultation with the Secretary of State, establish foreign offices of the Commercial Service. These offices shall be located in foreign cities in regions in which the Secretary determines there are significant business opportunities for United States exporters.

(B) The Secretary may, in consultation with the Secretary of State, assign to the foreign offices Commercial Officers and such other personnel as the Secretary considers necessary. In employing Commercial Officers and such other personnel, the Secretary shall use the Foreign Service personnel system in accordance with the Foreign Service Act of 1980. The Secretary shall designate a Commercial Officer as head of each foreign office.

(C) Upon the request of the Secretary, the Secretary of State shall attach the Commercial Officers and other employees of each foreign office to the diplomatic mission of the United States in the country in which that foreign office is located, and shall obtain for them diplomatic privileges and immunities equivalent to those enjoyed by Foreign Service personnel of comparable rank and salary.

(D) For purposes of official representation, the senior Commercial Officer in each country shall be considered to be the senior commercial representative of the United States in that country, and the United States chief of mission in that country shall accord that officer all privileges and responsibilities appropriate to the position of senior commercial representative of other countries.

(E) The Secretary of State is authorized, upon the request of the Secretary, to provide office space, equipment, facilities, and such other administrative and clerical services as may be required for the operation of the foreign offices. The Secretary is authorized to reimburse or advance funds to the Secretary of State for such services.

(F) The authority of the Secretary under this paragraph shall be subject to section 103 of the Diplomatic Security Act (22 U.S.C. 4802).

(d) RANK OF COMMERCIAL OFFICERS IN FOREIGN MISSIONS.—

(1) MINISTER-COUNSELOR.—Notwithstanding any other provision of law, upon the request of the Secretary, the Secretary of State shall accord the diplomatic title of Minister-Counselor to the senior Commercial Officer assigned to any United States mission abroad. The number of Commercial Service officers accorded such diplomatic title at any time may not exceed eight.

(2) CONSUL GENERAL.—In any United States consulate in which a vacancy occurs in the position of Consul General, the Secretary of State, in consultation with the Secretary, shall consider filling that vacancy with a Commercial Officer if the primary functions of the consulate are of a commercial nature and if there are significant business opportunities for United States exporters in the region in which the consulate is located.

(e) REPORT BY THE PRESIDENT.—Within 1 year after the date of the enactment of this Act, the President shall submit a report to the Congress containing an evaluation of existing export promotion services of the Department of Commerce, recommendations for improving those services, and proposals for new export promotion services.

(f) INFORMATION DISSEMINATION.—In order to carry out subsection (b)(7), to lessen the cost of distribution of information produced by the Commercial Service, and to make that information more readily available, the Secretary should establish a system for distributing that information in those areas where no district offices of the Commercial Service are located. Distributors of the information should be State export promotion agencies or private export and trade promotion associations. The distribution system should be consistent with cost recovery objectives of the Department of Commerce.

(g) AUDITS.—The Inspector General of the Department of Commerce shall perform periodic audits of the operations of the Commercial Service, but at least once every 3 years. The Inspector General shall report to the Congress the results of each such audit. In addition to an overview of the activities and effectiveness of Commercial Service operations, the audit shall include—

(1) an evaluation of the current placement of domestic personnel and recommendations for transferring personnel among district offices;

(2) an evaluation of the current placement of foreign-based personnel and recommendations for transferring such personnel in response to newly emerging business opportunities for United States exporters; and

(3) an evaluation of the personnel system and its management, including the recruitment, assignment, promotion, and performance appraisal of personnel, the use of limited appointees, and the "time-in-class" system.

(h) REPORT BY THE SECRETARY.—Not later than January 1, 1988, the Secretary shall submit a report to the Congress on the feasibility and desirability, the progress to date, the present status, and the 5-year outlook, of the comprehensive integration of the functions and personnel of the foreign and domestic export promotion operations within the International Trade Administration of the Department of Commerce.

(i) PAY OF ASSISTANT SECRETARY AND DIRECTOR GENERAL.—Section 5315 of title 5, United States Code, is amended by adding at the end the following:

"Assistant Secretary of Commerce and Director General of the United States and Foreign Commercial Service.".

(j) DEFINITIONS.—For purposes of this section—

(1) the term "Secretary" means the Secretary of Commerce;

(2) the term "Commercial Service" means the United States and Foreign Commercial Service;

(3) the term "United States exporter" means—

(A) a United States citizen;

(B) a corporation, partnership, or other association created under the laws of the United States or of any State; or

(C) a foreign corporation, partnership, or other association, more than 95 percent of which is owned by persons described in subparagraphs (A) and (B),

that exports, or seeks to export, goods or services produced in the United States;

(4) the term "small business" means any small business concern as defined under section 3 of the Small Business Act (15 U.S.C. 632);

(5) the term "State" means any of the several States, the District of Columbia, or any commonwealth, territory, or possession of the United States; and

(6) the term "United States" means the several States, the District of Columbia, and any commonwealth, territory, or possession of the United States.

SEC. 312. DIPLOMATIC MISSIONS.

(a) IN GENERAL.—(1) The Secretary of State and the Secretary of Commerce shall periodically review the current number of personnel assigned to United States diplomatic missions outside the United States to determine whether an adequate number of such personnel are engaged in economic or commercial duties to assist United States exporters and businesses doing business outside the United States. Whenever the Secretary of State and the Secretary of Commerce determine such number to be insufficient, they shall take such steps as may be necessary to increase the number of such personnel by adjustment of resources and personnel and other appropriate measures.

(2) The Secretary of State and the Secretary of Commerce should extend the length of assignment required of personnel de-

scribed in paragraph (1) in order to ensure greater continuity in promoting United States exports.

(b) REPORTS.—Each chief of a United States diplomatic mission to a country which is an important United States trading partner and which has significant potential for United States export sales shall, not later than 1 year after the date of the enactment of this Act, and not later than the end of every 1-year period thereafter, prepare and transmit to the President and to the Congress a report describing—

(1) the strategy used by such mission to expand United States exports; and

(2) the efforts of such mission to assist United States industries in expanding export sales and in improving their market position relative to other foreign competitors.

SEC. 313. COMMERCIAL SERVICE OFFICERS AND DEVELOPMENT BANKS.

(a) APPOINTMENT.—The Secretary of Commerce, in consultation with the Secretary of the Treasury, shall appoint an officer of the United States and Foreign Commercial Service to serve, on a full-time or part-time basis, with each of the United States Executive Directors of the multilateral development banks in which the United States participates.

(b) DUTIES OF OFFICERS.—It shall be the duty of each officer appointed under subsection (a) to assist the United States Executive Director with respect to whom such officer is appointed—

(1) in promoting opportunities for exports of goods and services from the United States;

(2) in taking actions to assure that United States businesses are fully informed of bidding opportunities in countries receiving loans from the respective banks; and

(3) in taking actions to assure that United States businesses can focus on projects in which they have a particular interest or competitive advantage and to permit them to complete and have an equal opportunity in submitting timely and conforming bidding documents.

(c) FUNCTIONS OF EXECUTIVE DIRECTORS.—The Secretary of the Treasury shall instruct the United States Executive Director of each multilateral development bank to carry out the functions described in paragraphs (1) through (3) of subsection (b).

SEC. 314. MARKET DEVELOPMENT COOPERATOR PROGRAM AND TRADE SHOWS.

(a) AUTHORITY.—Title II of the Export Administration Amendments Act of 1985 (15 U.S.C. 4051 and following) is amended—

(1) by redesignating sections 202 and 203 as sections 204 and 205, respectively; and

(2) by inserting after section 201 the following:

"SEC. 202. MARKET DEVELOPMENT COOPERATOR PROGRAM.

"(a) AUTHORITY TO ESTABLISH PROGRAM.—In order to—

"(1) identify foreign market opportunities,

"(2) introduce new products and processes (but not allocate markets, establish prices, or otherwise engage directly in the production, distribution, or marketing of goods or services),

"(3) eliminate trade and technical barriers, and

"(4) improve economic and trade relations between the United States and other countries,

the Secretary of Commerce is authorized to establish a Market Development Cooperator Program. The purpose of the program is to develop, maintain, and expand foreign markets for nonagricultural goods and services produced in the United States.

"(b) IMPLEMENTATION OF THE PROGRAM.—The Secretary of Commerce shall carry out the Market Development Cooperator Program by entering into contracts with—

"(1) nonprofit industry organizations,

"(2) trade associations,

"(3) State departments of trade and their regional associations, including centers for international trade development, and

"(4) private industry firms or groups of firms in cases where no entity described in paragraph (1), (2), or (3) represents that industry,

(in this section referred to as 'cooperators') to engage in activities in order to carry out the purposes set forth in paragraphs (1) through (4) of subsection (a). The costs of activities under such a contract shall be shared equitably among the Department of Commerce, the cooperator involved, and, whenever appropriate, foreign businesses. The Department of Commerce shall undertake to support direct costs of activities under such a contract, and the cooperator shall undertake to support indirect costs of such activities. Activities under such a contract shall be carried out by the cooperator with the approval and assistance of the Secretary.

"(c) COOPERATOR PARTNERSHIP PROGRAM.—(1)(A) As part of the program established under subsection (a), the Secretary of Commerce shall establish a partnership program with cooperators under which a cooperator may detail individuals, subject to the approval of the Secretary, to the United States and Foreign Commercial Service for a period of not less than 1 year or more than 2 years to supplement the Commercial Service.

"(B) Any individual detailed to the United States and Foreign Commercial Service under this subsection shall be responsible for such duties as the Secretary may prescribe in order to carry out the purposes set forth in paragraphs (1) through (4) of subsection (a).

"(C) Individuals detailed to the United States and Foreign Commercial Service under this subsection shall not be considered to be employees of the United States for the purposes of any law administered by the Office of Personnel Management, except that the Secretary of State may determine the applicability to such individuals of section 2(f) of the State Department Basic Authorities Act of 1956 (22 U.S.C. 2669(f)) and of any other law administered by the Secretary of State concerning the detail of such individuals abroad.

"(2) In order to qualify for the program established under this subsection, individuals shall have demonstrated expertise in the international business arena in at least 2 of the following areas: marketing, market research, and computer data bases.

"(3)(A) The cooperator who details an individual to the United States and Foreign Commercial Service under this subsection shall be responsible for that individual's salary and related expenses, including health care, life insurance, and other noncash benefits, if any, normally paid by such cooperator.

"(B) The Secretary of Commerce shall pay transportation and housing costs for each individual participating in the program established under this subsection.

"(d) BUDGET ACT.—Contracts may be entered into under this section in a fiscal year only to such extent or in such amounts as are provided in appropriations Acts.

"SEC. 203. TRADE SHOWS.

"(a) AUTHORITY OF THE SECRETARY OF COMMERCE.—In order to facilitate exporting by United States businesses, the Secretary of Commerce shall provide assistance for trade shows in the United States which bring together representatives of United States businesses seeking to export goods or services produced in the United States and representatives of foreign companies or governments seeking to buy such goods or services from these United States businesses.

"(b) RECIPIENTS OF ASSISTANCE.—Assistance under subsection (a) may be provided to—

"(1) nonprofit industry organizations,

"(2) trade associations,

"(3) foreign trade zones, and

"(4) private industry firms or groups of firms in cases where no entity described in paragraph (1), (2), or (3) represents that industry,

to provide the services necessary to operate trade shows described in subsection (a).

"(c) ASSISTANCE TO SMALL BUSINESSES.—In providing assistance under this section, the Secretary of Commerce shall, in consultation with the Administrator of the Small Business Administration, make special efforts to facilitate participation by small businesses and companies new to export.

"(d) USES OF ASSISTANCE.—Funds appropriated to carry out this section shall be used to—

"(1) identify potential participants for trade show organizers,

"(2) provide information on trade shows to potential participants,

"(3) supply language services for participants, and

"(4) provide information on trade shows to small businesses and companies new to export.

"(e) DEFINITIONS.—As used in this section—

"(1) the term 'United States business' means—

"(A) a United States citizen;

"(B) a corporation, partnership, or other association created under the laws of the United States or of any State (including the District of Columbia or any commonwealth, territory, or possession of the United States); or

"(C) a foreign corporation, partnership, or other association, more than 95 percent of which is owned by persons described in subparagraphs (A) and (B); and

"(2) the term 'small business' means any small business concern as defined under section 3 of the Small Business Act (15 U.S.C. 632).".

(b) DEFINITION OF EXPORT PROMOTION PROGRAM.—Section 201(d) of the Export Administration Amendments Act of 1985 (15 U.S.C. 4051(d)) is amended—

(1) in paragraph (3) by striking "and";

(2) in paragraph (4) by striking the period and inserting a semicolon; and

(3) by adding at the end the following:

"(5) the Market Development Cooperator Program established under section 202; and

"(6) the assistance for trade shows which is authorized by section 203.".

(c) AUTHORIZATION OF APPROPRIATIONS.—Section 204 of the Export Administration Amendments Act of 1985 (as redesignated by subsection (a)(1) of this section) is amended to read as follows:

"SEC. 204. AUTHORIZATION OF APPROPRIATIONS.

"There is authorized to be appropriated to the Department of Commerce to carry out export promotion programs—

"(1) $123,922,000 for the fiscal year 1987; and

"(2) $129,922,000 for the fiscal year 1988, of which $6,000,000 shall be available only for the Market Development Cooperator Program established under section 202 and for the assistance for trade shows which is authorized by section 203.".

SEC. 315. ESTABLISHMENT OF UNITED STATES AND FOREIGN COMMERCIAL SERVICE PACIFIC RIM INITIATIVE.

(a) ESTABLISHMENT OF PILOT PROGRAM.—The Secretary of Commerce shall establish a pilot program in the United States and Foreign Commercial Service to encourage the export of United States goods and services to Japan, South Korea, and Taiwan. Such program shall provide that, in addition to any other duty, the United States and Foreign Commercial Service shall—

(1) identify United States goods and services which are not being exported to the markets of Japan, South Korea, and Taiwan but which could be exported to these markets under competitive market conditions;

(2) identify and notify United States persons who sell or provide such goods or services of potential opportunities identified under paragraph (1);

(3) present a list of the goods and services identified under paragraph (1), together with a list of any impediments to the export of such goods and services, to authorities in Japan, South Korea, and Taiwan, as appropriate, with a view toward liberalizing markets to such goods and services;

(4) develop semiannual goals for the number of goods and services to be identified under paragraph (1);

(5) facilitate the entrance of United States persons identified and notified under paragraph (2) into such markets; and

(6) monitor and evaluate the results of efforts to increase the sale of goods and services in such markets.

(b) REPORTS TO CONGRESS.—The Secretary of Commerce shall submit to the Congress semiannual reports on the progress of the program established under subsection (a). Such reports shall include—

(1) the goods and services proposed for liberalization;

(2) the results of any liberalization toward United States goods and services; and

(3) to the extent practicable, the increase in United States commercial sales in the markets identified under subsection (a)(1).

(c) DEFINITION.—As used in this section, the term "United States person" means—

(1) a United States citizen; or

(2) a corporation, partnership, or other association created under the laws of the United States or of any State (including the District of Columbia or any commonwealth, territory, or possession of the United States).

SEC. 316. COMMERCIAL PERSONNEL AT THE AMERICAN INSTITUTE OF TAIWAN.

Section 6 of the Taiwan Relations Act (22 U.S.C. 3305) is amended by adding at the end the following:

"(d) The Institute shall employ personnel to perform duties similar to that performed by personnel of the United States and Foreign Commercial Service. The number of individuals employed under this subsection shall be commensurate with the number of United States personnel of the Commercial Service who are permanently assigned to the United States diplomatic mission to South Korea.".

SEC. 317. PRINTING AT OVERSEAS LOCATIONS.

(a) EXCEPTION TO PRINTING BY GOVERNMENT PRINTING OFFICE.—Section 501 of title 44, United States Code, is amended by striking "All" and inserting "Except as otherwise expressly provided by law, all".

(b) PRINTING IN CONJUNCTION WITH EXPORT PROMOTION PROGRAMS.—Section 201 of the Export Administration Amendments Act of 1985 (15 U.S.C. 4051) is amended by adding at the end the following:

"(e) PRINTING OUTSIDE THE UNITED STATES.—(1) In carrying out any export promotion program, and consistent with other applicable law, the Secretary of Commerce may authorize—

"(A) the printing, distribution, and sale of documents outside the contiguous United States, if the Secretary finds that the implementation of such export promotion program would be more efficient; and

"(B) the acceptance of private notices and advertisements in connection with the printing and distribution of such documents.

"(2) Any fees received by the Secretary pursuant to paragraph (1) shall be deposited in a separate account or accounts which may be used to defray directly the costs incurred in conducting activities authorized by paragraph (1) or to repay or make advances to appropriations or other funds available for such activities.".

SEC. 318. AGRICULTURAL TRADE POLICY.

(a) STATEMENT OF POLICY.—It is the policy of the United States—

(1) to provide, through all possible means, agricultural commodities and the products thereof for export at competitive prices, with full assurance of quality and reliability of supply;

(2) to support the principle of free trade and the promotion of fair trade in agricultural commodities and the products thereof;

(3) to support fully the negotiating objectives set forth in section 111(b) of this Act to eliminate or reduce substantially constraints to fair and open trade in agricultural commodities and the products thereof;

(4) to utilize fully statutory authority to counter aggressively unfair foreign trade practices and to use all other available means, including export restitution, export bonus programs, and, if necessary, restrictions on United States imports of foreign agricultural commodities and the products thereof, in order to encourage fair and more open trade; and

(5) to provide for increased representation of United States agricultural trade interests in the formulation of national fiscal and monetary policy affecting trade.

(b) LOCAL CURRENCIES UNDER P.L. 480.—

(1) WOOD AND WOOD PRODUCTS.—Section 104(b)(1) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1704(b)(1)) is amended in the first sentence by inserting "(including wood and wood products of the United States)" after "agricultural commodities".

(2) CONSTRUCTION OF HOUSING AND SHELTER.—Section 108(i) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1708(i)) is amended—

(A) in paragraph (1) by striking "and";

(B) in paragraph (2) by striking the period and inserting "; and"; and

(C) by adding at the end the following:

"(3) the terms 'private sector development activity' and 'private enterprise investment' include the construction of low- and medium-income housing and shelter."

(3) NONEMERGENCY PROGRAMS UNDER TITLE II OF P.L. 480.—The first sentence of section 206 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1726) is amended by inserting after "extraordinary relief requirements," the following: "or for nonemergency programs conducted by nonprofit voluntary agencies or cooperatives,".

(4) USES OF FOREIGN CURRENCIES UNDER TITLE II.—Section 207 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1726a) is amended—

(A) in subsection (a), by inserting "or cooperative" after "agency";

(B) in subsection (b), by striking out "5 percent" and inserting in lieu thereof "10 percent"; and

(C) by adding at the end the following:

"(c) Foreign currencies generated from partial or full sales or barter of commodities by a nonprofit voluntary agency or cooperative may be used to—

"(1) transport, store, or distribute agricultural commodities, to ensure that such commodities reach their final users in usable condition or otherwise enhance the effectiveness of the use of commodities donated under this title; and

"(2) implement income generation, community development, health, nutrition, cooperative development, or agricultural programs, or other developmental activities.".

(c) SHORT AND INTERMEDIATE EXPORT CREDIT.—

(1) SHORT-TERM CREDIT.—Section 1125(b) of the Food Security Act of 1985 (7 U.S.C. 1736t(b)) is amended by inserting ", including wood and processed wood products" after "agricultural commodities and the products thereof".

(2) INTERMEDIATE EXPORT CREDIT.—Section 4(b)(1) of the Food for Peace Act of 1966 (7 U.S.C. 1707a(b)(1)) is amended in the second sentence by inserting before the period the following: ", except that, for purposes of this sentence, the term 'agricultural commodities' includes wood and processed wood products".

(d) MARKET DEVELOPMENT ACTIVITIES.—In order to improve the market development activities of the United States Department of Agriculture, the following shall apply:

(1) In order to provide enhanced trade policy and international economic information, the Secretary of Agriculture is authorized to expand the number of agricultural counselors, attaches, assistant attaches, and other diplomatic representatives of the Department of Agriculture overseas. The Secretary of Agriculture shall, to the maximum extent possible, assign agricultural marketing specialists or agricultural trade officers in overseas posts that offer short- or long-term market potential for United States agricultural commodities or products thereof and that are not served by an Agricultural Trade Office, agricultural trade officer, or agricultural marketing specialist.

(2) The Secretary of Agriculture shall assist departments of agriculture of the States in supporting the export efforts of private companies. Such assistance shall include the stationing of marketing specialists in States or regions as a part of the normal rotation of these specialists between Washington, D.C. and overseas locations.

(e) RANK OF FOREIGN AGRICULTURAL SERVICE OFFICERS IN FOREIGN MISSIONS.—Notwithstanding any other provision of law, the Secretary of State shall, upon the request of the Secretary of Agriculture, accord the diplomatic title of Minister-Counselor to the senior Foreign Agricultural Service Officer assigned to any United States mission abroad. The number of Foreign Agricultural Service officers accorded such diplomatic title at any time may not exceed eight.

SEC. 319. JOINT DEVELOPMENT ASSISTANCE AGREEMENTS WITH CERTAIN TRADING PARTNERS.

(a) DEVELOPMENT OF PLAN.—With respect to any country that has a substantial positive trade balance with the United States, the Secretary of Agriculture, in consultation with the Secretary of State and (through the Secretary of State) representatives of the other country, may develop an appropriate plan (taking into consideration the agricultural economy of such country, the nature and extent of such country's programs to assist developing countries, and other relevant factors) under which that country would purchase United States agricultural commodities or products for use in development activities in developing countries. The Secretary of Agriculture shall submit each such plan to the President as soon as it is completed.

(b) AGREEMENT.—The President may enter into an agreement with any country that has a positive trade balance with the United States under which that country would purchase United States agricultural commodities or products for use in agreed-on development activities in developing countries.

SEC. 320. FOOD AID AND MARKET DEVELOPMENT.

(a) POLICY STATEMENT.—It is the policy of the United States to use food aid and agriculturally-related foreign economic assistance programs more effectively to develop markets for United States agricultural commodities and products.

(b) REQUIREMENTS.—The President (or, as appropriate, the Secretary of Agriculture) shall encourage the recipient country under food assistance agreements entered into under any program administered by the Secretary to agree to give preference to United States food and food products in its future food purchases.

SEC. 321. FINDINGS AND SENSE OF CONGRESS WITH RESPECT TO THE EUROPEAN COMMUNITY.

(a) FINDINGS.—The Congress finds that—

(1) the European Community has proposed to establish a tariff on the importation of vegetable and marine fats and oils; and

(2) the imposition of such a tariff would have a negative impact on United States exports of oil seeds and products and would be inconsistent with the European Community's obligations under the General Agreement on Tariffs and Trade.

(b) SENSE OF CONGRESS.—It is the sense of the Congress that—

(1) the President should firmly oppose actions by the European Community to establish a tariff on the importation of vegetable and marine fats and oils; and

(2) the President should take strong and immediate countermeasures should such a tariff be implemented.

SEC. 322. EXPORT-IMPORT BANK.

(a) FINDINGS.—The Congress makes the following findings:

(1) The actual level of support provided by the Export-Import Bank to United States exporters has decreased significantly since 1980, including a reduction from $5,400,000,000 in direct loans in fiscal year 1981 to $577,400,000 in direct loans in fiscal year 1986.

(2) The value of nonagricultural United States exports supported by the Export-Import Bank, in relation to all such exports, has also declined consistently during the last 5 years, from approximately 13 percent in 1980 to approximately 5 percent in 1986.

(3) The level of official financing provided by the governments of other industrialized countries to their exporters is typically from 25 to 40 percent of the nonagricultural exports from those countries.

(4) The programs of the Export-Import Bank, especially the direct loan program, enable United States exporters to compete in world markets on the basis of quality, price, and service, and are often crucial to the success of export endeavors. Export-Import Bank programs are particularly important for high technology products and large scale projects that are very capital intensive or that require longer terms.

(b) STATEMENT OF POLICY.—It is the sense of the Congress that the availability of adequate and flexible financing provided by the United States Government for United States exports contributes to the maintenance and expansion of United States exports and at the same time can serve to reverse the trend toward overseas production.

SEC. 323. COUNTRY REPORTS ON ECONOMIC POLICY AND TRADE PRACTICES.

The Secretary of State shall, not later than January 31 of each year, prepare and transmit to the Committee on Foreign Affairs and the Committee on Ways and Means of the House of Representatives, to the Committee on Foreign Relations and the Committee on Finance of the Senate, and to other appropriate committees of the Congress, a detailed report regarding the economic policy and trade practices of each country with which the United States has an economic or trade relationship. The Secretary may direct the appropriate officers of the Department of State who are serving overseas, in consultation with appropriate officers or employees of other departments and agencies of the United States, including the Department of Agriculture and the Department of Commerce, to coordinate the preparation of such information in a country as is necessary to prepare the report under this section. The report shall identify and describe, with respect to each country—

(1) the macroeconomic policies of the country and their impact on the overall growth in demand for United States exports;

(2) the impact of macroeconomic and other policies on the exchange rate of the country and the resulting impact on price competitiveness of United States exports;

(3) any change in structural policies (including tax incentives, regulations governing financial institutions, production standards, and patterns of industrial ownership) that may affect the country's growth rate and its demand for United States exports;

(4) the management of the country's external debt and its implications for trade with the United States;

(5) acts, policies, and practices that constitute significant barriers to United States exports or foreign direct investment in that country by United States persons, as identified under section 181(a)(1) of the Trade Act of 1974 (19 U.S.C. 2241(a)(1));

(6) acts, policies, and practices that provide direct or indirect government support for exports from that country, including exports by small businesses;

(7) the extent to which the country's laws and enforcement of those laws afford adequate protection to United States intellectual property, including patents, trademarks, copyrights, and mask works; and

(8) the country's laws and enforcement of those laws with respect to internationally recognized worker rights (as defined in section 502(a)(4) of the Trade Act of 1974), the conditions of worker rights in any sector which produces goods and in which United States capital is invested, the extent of such investment, and the extent to which the goods produced under these conditions are imported into the United States.

SEC. 324. EXPORT PROMOTION DATA SYSTEM.

(a) FINDINGS.—The Congress finds that—

(1) accurate, timely, and properly organized data and other information are essential for the promotion of international trade;

(2) the Federal Government is an appropriate institution for reporting needed data and other information it collects in its promotion of international trade;

(3) States have greatly expanded their programs to promote international trade and have become an integral part of the trade expansion effort of the United States; and

(4) as part of the Federal-State partnership, the Federal Government and State governments should share with each other and the private sector, in an open and timely manner, data and other information they collect relating to international trade.

(b) EXPORT PROMOTION DATA SYSTEM.—

(1) DEFINITIONS.—For purposes of this subsection—

(A) the term "Secretary" means the Secretary of Commerce;

(B) the term "Department" means the Department of Commerce; and

(C) the term "System" means the export promotion data system developed under paragraph (2).

(2) PURPOSES OF THE SYSTEM.—The Secretary shall develop and maintain an export promotion data system which—

(A) includes information on those foreign industrial sectors and markets which are perceived to be of the greatest interest to United States exporters, including private export associations and groups, and to State agencies that promote exports;

(B) includes such information as is collected through—

(i) the trade promotion and facilitation activities of the International Trade Administration of the Department; and

(ii) the activities of other Federal Government agencies, State agencies, and private entities;

(C) organizes information into the form which is most useful to United States exporters, including private export associations and groups, and to State agencies that promote exports;

(D) provides for the confidentiality of proprietary business information; and

(E) consistent with other provisions of law, disseminates, upon request and for a reasonable fee, information in the System in a timely manner to United States exporters, including private export associations and groups, and to State agencies that promote exports.

(3) COOPERATION WITH OTHER FEDERAL AGENCIES.—The Secretary shall determine which Federal Government agencies described in paragraph (2)(C)(ii) generate information which should be included in the System. The President shall direct those agencies to provide the System with access to such information. These agencies shall, in the case of information stored electronically, provide the System with the necessary interfacing between their respective data processing systems.

(4) DESIGN OF THE SYSTEM.—The System shall be designed to use the most effective means to monitor, organize, and disseminate in a timely manner, information on—

(A) United States exports of goods and services by State of origin, port of departure, and importing country;

(B) United States imports of goods and services by country of origin;

(C) specific business opportunities and contacts in foreign countries;

(D) characteristics of specific industrial sectors within foreign countries with high export potential, such as—

(i) size of the market;

(ii) distribution of products;

(iii) competition;

(iv) significant applicable laws, regulations, specifications, and standards;

(v) appropriate government officials; and

(vi) trade associations and other contact points; and

(E) foreign countries generally, such as—

(i) general economic conditions;

(ii) common business practices;

(iii) significant tariff and trade barriers; and

(iv) other significant laws and regulations regarding imports and licensing.

(5) DELIVERY.—(A) The Secretary shall devise a procedure for disseminating the information in the System that—

(i) provides useful information to the maximum number of users;

(ii) allows the System to recover a reasonable portion of its operating costs; and

(iii) minimizes competition between the Department and private sector information dissemination services.

(B) In establishing the procedure under subparagraph (A), the Secretary shall consider methods of disseminating information in the System which include—

(i) providing direct or indirect on-line access to all or part of the System's data banks; and

(ii) contracting with private sector information dissemination services to provide on-line access to all or part of the information in the System.

(C) The Secretary may establish a schedule of fees for users or distributors of the information in the System. Such fees shall be consistent with fees charged for similar services in the private sector.

(D) Within 180 days after the date of the enactment of this Act, the Secretary shall submit to the Congress a plan for the delivery procedure required by subparagraph (A).

(6) EXCLUSIONS FROM THE SYSTEM.—The System shall not include any information—

(A) which is collected in connection with any investigation; or

(B) the disclosure of which is prohibited by any provision of law.

(7) CONSULTATIONS.—The Secretary shall consult with representatives of the private sector, including export associations and groups, and with State agencies that promote exports, regarding the ongoing development of the System.

(8) IMPLEMENTATION.—The Secretary shall, upon the submission under paragraph (5)(D) of the plan for the delivery procedure required by paragraph (5)(A), begin operation of the portions of the System described in paragraph (2)(B)(i). Within 1 year after the date of the enactment of this Act, the Secretary shall begin operation of the portion of the System described in paragraph (2)(B)(ii).

(9) REPORTS TO CONGRESS.—The Secretary shall report to the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate, within 1 year after the date of the enactment of this Act, on the implementation of this section. Such report shall include comments on the implementation of the System which are provided by the private sector, including export associations and groups, and by State agencies that promote exports.

SEC. 325. PRESHIPMENT INSPECTION REGULATION PROGRAM.

(a) FINDINGS.—The Congress finds that—

(1) preshipment inspection of goods can help facilitate trade by expediting customs clearance in the country of destination;

(2) there have been substantial complaints with respect to preshipment inspection, specifically regarding delays in shipment, increases in the cost of export transactions, price inspection, and request for confidential business information;

(3) preshipment inspection authority is currently unregulated and, if abused, can constitute an unreasonable restraint on trade;

(4) preshipment inspections of the financial terms of export transactions should not be employed in such a manner as to impose inappropriate controls on international prices;

(5) preshipment inspection requirements as imposed by importing countries should not be applied in such a manner as to discriminate against and burden or restrain United States trade;

(6) capital flight from developing countries is a significant contributor to their external debt burden, which is posing a serious threat to their economic stability and preventing a return to economic growth and development;

(7) preshipment inspection can facilitate trade by minimizing opportunities for capital flight, fraud, tax evasion, and inappropriate price discrimination by preventing fraudulent and abusive overinvoicing and underinvoicing; and

(8) the interests of all parties concerned would be enhanced by competition among preshipment companies.

(b) PURPOSE.—It is the purpose of this section to establish a regulatory program to ensure that preshipment inspection companies fulfill a useful role in facilitating trade, and to prevent activities which are inconsistent with the operation of free and open markets within the United States.

(c) POLICY.—It shall be the policy of the United States to ensure that preshipment inspection requirements are a useful means of facilitating trade, and are not used as an instrument to restrict international commerce and business.

(d) DEFINITIONS.—For purposes of this section—

(1) the term "preshipment inspection activity" means any activity which is carried out in the United States on behalf of a governmental entity of a foreign country and which involves, as a governmentally imposed condition on the importing of goods into that foreign country or of receipt of payment for those goods from that foreign country—

(A) a physical inspection of those goods before the goods leave the United States;

(B) an inspection of the export value of the goods, including the financial terms of the export transaction; or

(C) any inspections of those goods which are normally carried out by the customs officials of the importing country;

(2) the term "inspection company" means any person that conducts preshipment inspection activities for compensation; and

(3) the term "Secretary" means the Secretary of Commerce.

(e) CERTIFICATION OF PRESHIPMENT INSPECTION COMPANIES.—(1) A person may carry out preshipment inspection activities only if—

(A) the person is an inspection company holding a valid certification issued by the Secretary under this section; and

(B) the preshipment inspection activities are permitted under subsection (f).

(2) An inspection company may apply to the Secretary for a certification under this section. Such application shall be in such form and contain such information as the Secretary may specify by regulation.

(3) The Secretary shall issue or deny certification within 90 days after receipt of each application by an inspection company under paragraph (2), and such certification, if granted, shall be valid for such period of time as the Secretary shall specify.

(4) The Secretary shall establish the appropriate criteria for issuing a certification under this section.

(5) Each application for certification by an inspection company shall contain the following information, which shall be made available for public inspection at the Department of Commerce:

(A) The name of the inspection company, the names of its officers, owners, and affiliates, and the addresses of the company headquarters and all of its offices in the United States.

(B) A description of any other businesses of the company and its affiliates, other than preshipment inspection activities.

(C) The purpose of the company's proposed activities.

(D) The foreign governmental entities for which the company is to act as an agent.

(E) The activities which the company will undertake on behalf of any such foreign governmental entity.

(F) A description of controls the company intends to implement in order to ensure the protection of proprietary information.

(G) Copies of each statute, decree, or other regulation under the authority of which the company is conducting its activities within the United States.

(H) Any other information which the Secretary determines would be useful in monitoring the activities of the inspection company.

(6) Any inspection company to which a certification is issued under this section shall thereafter provide to the Secretary any additional information necessary to ensure the accuracy of the information submitted under paragraph (5).

(f) ALLOWABLE PRESHIPMENT INSPECTION ACTIVITIES.—An inspection company issued a certification under this section may conduct the following preshipment inspection activities:

(1) Classification and valuation for customs purposes.

(2) Inspections for quantity and quality of goods.

(3) Inspection for health, safety, technical, and other standards as determined by the Secretary.

(4) Inspection of the value and financial terms of an export transaction for purposes of preventing customs fraud, capital flight, tax evasions, and unreasonable price discrimination.

(5) Other activities as determined by the Secretary.

(g) ACTIVITIES NOT PERMITTED.—An inspection company issued a certification under this section may not do the following:

(1) Engage in preshipment activities that would be discriminatory against and burden-

some on, or restrictive of, United States commerce.

(2) Provide to importing countries price information supplied by exporters on specific export transactions, other than information that is required or customarily provided for letters of credit or other forms of payment, or for customs, import licensing, or foreign exchange control purposes. Prices for goods exported from the United States may not be compared to prices for goods exported from other countries of supply except for internationally quoted commodities.

(3) Perform quantity and quality inspections in a manner that is more extensive or intrusive than inspections performed in accordance with customary international inspection standards.

(4) Carry out any activity which the Secretary determines to be inconsistent with the purposes of this section and which the Secretary determines would place an unreasonable burden on United States exporters.

(h) REGULATIONS.—(1) The Secretary shall prescribe such regulations as are necessary to carry out this section. Such regulations shall provide that—

(A) the preshipment activities of inspection companies shall not unreasonably interfere with the conduct of international business;

(B) preshipment inspection activities shall be conducted, and appropriate documentation shall be issued, in a timely and convenient manner so as to avoid any substantial delays to United States exporters;

(C) United States exporters subject to preshipment inspection activities as a condition of exporting goods shall be furnished with all information and instructions necessary to ensure compliance with the laws of the importing country that are administered by the inspection company, including a statement of the exporter's rights and of prohibited practices; and

(D) in the event that an inspection company decides that goods subject to preshipment inspection activities are not in compliance with the laws of the importing country, the inspection company shall provide a written explanation of the basis for noncompliance, and shall arrange with the United States exporter involved for a timely reinspection in order to ensure minimal delays to the exporter.

(2) Regulations under this subsection shall be issued and take effect not later than 6 months after the date of the enactment of this Act.

(i) CIVIL PENALTIES.—(1) The Secretary (and officers and employees of the Department of Commerce specifically designated by the Secretary) may impose a civil penalty of not more than $10,000 for each knowing violation of this section or any regulation or order issued under this section.

(2) The Secretary may suspend or revoke the certification of an inspection company that engages in a course of conduct in persistent violation of this section or any regulation or order issued under this section.

(3) Any sanction imposed under this subsection may be imposed only after notice and an opportunity for an agency hearing on the record in accordance with sections 554 through 557 of title 5, United States Code.

(4) The Secretary may by regulation provide standards for establishing levels of civil penalty provided in this subsection based upon the seriousness of the violation.

(j) APPEALS.—(1) The Secretary shall establish appropriate procedures for any United States exporter to appeal to the Secretary any determination by an inspection company that would prevent a United States exporter from making a shipment or receiving payment for a shipment, or to file a complaint concerning the conduct of an inspection company. Such procedures shall provide an opportunity for both the inspection company and the exporter to present views, and shall protect the confidentiality of all parties.

(2) When appropriate in connection with an appeal under paragraph (1), the Secretary shall attempt to resolve the differences between the exporter and the inspection company involved.

(k) MULTILATERAL AND BILATERAL CONSULTATIONS.—(1) The President shall instruct the United States representatives to all relevant multilateral international economic fora, to promote the United States policy on preshipment inspection activities, as set forth in this section.

(2) The President shall promote the United States policy on preshipment inspection activities where appropriate in any bilateral consultation with a United States trading partner.

SEC. 326. REPORT ON EXPORT TRADING COMPANIES.

The Export Trading Company Act of 1982 (15 U.S.C. 4001 et seq.) is amended by inserting after section 104 the following new section:

"SEC. 105. REPORT ON EXPORT TRADING COMPANIES.

"Not later than one year after the date of the enactment of this section and annually thereafter, the Secretary of Commerce shall submit a report to the Congress on the activities of the Department of Commerce to promote and encourage the formation of export trade associations and export trading companies. The report shall include a survey of the activities of export management companies and export trade associations, as well as an analysis of the operating experiences of those export trading companies established pursuant to this Act. The report shall not contain any information subject to the protections from disclosure provided in this Act.".

Subtitle B—Export Controls

SEC. 331. OIL EXPORTS.

(a) TO NONCONTIGUOUS COUNTRIES.—Section 7(d)(1) of the Export Administration Act of 1979 (50 U.S.C. App. 2406(d)(1)) (hereafter in this subtitle referred to as "the Act") is amended to read as follows:

"(1) No domestically produced crude oil may be exported from the United States, subject to paragraph (2) of this subsection. The prohibition contained in the preceding sentence shall not apply to—

"(A) crude oil which is exported to an adjacent foreign country to be refined and consumed in that country; except that, in the case of any such export to an adjacent foreign country of any domestically produced crude oil transported by pipeline over rights-of-way granted pursuant to section 203 of the Trans-Alaska Pipeline Authorization Act (43 U.S.C. 1652), such export must be made in exchange for the same quantity of crude oil being exported from that country to the United States, and such exchange must result through convenience or increased efficiency of transportation in lower prices for consumers of petroleum products in the United States, or

"(B) crude oil which is temporarily exported for convenience or increased efficiency of transportation across parts of an adjacent foreign country and reenters the United States.".

(b) EXPORTS OF PRODUCTS OF EXPORT REFINERIES.—Section 7(d) of the Act (50 U.S.C. App. 2406(d)) is amended by adding at the end the following:

"(5)(A) The provisions of paragraphs (1) through (4) of this subsection shall apply to the export of any refined petroleum product, or partially refined petroleum product, which is produced by an export refinery to the same extent as the provisions of paragraphs (1) through (4) of this subsection apply to the export of domestically produced crude oil.

"(B) For purposes of this paragraph—

"(i) the term 'refined petroleum product' means gasoline, kerosene, distillates, propane or butane gas, diesel fuel, and residual fuel oil;

"(ii) the term 'partially refined petroleum product' means a mixture of hydrocarbons which existed in liquid phase in underground reservoirs and remains liquid at atmospheric pressure after passing through surface separating facilities, and which has been processed through a crude oil distillation tower, including topped crude oil and other unfinished oils, but excluding any refined petroleum product; and

"(iii) the term 'export refinery' means, with respect to a proposed export, any crude oil refinery within the continental United States or Alaska which, were it to make the proposed export, would have exported more than 33 percent of all refined petroleum products and partially refined petroleum products produced by that refinery—

"(I) during the 1-year period ending on the day of such proposed export, in the case of a refinery that has been in commercial operation for 1 year or more, or

"(II) during the period in which it has been in commercial operation, in the case of a refinery that has been in commercial operation for less than 1 year.

"(C) Within 180 days after the date of the enactment of this paragraph, the Secretary shall issue such regulations as may be necessary to carry out this paragraph.".

(c) TECHNICAL AMENDMENT.—Section 28 of the Outer Continental Shelf Lands Act (43 U.S.C. 1354) is amended by striking "1969" each place it appears and inserting "1979".

SEC. 332. NATIONAL SECURITY CONTROLS.

(a) MULTIPLE LICENSE AUTHORITY.—Section 4(a)(2) of the Act (50 U.S.C. App. 2403(a)(2)) is amended—

(1) in subparagraph (A) by striking the period at the end of the first sentence and inserting ", except that the Secretary may establish a type of distribution license appropriate for consignees in the People's Republic of China."; and

(2) in subparagraph (B) in the first sentence by inserting "(except the People's Republic of China)" after "controlled countries".

(b) DOMESTIC SALES TO COMMERCIAL ENTITIES OF CONTROLLED COUNTRIES.—Section 5(a)(1) of the Act (50 U.S.C. App. 2404(a)(1)) is amended by inserting after the second sentence the following: "For purposes of the preceding sentence, the term 'affiliates' includes both governmental entities and commercial entities that are controlled in fact by controlled countries.".

(c) AUTHORITY FOR REEXPORTS.—Section 5(a) of the Act (50 U.S.C. App. 2404(a)) is amended by adding at the end the following:

"(4) No authority or permission to reexport any goods or technology subject to the

jurisdiction of the United States may be required under this section—

"(A) to any country which maintains export controls on such goods or technology cooperatively with the United States pursuant to the agreement of the group known as the Coordinating Committee or pursuant to an agreement described in subsection (k) of this section, except that the Secretary may require authority or permission to reexport—

"(i) such goods or technology to such end users as the Secretary may specify by regulation, and

"(ii) such specific extraordinarily sophisticated goods or technology as the Secretary may specify by regulation, or

"(B) from any country when the goods or technology to be reexported are incorporated in other goods and do not constitute more than 25 percent of the value of the goods in which they are incorporated.".

(d) EXPORTS TO COUNTRIES OTHER THAN CONTROLLED COUNTRIES.—(1) Section 5(b) of the Act (50 U.S.C. App. 2404(b)) is amended by striking paragraph (2) and inserting the following:

"(2) No authority or permission to export may be required under this section for the export to any country other than a controlled country of any goods or technology which, if exported to the People's Republic of China on March 1, 1987, would require only notification of the participating governments of the group known as the Coordinating Committee, except that the Secretary may require authority or permission to export goods or technology described in this paragraph—

"(A) to such end users as the Secretary may specify by regulation; or

"(B) to any country which poses significant risks of diversion, as specified by the Secretary.

"(3)(A) Except as provided in subparagraph (B), no authority or permission to export may be required under this section for the export of goods or technology to a country which maintains export controls on such goods or technology cooperatively with the United States pursuant to the agreement of the group known as the Coordinating Committee or pursuant to an agreement described in subsection (k) of this section.

"(B)(i) The Secretary may require authority or permission to export to a country referred to in subparagraph (A) such specific extraordinarily sophisticated goods or technology as the Secretary may specify by regulation.

"(ii) The Secretary may require authority or permission to export goods or technology, which are otherwise eligible for export under subparagraph (A), to such end users as the Secretary may specify by regulation.

"(iii) The Secretary may require authority or permission to export goods or technology to a country referred to in subparagraph (A) if the Secretary, in consultation with the Secretary of State, determines that such country is engaging in a pattern and practice of noncompliance with the Coordinating Committee agreement or other applicable agreement.

"(4) The Secretary may require any person exporting any goods or technology under the provisions of paragraph (2) or (3) to notify the Department of Commerce of those exports.".

(2) The amendment made by paragraph (1) shall take effect 6 months after the date of the enactment of this Act.

(e) LIST REVIEWS; REGULATIONS.—

(1) CONTROL LIST.—(A) Section 5(c)(2) of the Act (50 U.S.C. App. 2404(c)(2)) is amended by striking the last sentence and inserting the following: "If the Secretary and the Secretary of Defense are unable to concur on such items, as determined by the Secretary, the Secretary of Defense may refer the matter to the President for resolution within 20 days after the Secretary's determination. The Secretary of Defense shall notify the Secretary of any such referral. The President shall notify the Secretary of his determination with respect to the inclusion of such items on the list not later than 20 days after such referral. Failure of the Secretary of Defense to notify the President or the Secretary, or failure of the President to notify the Secretary, in accordance with this paragraph, shall be deemed by the Secretary to constitute concurrence in the implementation of the actions proposed by the Secretary regarding the inclusion of such items on the list.".

(B) Section 5(c)(3) of the Act is amended to read as follows:

"(3) The Secretary shall conduct partial reviews of the list established pursuant to this subsection at least once each calendar quarter in order to carry out the policy set forth in section 3(2)(A) of this Act and the provisions of this section, and shall promptly make such revisions of the list as may be necessary after each such review. Before beginning each quarterly review, the Secretary shall publish notice of that review in the Federal Register. The Secretary shall provide a 30-day period during each review for comment and the submission of data, with or without oral presentation, by interested Government agencies and other affected or potentially affected parties. After consultation with appropriate Government agencies, the Secretary shall make a determination of any revisions in the list within 30 days after the end of the review period. The concurrence or approval of any other department or agency is not required before any such revision is made. The Secretary shall publish in the Federal Register any revisions in the list, with an explanation of the reasons for the revisions. The Secretary shall further assess, as part of each review, the availability from sources outside the United States of goods and technology comparable to those subject to export controls imposed under this section. All goods and technology on the list shall be reviewed at least once each year. The provisions of this paragraph apply to revisions of the list which consist of removing items from the list or making changes in categories of, or other specifications in, items on the list.".

(2) LIST OF MILITARILY CRITICAL TECHNOLOGIES.—Section 5(d)(5) of the Act (50 U.S.C. App. 2404(d)(5)) is amended in the first sentence by striking "at least annually" and inserting "on an ongoing basis".

(3) TECHNICAL ADVISORY COMMITTEES.—(A) Section 5(c) of the Act is amended by adding at the end the following:

"(4) The appropriate technical advisory committee appointed under subsection (h) of this section shall be consulted by the Secretary with respect to changes, pursuant to paragraph (2) or (3), in the list established pursuant to this subsection, and such technical advisory committee may submit recommendations to the Secretary with respect to such changes. If such recommendations are submitted, such technical advisory committee shall be formally represented in that portion of the process involved in making such changes which relates to its recommendations. The Secretary shall consider the recommendations of the technical advisory committee and shall report to the committee the disposition of its recommendations and the reasons why they were accepted, modified, or rejected.".

(B) Section 5(h)(2) of the Act is amended—

(i) by redesignating clause (E) as clause (F); and

(ii) by striking clause (D) and inserting the following: "(D) revisions of the control list, including proposed revisions of multilateral controls in which the United States participates, (E) the issuance of regulations, and".

(C) Section 15(b) of the Act (50 U.S.C. App. 2414(b)) is amended in the third sentence—

(i) by striking "and such other" and inserting "such other"; and

(ii) by inserting after "appropriate" the following: ", and the appropriate technical advisory committee".

(f) CONTROL LIST REDUCTION.—

(1) REDUCTIONS BY THE SECRETARY.—Section 5(c) of the Act (50 U.S.C. App. 2404(c)) (as amended by subsection (e) of this section) is further amended by adding at the end the following:

"(5)(A) The Secretary, in consultation with the Secretary of Defense, shall, on the basis of subsections (f), (g), and (m) of this section, identify those goods and technology subject to export controls under this section which are no longer significant to the military potential of any controlled country. On the basis of the goods and technology so identified, the Secretary should seek, to the maximum extent feasible, to reduce by approximately 40 percent (taking into account those goods and technology described in subparagraph (B)), within 3 years after the date of the enactment of this paragraph, the number of all goods and technology subject to export controls under this section as of such date of enactment.

"(B) Not later than 6 months after the date of the enactment of this paragraph, the following shall no longer be subject to export controls under this section:

"(i) All goods or technology which, if exported to controlled countries on March 1, 1987, would require only notification of the participating governments of the Coordinating Committee.

"(ii) All medical instruments and equipment, subject to the exception set forth in subsection (m) of this section.

In addition, those goods should no longer be subject to export controls under this section which are so widely available to the general public in retail outlets that the export controls on those goods are rendered ineffective in achieving their purpose.

"(C) The Secretary shall submit to the Congress annually a report setting forth the goods and technology from which export controls have been removed under this paragraph.".

(2) ELIMINATION OF UNILATERAL CONTROLS.—Section 5(c) of the Act (as amended by paragraph (1) of this subsection) is further amended by adding at the end the following:

"(6)(A) Notwithstanding subsection (f) or (h)(6) of this section, any export control imposed under this section which is maintained unilaterally by the United States shall expire 6 months after the date of the enactment of this paragraph, or 6 months after the export control is imposed, whichever date is later, except for controls on those goods or technology—

"(i) for which a determination of the Secretary that there is no foreign availability

has been made under subsection (f) or (h)(6) of this section and is in effect, or

"(ii) with respect to which the President is actively pursuing negotiations with other countries to achieve multilateral export controls on those goods or technology.

"(B) Export controls on goods or technology described in clause (i) or (ii) of subparagraph (A) may be renewed—

"(i) in the case of goods or technology described in clause (i) of subparagraph (A), for periods of not more than 6 months each, and

"(ii) in the case of goods or technology described in clause (ii) of subparagraph (A), for 1 period of not more than 6 months,

if, before each renewal, the President submits to the Congress a report setting forth all the controls being renewed and stating the specific reasons for such renewal.".

(g) REVIEW OF GOODS AND TECHNOLOGY ELIGIBLE FOR DISTRIBUTION LICENSE.—Section 5(e)(4) of the Act (50 U.S.C. 2404(e)(4)) is amended—

(1) by inserting "(A)" after "(4)"; and

(2) by adding at the end the following:

"(B) In any case in which the Secretary receives a request which—

"(i) is to revise the qualification requirements or minimum thresholds with respect to the eligibility of goods for export or reexport under a distribution license, and

"(ii) is made by an exporter of such goods, representatives of an industry which produces such goods, or a technical advisory committee established under subsection (h) of this section,

the Secretary, after consulting with other appropriate Government agencies and technical advisory committees established under subsection (h) of this section, shall determine whether to make such revision, or some other appropriate revision, in such qualification requirements or minimum thresholds. In making this determination, the Secretary shall take into account the availability of the goods to countries to which exports are controlled under this section from sources outside the United States. The Secretary shall make a determination on a request made under this subparagraph within 90 days after the date on which the request is filed. If the Secretary's determination pursuant to such a request is to make a revision, such revision shall be implemented within 120 days after the date on which the request is filed and shall be published in the Federal Register.".

(h) TRADE SHOWS.—Section 5(e) of the Act (50 U.S.C. App. 2404(e)) is amended by adding at the end the following:

"(6) CERTAIN EXPORTS FOR TRADE SHOWS.—Upon application, the Secretary shall issue a license for the export to the People's Republic of China of any good subject to export controls under this section, without regard to the technical specifications of the good, for the purpose of demonstration or exhibition at a trade show if—

"(A) the United States exporter retains title to and control of the good during the entire period in which the good is in the People's Republic of China; and

"(B) the exporter removes the good from the People's Republic of China no later than at the conclusion of the trade show.".

(i) FOREIGN AVAILABILITY.—

(1) FOREIGN AVAILABILITY DETERMINATIONS.—Section 5(f)(3) of Act (50 U.S.C. App. 2404(f)(3)) is amended by inserting after the second sentence the following:

"In a case in which an allegation is received from an export license applicant, the Secretary shall, within 30 days after receipt of the allegation, publish notice of such receipt in the Federal Register. Within 120 days after receipt of the allegation, the Secretary shall determine whether the foreign availability exists, and shall so notify the applicant. If the Secretary has determined that the foreign availability exists, the Secretary shall, upon making such determination, submit the determination for review to other departments and agencies as the Secretary considers appropriate. The Secretary's determination of foreign availability does not require the concurrence or approval of any official, department, or agency to which such a determination is submitted. Within 60 days following such submission, the Secretary shall respond in writing to the applicant and publish in the Federal Register, that—

"(A) the foreign availability does exist and—

"(i) the requirement of a validated license has been removed,

"(ii) the President has determined that export controls under this section must be maintained notwithstanding the foreign availability and the applicable steps are being taken under paragraph (4), or

"(iii) the foreign availability determination has been submitted to a multilateral review process in accordance with the agreement of the Coordinating Committee for a period of not more than 120 days after the determination of foreign availability is made; or

"(B) the foreign availability does not exist.

In any case in which the publication is not made within the time period specified in the preceding sentence, the Secretary may not thereafter require a license for the export of the goods or technology with respect to which the foreign availability allegation was made and, except in the case of foreign availability described in subparagraph (A)(ii) or (B), in no case may a license for such export be required after the end of the 8-month period beginning on the date on which the allegation is received.".

(2) AVAILABILITY IN PARTICULAR COUNTRIES.—Section 5(f)(4) of the Act (50 U.S.C. 2404(f)(4)) is amended by adding at the end the following: "In any case in which an agreement is reached with a country pursuant to negotiations under this paragraph to eliminate or prevent foreign availability of goods or technology, then the Secretary may not, after such agreement is reached, require a validated license for the export of such goods or technology to that country.".

(3) FOREIGN AVAILABILITY TO OTHER THAN CONTROLLED COUNTRIES.—Section 5(f) of the Act is amended—

(A) by striking paragraph (7);

(B) by redesignating paragraphs (5) and (6) as paragraphs (6) and (7), respectively; and

(C) by inserting after paragraph (4) the following:

"(5)(A) The Secretary shall review, on a continuing basis, the availability to countries, other than controlled countries, from sources outside the United States, of any goods or technology the export of which requires a validated license under this section. In any case in which the Secretary finds that any such goods or technology from foreign sources are of similar quality and are available to a country other than a controlled country without effective restrictions, the Secretary shall designate such goods or technology as eligible for export to such country under this paragraph.

"(B) In the case of goods or technology designated under subparagraph (A), then 20 working days after the date of formal filing with the Secretary of an individual validated license application for the export of those goods or technology to an eligible country, a license for the transaction specified in the application shall become valid and effective and the goods or technology are authorized for export pursuant to such license unless the license has been denied by the Secretary on account of an inappropriate end user. The Secretary may extend the 20-day period provided in the preceding sentence for an additional period of 15 days if the Secretary requires additional time to consider the application and so notifies the applicant.

"(C) The Secretary may make a foreign availability determination under subparagraph (A) on the Secretary's own initiative, upon receipt of an allegation from an export license applicant that such availability exists, or upon the submission of a certification by a technical advisory committee of appropriate jurisdiction that such availability exists. Upon receipt of such an allegation or certification, the Secretary shall publish notice of such allegation or certification in the Federal Register and shall make the foreign availability determination within 30 days after such receipt and publish the determination in the Federal Register. In the case of the failure of the Secretary to make and publish such determination within that 30-day period, the goods or technology involved shall be deemed to be designated as eligible for export to the country or countries involved, for purposes of subparagraph (B).

"(D) The provisions of paragraphs (1), (2), (3), and (4) do not apply with respect to determinations of foreign availability under this paragraph.".

(4) SHARING OF INFORMATION ON FOREIGN AVAILABILITY.—Section 5(f)(7) of the Act (as redesignated by paragraph (3)(B) of this subsection) is amended to read as follows:

"(7) Each department or agency of the United States, including any intelligence agency, and all contractors with any such department or agency, shall, upon the request of the Secretary and consistent with the protection of intelligence sources and methods, furnish information to the Office of Foreign Availability concerning foreign availability of goods and technology subject to export controls under this Act. Each such department or agency shall allow the Office of Foreign Availability direct access to any laboratory or other facility within such department or agency for the purpose of collecting such information.".

(5) GOODS OR TECHNOLOGY AFFECTED BY DETERMINATIONS.—Section 5(f) of the Act (as amended by paragraph (3)(B) of this subsection) is amended by adding at the end the following:

"(8) In any case in which the Secretary may not, pursuant to paragraph (1), (3), or (4) of this subsection or paragraph (6) of subsection (h) of this section, require a validated license for the export of goods or technology, then the Secretary may not require a validated license for the export of any similar goods or technology whose function, technological approach, performance thresholds, and other attributes that form the basis for export controls under this section do not exceed the technical parameters of the goods or technology from which the validated license requirement is removed under the applicable paragraph.".

(6) TECHNICAL ADVISORY COMMITTEE DETERMINATIONS.—Section 5(h)(6) of the Act (50 U.S.C. App. 2404(h)(6)) is amended by adding at the end the following: "In any case in which an agreement is reached with a country pursuant to negotiations under this paragraph to eliminate foreign availability of goods or technology, then the Secretary may not, after such agreement is reached, require a validated license for the export of such goods or technology to that country.".

(7) TECHNICAL AMENDMENT.—Section 14(a)(8) of the Act (50 U.S.C. 2413(a)(8)) is amended by striking "5(f)(5)" and inserting "5(f)(6)".

(j) DEFINITION OF AVAILABILITY.—Section 5 of the Act (50 U.S.C. App. 2404) is amended by adding at the end the following:

"(r) AVAILABILITY DEFINED.—For purposes of subsections (d), (f), and (h) of this section, the term 'available in fact to controlled countries' includes production or availability of any goods or technology in any country—

"(1) from which the goods or technology is not restricted for export to any controlled country; or

"(2) in which such export restrictions are determined by the Secretary to be ineffective.

For purposes of paragraph (2), the mere inclusion of goods or technology on a list of goods or technology subject to bilateral or multilateral national security export controls shall not, in and of itself, constitute credible evidence that a country provides an effective means of controlling the export of such goods or technology to controlled countries.".

(k) ADDITIONAL AUTHORIZATION OF APPROPRIATIONS.—Section 18(b) of the Act (50 U.S.C. App. 2417(b)) is amended—

(1) in paragraph (1)—

(A) by striking "for each of the fiscal years 1987 and 1988" and inserting "for the fiscal year 1987";

(B) by striking "for each such year" each place it appears; and

(C) by striking "and" after the semicolon;

(2) by redesignating paragraph (2) as paragraph (3); and

(3) by inserting after paragraph (1) the following:

"(2) $38,935,000 for the fiscal year 1988, of which $12,746,000 shall be available only for enforcement, $5,000,000 shall be available only for foreign availability assessments under subsections (f) and (h)(6) of section 5, and $21,189,000 shall be available for all other activities under this Act; and".

(l) NEGOTIATIONS WITH COCOM.—

(1) NEGOTIATING OBJECTIVES.—Section 5(i) of the Act (50 U.S.C. App. 2404(i)) is amended—

(A) by striking "The President" and inserting "Recognizing the ineffectiveness of unilateral controls and the importance of uniform enforcement measures to the effectiveness of multilateral controls, the President"; and

(B) by adding at the end the following:

"(10) Agreement to enhance cooperation among members of the Committee in obtaining the agreement of governments outside the Committee to restrict the export of goods and technology on the International Control List, to establish an ongoing mechanism in the Committee to coordinate planning and implementation of export control measures related to such agreements, and to remove items from the International Control List if such items continue to be available to controlled countries or if the control of the items no longer serves the common strategic objectives of the members of the Committee.

"(11) Agreement to expand the categories and levels of goods and technology that are eligible for export to the People's Republic of China, to the extent consistent with the national security interests of the United States and the other participating governments.".

(2) INDUSTRY REPRESENTATIVE TO COCOM.—(A) Section 5(i) of the Act is amended by adding at the end the following:

"For purposes of reviews of the list referred to in paragraph (1), the President shall include as advisors to the United States delegation to the Coordinating Committee representatives of industry who are knowledgeable with respect to the items being reviewed.".

(B) EFFECTIVE DATE.—(i) Subject to clause (ii), the amendment made by subparagraph (A) shall take effect 3 months after the date of the enactment of this Act.

(ii) The amendment made by subparagraph (A) shall not take effect if the President, before the end of the 3-month period referred to in clause (i), certifies to the Congress that the United States has obtained the agreement of all the governments participating in the Coordinating Committee to exclude industry representatives from negotiations of the Coordinating Committee.

(m) GOODS CONTAINING MICROPROCESSORS OR CERTAIN OTHER PARTS OR COMPONENTS.—Section 5(m) of the Act (50 U.S.C. 2404(m)) is amended to read as follows:

"(m) GOODS CONTAINING CERTAIN PARTS AND COMPONENTS.—Export controls may not be imposed under this section on a good solely on the basis that the good contains parts or components subject to export controls under this section if such parts or components—

"(1) are essential to the functioning of the good, and

"(2) are customarily included in sales of the good, unless the good itself, if exported, would by virtue of the functional characteristics of the good as a whole make a significant contribution to the military potential of a controlled country which would prove detrimental to the national security of the United States.".

(n) REVIEW OF LICENSES.—Section 10(g) of the Act (50 U.S.C. App. 2409(g)) is amended—

(1) in paragraphs (1) and (2) by striking "country to which exports are controlled for national security purposes" and inserting "controlled country";

(2) in paragraph (2)—

(A) in subparagraph (A)—

(i) by striking "particular country" and inserting "controlled country involved"; and

(ii) by striking "any other country;" and inserting "any other controlled country; or";

(B) by striking subparagraph (B) and redesignating subparagraph (C) as subparagraph (B);

(C) by inserting after the third sentence the following:

"At the same time that the Secretary of Defense submits any recommendation to the President under subparagraph (A), the Secretary of Defense shall notify the Secretary of such recommendation."; and

(D) by adding at the end the following: "If the Secretary of Defense does not, within the time period specified in this paragraph, make a recommendation specified in subparagraph (A) or (B) or a notification to the Secretary of a recommendation under subparagraph (A), then the Secretary shall approve or disapprove the proposed export without such recommendation."; and

(3) by striking paragraph (4) and inserting the following:

"(4) Except as provided in this subsection, no request to export goods or technology pursuant to this Act may be required to be referred to the Secretary of Defense.".

SEC. 333. EXPORT LICENSE FEES.

Section 4 of the Act (50 U.S.C. App. 2403) is amended by adding at the end the following:

"(g) FEES.—No fee may be charged in connection with the submission or processing of an export license application.".

SEC. 334. VIOLATIONS.

Section 11(h) of the Act (50 U.S.C. App. 2410(h)) is amended—

(1) in the first sentence—

(A) by inserting "(1)" before "No"; and

(B) by inserting after "violation of" the following: "this Act (or any regulation, license, or order issued under this Act), any regulation, license, or order issued under the International Emergency Economic Powers Act,"; and

(2) by adding at the end the following:

"(2) The Secretary may exercise the authority under paragraph (1) with respect to any person related, through affiliation, ownership, or control, to any person convicted of any violation of law set forth in paragraph (1), upon a showing of such relationship with the convicted party, and after notice and an opportunity for a hearing.".

SEC. 335. ENFORCEMENT.

Section 12(a)(2)(B) of the Act (50 U.S.C. App. 2411(a)(2)(B)) is amended by adding at the end the following: "The Customs Service may not seize or detain for more than 10 days any shipment of goods or technology which the Secretary has determined is eligible for export under a general license under section 4(a)(3).".

SEC. 336. ISSUANCE OF TEMPORARY DENIAL ORDERS.

Section 13(d)(1) of the Act (50 U.S.C. App. 2412(d)(1)) is amended in the second sentence by striking "60" each place it appears and inserting "180".

SEC. 337. WESTERN REGIONAL OFFICE.

(a) ESTABLISHMENT AND FUNCTIONS.—Section 15 of the Act (50 U.S.C. App. 2414) is amended by adding at the end the following:

"(d) WESTERN REGIONAL OFFICE.—(1) The Secretary shall establish and maintain a western regional office which shall have the following authority and shall perform the following functions:

"(A) To issue validated licenses under section 4(a)(1) for the export of goods from the United States, the export of which—

"(i) is controlled under this Act only for national security purposes;

"(ii) is not subject to referral to any other department or agency pursuant to section 10(d); and

"(iii) is not subject to any multilateral review process to which section 10(h) applies.

"(B) To render written advisory opinions with respect to proposed exports of goods or technology from the United States in such cases as may be prescribed by the Secretary.

"(C) To provide assistance to United States exporters and prospective United States exporters in complying with this Act and the regulations issued under this Act, including maintaining, for sale or distribution, an adequate supply of all standard application forms, supporting documents, and

copies of the regulations issued by the Secretary.

"(D) To promptly forward to the Department of Commerce any application for a validated export license which does not meet the requirements set forth in subparagraph (A) but which otherwise appears to be complete and capable of processing. In any such case, the western regional office shall issue an application number to the applicant.

"(2) In addition to amounts authorized by section 18, there are authorized to be appropriated to the Department of Commerce to carry out the purposes of this subsection such sums as may be necessary for the fiscal year 1988.".

(b) ANNUAL REPORT.—Section 14 of the Act (50 U.S.C. App. 2413) is amended by adding at the end the following:

"(f) REPORT ON WESTERN REGIONAL OFFICE.—The Secretary shall include in each annual report a detailed description and analysis of the activities of the western regional office established pursuant to section 15(d), including—

"(1) a listing of the number of applications for validated export licenses filed with the western regional office in each month and the disposition of those licenses; and

"(2) a description in reasonable detail of activities conducted under section 15(d)(1)(C).".

SEC. 338. MONITORING OF WOOD EXPORTS.

The Secretary of Commerce shall, for a period of 2 years beginning on the date of the enactment of this Act, monitor exports of processed and unprocessed wood to all countries of the Pacific Rim. The Secretary shall include the results of such monitoring in monthly reports setting forth, with respect to each item monitored, actual and anticipated exports, the destination by country, and the domestic and worldwide price, supply, and demand. The Secretary shall transmit such reports to the Committee on Foreign Affairs of the House of Representatives and the Committee on Banking, Finance, and Urban Affairs of the Senate.

SEC. 339. EXPORT ADMINISTRATION REFORM COMMISSION.

(a) ESTABLISHMENT.—The President shall, not later than 60 days after the date of the enactment of this Act, appoint an Export Administration Reform Commission (hereafter in this section referred to as the "Commission").

(b) DUTIES OF THE COMMISSION.—The Commission shall—

(1) examine the adequacy of the current export administration system in safeguarding United States national security while maintaining United States international economic competitiveness and Western technological preeminence;

(2) determine the best means of minimizing the disruption of United States trading interests while preventing Western technology from enhancing the development of Soviet military capabilities;

(3) identify those goods and technologies which are likely to make crucial differences in military capabilities, and identify which of those goods and technologies the Soviet Union already possesses;

(4) establish criteria by which to judge the feasibility of export controls and apply such criteria to the commodity control list in order to eliminate ineffective controls;

(5) devise appropriate and effective alternative means of controlling exports;

(6) recommend improvements for a more efficient domestic and international export licensing system;

(7) develop proposals to improve United States and multilateral assessments of foreign availability of goods and technology subject to export controls;

(8) review the effectiveness of the Congress in overseeing export administration; and

(9) develop a feasible strategy for regulating the transfer of technical data.

The Commission shall hold public hearings in order to receive comments and recommendations on the options developed under paragraphs (1) through (9).

(c) MEMBERSHIP.—The Commission shall be composed of 24 members who shall be appointed as follows from among individuals in private life who by virtue of their experience and expertise are knowledgeable in relevant scientific, business, or legal matters and who, at the time of their appointment, are not elected or appointed officers or employees in the executive, legislative, or judicial branch of the Government:

(1) 12 individuals appointed by the President.

(2) 3 individuals appointed by the Speaker of the House of Representatives, and 3 individuals appointed by the minority leader of the House of Representatives.

(3) 3 individuals appointed by the majority leader of the Senate, and 3 individuals appointed by the minority leader of the Senate.

(d) REPORTS AND TERMINATION.—(1) The Commission shall prepare and submit to the President and the Congress, not later than 1 year after the Commission is appointed, a report which contains a detailed statement of the findings and conclusions of the Commission, together with its recommendations for such legislative or regulatory reforms as it considers appropriate.

(2) The Commission shall terminate upon the submission of its report under paragraph (1).

(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out this section.

SEC. 340. FINDINGS AND DECLARATION OF POLICY.

(a) FINDINGS.—The Congress makes the following findings:

(1) The use of unilateral export controls undermines the effectiveness of the multilateral export control system and undermines the competitiveness of United States industries.

(2) Unilateral reexport controls impede progress toward a cooperative and unified system of controls among the allies of the United States and decrease United States industrial competitiveness.

(3) An adequate national security export control system requires constant monitoring and periodic modification as conditions warrant to maintain the proper balance between the promotion of national economic vitality and the protection of military security.

(4) A harmonized multilateral export control system requires the cooperation of countries participating in the Coordinating Committee and other countries in order to control technology flowing to countries of the Soviet Bloc while simultaneously reducing impediments to West-West trade.

(5) The ineffective implementation of current foreign availability provisions places United States industries at a competitive disadvantage.

(6) Inherent in maintaining national security is the need for a strong industrial base in the United States.

(b) DECLARATION OF POLICY.—It is the policy of the United States—

(1) in maintaining export controls, to keep clearly separate national security and foreign policy export controls;

(2) to respect the sovereignty and rights of allies and friendly countries, and to rely on their cooperative efforts and commitments whenever possible;

(3) to maintain export control lists that are technically sound, narrowly focused, and coordinated multilaterally; and

(4) to adequately balance the need to maintain United States technological strength, economic vigor, and allied unity.

(c) AMENDMENTS TO THE ACT.—Section 3 of the Act (50 U.S.C. App. 2402) is amended—

(1) in paragraph (1) by inserting after "export control policy" the following: ", to minimize delays and unnecessary regulatory burdens in administering export controls,"; and

(2) in paragraph (2) by inserting after "economy of the United States" the following: "(including the impact on the competitiveness and the long-term health of the industrial base of the United States)".

Subtitle C—Debt, Development, and World Growth

SEC. 341. INTERNATIONAL NEGOTIATIONS.

(a) MULTILATERAL NEGOTIATIONS.—The President and the Secretary of the Treasury shall take the necessary steps to continue ongoing negotiations with West Germany, the United Kingdom, France, and Japan, as well as to initiate negotiations with other countries through appropriate multilateral organizations, including the Organization for Economic Cooperation and Development, the United Nations, and the International Monetary Fund, in order to—

(1) coordinate macroeconomic policies of the major industrial countries so as to promote stable exchange rates and growth patterns;

(2) achieve expansionist economic policies and agreements which have the specific purpose of increasing the size of the market for exports from the United States and developing countries;

(3) promote growth-oriented economic policies in both developed and developing countries;

(4) encourage both developed and developing countries to base growth on a balance of foreign and domestic demand and to discourage excessive reliance by those countries on exports for growth; and

(5) advise the trading partners of the United States that the United States is prepared to retaliate against countries, in an equivalent manner, in cases involving unfair trade practices.

(b) INTERNATIONAL ECONOMIC OR TRADE DISCUSSIONS.—

(1) DECLARATION OF THE UNITED STATES OBJECTIVE.—The Congress hereby declares that a key objective of the United States in its participation in economic summits and international meetings on economics or trade is to obtain the agreement of the participants in any such summit or meeting to adopt growth-oriented national economic policies and to take such actions as may be necessary to increase the size of the market for exports from the United States and developing countries.

(2) EXECUTIVE ACTIONS.—The President and the Secretaries of the Treasury and State shall seek to place discussions with respect to the objective described in paragraph (1) on the agenda of any economic summit or international economic meeting

to which the United States is a party and shall report to the Congress on any success they may have had in achieving such agreement at any such meeting.

SEC. 342. TRADE LIBERALIZATION IN DEVELOPING COUNTRIES.

(a) SENSE OF CONGRESS.—It is the sense of the Congress that increases in the development of, and the achievement of prosperity for, developing countries and the recovery of the economic strength of the United States and the other industrialized countries can only be assured if world trade is expanded and market access for all countries is increased.

(b) DECLARATION OF POLICY.—The Congress declares it to be the policy of the United States that any foreign assistance provided by the United States to developing countries shall be consistent with and supportive of long-term trade liberalization in those countries.

SEC. 343. OVERSEAS PRIVATE INVESTMENT CORPORATION.

(a) REAFFIRMATION OF SUPPORT FOR OPIC.—The Congress reaffirms its support for the Overseas Private Investment Corporation as a United States Government agency serving important development assistance goals. In order to enhance the Corporation's ability to meet these goals, the Overseas Private Investment Corporation should increase its loan guaranty and direct investment programs.

(b) INCREASE IN GUARANTIES AND DIRECT INVESTMENTS.—

(1) LOAN GUARANTIES.—Section 235(a) of the Foreign Assistance Act of 1961 (22 U.S.C. 2195(a)) is amended—

(A) in paragraph (2) by striking $750,000,000" and inserting "$1,000,000,000";

(B) by redesignating paragraph (5) as paragraph (6); and

(C) by inserting after paragraph (4) the following:

"(5) Subject to paragraphs (2), (3), and (4), the Corporation shall issue guaranties under section 234(b) having an aggregate contingent liability with respect to principal of not less than $200,000,000 in each fiscal year, to the extent that there are eligible projects which meet the Corporation's criteria for such guaranties.".

(2) DIRECT INVESTMENT.—Section 235(b) of the Foreign Assistance Act of 1961 is amended—

(A) by striking the comma after "Act of 1981" and inserting a period; and

(B) by striking "and the Corporation shall use" and all that follows through "funding" and inserting the following:

"The Corporation shall make loans under section 234(c) in an aggregate amount of not less than $25,000,000 in each fiscal year, to the extent that there are eligible projects which meet the Corporation's criteria for such loans".

(c) INCREASE IN STAFF.—In order to enable the Overseas Private Investment Corporation to carry out the provisions of subsections (a) and (b) of section 235 of the Foreign Assistance Act of 1961 in a manner which is consistent with title IV of chapter 2 of part I of that Act, beginning with the fiscal year 1988, the Corporation's administrative budget and full-time equivalent employee levels shall be not less than 110 percent of the levels at which the Corporation operated in the fiscal year 1984.

SEC. 344. TRADE AND DEVELOPMENT PROGRAM.

(a) REAFFIRMATION OF SUPPORT FOR TRADE AND DEVELOPMENT PROGRAM.—The Congress reaffirms its support for the Trade and Development Program, and believes that the Program's ability to support high priority development projects in developing countries would be enhanced by an increase in the funds authorized for the Program as well as by a clarification of the Program's status as a separate component of the International Development Cooperation Agency.

(b) AUTHORIZATION AND USES OF FUNDS; ESTABLISHMENT AS SEPARATE AGENCY.—

(1) ADDITIONAL USES OF FUNDS.—Section 661(a) of the Foreign Assistance Act of 1961 (22 U.S.C. 2421(a)) is amended by inserting after the first sentence the following: "Funds under this section may be used to provide support for project planning, development, management, and procurement for both bilateral and multilateral projects, including training activities undertaken in connection with a project, for the purpose of promoting the use of United States exports in such projects.".

(2) ESTABLISHMENT AS A SEPARATE AGENCY.—Section 661 of that Act is amended—

(A) by redesignating subsection (b) as subsection (c); and

(B) by inserting after subsection (a) the following:

"(b)(1) The purposes of this section shall be carried out by the Trade and Development Program, which shall be a separate component agency of the International Development Cooperation Agency. The Trade and Development Program shall not be an agency within the Agency for International Development or any other component agency of the International Development Cooperation Agency.

"(2) There shall be at the head of the Trade and Development Program a Director. Any individual appointed as the Director on or after January 1, 1989, shall be appointed by the President, by and with the advice and consent of the Senate.

"(3) The Trade and Development Program should serve as the primary Federal agency to provide information to persons in the private sector concerning trade development and export promotion related to bilateral development projects. The Trade and Development Program shall cooperate with the Office of International Major Projects of the Department of Commerce in providing information to persons in the private sector concerning trade development and export promotion related to multilateral development projects. Other Federal departments and agencies shall cooperate with the Trade and Development Program in order for the Program to more effectively provide informational services in accordance with this paragraph.

"(4) The Director of the Trade and Development Program shall, not later than December 31 of each year, submit to the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate a report on the activities of the Trade and Development Program in the preceding fiscal year.".

(3) FUNDING LEVELS.—In addition to funds otherwise available to the President for purposes of section 661 of the Foreign Assistance Act of 1961—

(A) not less than $10,000,000 for fiscal year 1988 shall be made available for such purposes from amounts available to carry out sections 103 through 106 of the Foreign Assistance Act of 1961 for such fiscal year; and

(B) not less than $11,000,000 for fiscal year 1989 shall be made available for such purposes from amounts available to carry out sections 103 through 106 of the Foreign Assistance Act of 1961 for such fiscal year.

(c) AUTHORITIES UNDER THE TRADE DEVELOPMENT AND ENHANCEMENT ACT OF 1983.—

(1) TRANSFER OF FUNCTIONS FROM AID TO TDP.—(A) Section 644 of the Trade and Development Enhancement Act of 1983 (12 U.S.C. 635q) is amended—

(i) in subsection (a)(2) by striking "Agency for International Development" and inserting "Trade and Development Program";

(ii) in subsection (a)(3)(A)—

(I) by striking "offered by the Agency for International Development" and inserting "made available under section 645(d) of this Act"; and

(II) by striking "Agency for International Development" and inserting "Trade and Development Program"; and

(iii) in subsection (d)—

(I) by striking "offered by the Agency for International Development" and inserting "made available under section 645(d) of this Act"; and

(II) by striking "subsections (c) and (d) of section 645" and inserting "section 645(c)".

(B) Section 645 of that Act (12 U.S.C. 635r) is amended—

(i) in the section heading by striking "IN THE AGENCY FOR INTERNATIONAL DEVELOPMENT" and inserting "ADMINISTERED BY THE TRADE AND DEVELOPMENT PROGRAM";

(ii) in subsection (a)—

(I) by striking "Administrator of the Agency for International Development shall establish within the Agency" and inserting "Director of the Trade and Development Program shall carry out";

(II) in paragraph (1) by striking "offered by the Agency for International Development" and inserting "made available under subsection (d)";

(III) in paragraph (1) by striking "Agency for International Development" and inserting "Trade and Development Program";

(IV) in paragraph (2) by striking "offered by the Agency for International Development" and inserting "made available under subsection (d)"; and

(V) in paragraph (2) by striking "Agency for International Development" and inserting "Trade and Development Program";

(iii) in subsection (c)—

(I) in paragraph (1) by striking "of the Agency for International Development"; and

(II) in paragraph (2) by striking "Administrator of the Agency for International Development" and inserting "Director of the Trade and Development Program"; and

(iv) by amending subsection (d) to read as follows:

"(d) Funds available to carry out chapter 4 of part II of the Foreign Assistance Act of 1961, as agreed upon by the Secretary of State, the Administrator of the Agency for International Development, and the Director of the Trade and Development Program, may be used to carry out this section and section 644 (as provided in that section). Such funds may be used to finance a tied aid credit activity in any country eligible for tied aid credits under this Act.".

(2) FUNCTIONS OF NATIONAL ADVISORY COUNCIL ON INTERNATIONAL MONETARY AND FINANCIAL POLICIES.—Section 646 of the Trade and Development Enhancement Act of 1983 (12 U.S.C. 635s) is amended—

(A) in subsection (a)(2) by striking "without the unanimous consent of the members of the National Advisory Council on International Monetary and Financial Policies" and inserting "unless a majority of the members of the National Advisory Council on International Monetary and Financial Policies approve the financing"; and

(B) by adding at the end the following:

"(b) The Trade and Development Program shall be represented at any meetings of the National Advisory Council on International Monetary and Financial Policies for discussion of tied aid credit matters, and the representative of the Trade and Development Program at any such meeting shall have the right to vote on any decisions of the Advisory Council relating to tied aid credit matters.".

(d) ADMINISTRATIVE PROVISIONS.—

(1) PAY OF DIRECTOR OF TDP.—Section 5314 of title 5, United States Code, is amended by adding at the end the following:

"Director, Trade and Development Program.".

(2) TRANSITION PROVISIONS.—(A) The Administrator of the Agency for International Development shall transfer to the Director of the Trade and Development Program all records, contracts, applications, and any other documents or information in connection with the functions transferred by virtue of the amendments made by subsection (c)(1).

(B) All determinations, regulations, and contracts—

(i) which have been issued, made, granted, or allowed to become effective by the President, the Agency for International Development, or by a court of competent jurisdiction, in the performance of the functions transferred by virtue of the amendments made by subsection (c)(1), and

(ii) which are in effect at the time this section takes effect,

shall continue in effect according to their terms until modified, terminated, superseded, set aside, or revoked in accordance with the law by the President, the Director of the Trade and Development Program, or other authorized official, by a court of competent jurisdiction, or by operation of law.

(C)(i) The amendments made by subsection (c)(1) shall not affect any proceedings, including notices of proposed rulemaking, or any application for any financial assistance, which is pending on the effective date of this section before the Agency for International Development in the exercise of functions transferred by virtue of the amendments made by subsection (c)(1). Such proceedings and applications, to the extent that they relate to functions so transferred, shall be continued.

(ii) Orders shall be issued in such proceedings, appeals shall be taken therefrom, and payments shall be made pursuant to such orders, as if this section had not been enacted. Orders issued in any such proceedings shall continue in effect until modified, terminated, superseded, or revoked by the Director of the Trade and Development Program or other authorized official, by a court of competent jurisdiction, or by operation of law.

(iii) Nothing in this subparagraph shall be deemed to prohibit the discontinuance or modification of any such proceeding under the same terms and conditions and to the same extent that such proceeding could have been discontinued or modified if this section had not been enacted.

(iv) The Director of the Trade and Development Program is authorized to issue regulations providing for the orderly transfer of proceedings continued under this subparagraph to the Trade and Development Program.

(D) With respect to any function transferred by virtue of the amendments made by subsection (c)(1) and exercised on or after the effective date of this section, reference in any other Federal law to the Agency for International Development or any officer shall be deemed to refer to the Trade and Development Program or other official to which such function is so transferred.

(3) EFFECTIVE DATE.—This section and the amendments made by this section take effect on October 1, 1987.

SEC. 345. COUNTERTRADE.

(a) FINDING.—The Congress finds that developing countries are relying increasingly on countertrade as a means of sustaining imports as well as foreign markets in the short-term, and as a means of developing new export industries and exploiting underdeveloped natural resources in the long-term.

(b) ESTABLISHMENT OF INTERAGENCY GROUP.—The President shall establish an interagency group on countertrade, to be composed of such Government departments and agencies as the President considers appropriate. The Secretary of Commerce shall be the chairman of the interagency group. The interagency group shall review United States policy on countertrade and shall make recommendations to the President and the Congress on the use of countertrade as a mechanism for enhancing bilateral United States foreign economic assistance programs and on expanding the information available on countertrade, including information on export opportunities.

(c) LIST OF COUNTRIES RELATING TO COUNTERTRADE.—The Secretary of Commerce shall establish and maintain a list, by country, of the laws, policies, and regulations of each country relating to countertrade, and of any particular goods or services that have been designated by such country for countertrade transactions.

SEC. 346. LIMITATION ON PROCUREMENT IN FOREIGN ASSISTANCE PROGRAMS.

Section 604(g)(1) of the Foreign Assistance Act of 1961 (22 U.S.C. 2354(g)(1)) is amended to read as follows:

"(g)(1) Notwithstanding subsection (a), none of the funds authorized to be appropriated or made available for obligation or expenditure under this Act may be made available for the procurement of goods and services from any advanced developing or industrialized country which has attained a competitive capability in international markets for such goods or services, unless United States goods and services are not competitive in the market where the goods and services are to be used. The restriction contained in this paragraph shall not apply to the use of funds under section 636(a)(3) of this Act.".

Subtitle D—Protection of United States Business Interests Abroad

SEC. 351. PROTECTION OF UNITED STATES INTELLECTUAL PROPERTY.

It is the sense of the Congress that—

(1) the Secretary of State, the United States Trade Representative, and the relevant United States Ambassadors should engage in immediate discussions with the appropriate countries to reduce instances of piracy of copyrights, patents, and mask works and counterfeiting of trademarks, to obtain adherence to existing international conventions for the protection of copyrights, patents, and trademarks, to work toward the development of an international convention for mask works, to gain the participation and support of those countries in the development of international intellectual property codes in future multilateral trade negotiations, and to achieve the objectives described in this paragraph without creating barriers to legitimate trade;

(2) the United States should seek to incorporate in international intellectual property codes the following enforcement mechanisms:

(A) civil remedies under domestic intellectual property laws;

(B) civil remedies under domestic trade laws; and

(C) other appropriate consultation and dispute settlement procedures;

(3) the United States should seek the involvement of the United States business community in intellectual property negotiations;

(4) the Secretary of State should urge international technical organizations, such as the World Intellectual Property Organization, to provide expertise and cooperate fully in developing effective standards, in the General Agreement on Tariffs and Trade, for the international protection of intellectual property rights;

(5) the President should take immediate and forceful action against those countries which are not prepared to commit formally to immediate improvements in their protection of United States intellectual property; and

(6) development assistance programs administered by the Agency for International Development, especially the reimbursable development program, should, in cooperation with the Copyright Office and the Patent and Trademark Office, include technical training for officials responsible for the protection of patents, copyrights, trademarks, and mask works in those countries that receive such development assistance.

Subtitle E—Miscellaneous Provisions

SEC. 361. TRADING WITH THE ENEMY ACT.

(a) TERMINATION OF OFFICE OF ALIEN PROPERTY.—(1) The Trading with the Enemy Act is amended by striking subsections (b) through (e) of section 39 (50 U.S.C. App. 39) and inserting the following new subsection:

"(b) The Attorney General shall cover into the Treasury, to the credit of miscellaneous receipts, all sums from property vested in or transferred to the Attorney General under this Act—

"(1) which the Attorney General receives after the date of the enactment of the Export Enhancement Act of 1987, or

"(2) which the Attorney General received before that date and which, as of that date, the Attorney General had not covered into the Treasury for deposit in the War Claims Fund, other than any such sums which the Attorney General determines in his or her discretion are the subject matter of any judicial action or proceeding.".

(2) Subsection (f) of such section is amended—

(A) by striking "(f)" and inserting "(c)"; and

(B) by striking "through (d)" and inserting "and (b)".

(b) REMOVAL OF REPORTING REQUIREMENT.—Section 6 of such Act (50 U.S.C. App. 6) is amended in the next to the last sentence by striking ": *Provided further,*" and all that follows through the end of the section and inserting a period.

SEC. 362. LIMITATION ON EXERCISE OF EMERGENCY AUTHORITIES.

(a) TRADING WITH THE ENEMY ACT.—Section 5(b) of the Trading With the Enemy Act (50 U.S.C. App. 5(b)) is amended by adding at the end the following new paragraph:

"(4) The authority granted to the President in this subsection does not include the authority to regulate or prohibit, directly or

indirectly, the importation from any country, or the exportation to any country, whether commercial or otherwise, of publications, films, posters, phonograph records, photographs, microfilms, microfiche, tapes, or other informational materials, which are not otherwise controlled for export under section 5 of the Export Administration Act of 1979 or with respect to which no acts are prohibited by chapter 37 of title 18, United States Code.".

(b) INTERNATIONAL EMERGENCY ECONOMIC POWERS ACT.—Section 203(b) of the International Emergency Economic Powers Act (50 U.S.C. 1702(b)) is amended—

(1) in paragraph (1) by striking "or" after the semicolon;

(2) in paragraph (2) by striking the period and inserting "; or"; and

(3) by adding at the end the following:

"(3) the importation from any country, or the exportation to any country, whether commercial or otherwise, of publications, films, posters, phonograph records, photographs, microfilms, microfiche, tapes, or other informational materials, which are not otherwise controlled for export under section 5 of the Export Administration Act of 1979 or with respect to which no acts are prohibited by chapter 37 of title 18, United States Code.".

SEC. 363. RELATIONS WITH MEXICO.

(a) FINDINGS.—The Congress finds that—

(1) Mexico and the continued stability of its governing structure are of vital importance to the national interests of the United States;

(2) while the economic, cultural, and historical ties between Mexico and the United States are both varied and strong, foreign relations between the governments of these countries continue to be carried out on an ad hoc basis and in a crisis-to-crisis context;

(3) legislative and administrative policies often have unintended adverse or contradictory results in the two countries;

(4) there are a large number of bilateral issues now confronting the two countries which transcend normal diplomatic processes; and

(5) in order to improve relations with Mexico, the United States Government must take actions, conducted in the spirit of mutual respect and cooperation, which prioritize its foreign and economic policies toward Mexico.

(b) UNITED STATES-MEXICO INTERAGENCY COMMISSION.—(1)(A) The President shall establish an interagency group to be known as the "United States-Mexico Bilateral Commission" (hereafter in this subsection referred to as the "Commission").

(B) Membership on the Commission shall be composed of the Secretary of State, the Secretary of the Treasury, the Attorney General, the Secretary of Commerce, and the United States Trade Representative.

(C) The Chairman of the Commission shall be the Secretary of State (or a delegate of the Secretary).

(D)(i) The members of the Commission shall (not later than 3 months after the date of the enactment of this Act) execute a written memorandum of understanding which includes the goal of the Commission. The goal of the Commission shall be—

(I) to serve as a formal mechanism by which economic relations between the United States and Mexico are conducted in a comprehensive manner which allows input from any concerned agency of the United States; and

(II) to provide a channel of communication between the Government of the United States and the Government of Mexico pertaining to economic relations.

(ii) Not later than 6 months after the execution of the memorandum of understanding, each member of the Commission shall present to the Commission a review of all United States-Mexico issues which affect that member's agency. Each presentation shall include an assessment of, as well as recommendations for, action by that member.

(2) Not later than 12 months after the date of the enactment of this Act and every 12 months thereafter, the Chairman of the Commission shall report to the Congress on the activities of the Commission. Each such report shall include the specific projects, issues, and agency actions taken to achieve the goal of the Commission which occurred in the 12-month period preceding the submission of the report as well as proposed projects, issues, and agency actions.

(3) The Commission shall endeavor to meet semiannually with representatives of Mexico in order to carry out the goal of the Commission.

(c) BILATERAL SUMMIT ON ECONOMIC RELATIONS.—(1) It is the sense of the Congress that, consistent with the goal of strengthening political and commercial relations between the United States and Mexico, a bilateral summit on economic relations, as they pertain to trade and commerce, between these two countries should be held. The objectives of the summit should include—

(A) a discussion of the question of Mexico as a contracting party to the General Agreement on Tariffs and Trade;

(B) a discussion of the pending graduation from the Generalized System of Preferences of those Mexican products currently covered under such System;

(C) the promotion of direct investment in Mexico by United States businesses;

(D) the resolution of problems related to United States fishing rights within the territorial waters of Mexico;

(E) a discussion of the possibility of eventually establishing a free-trade zone along both sides of the United States-Mexico border;

(F) promotion of the development of industry along the United States-Mexico border regions in order to encourage increased employment opportunities;

(G) a discussion of the policies related to the development of the petroleum industry and alternative energy sources in the United States and Mexico;

(H) a discussion of the issues related to pollution arising from sources within the United States or Mexico which affects the other country, including water pollution, air pollution, soil pollution, and sewage treatment;

(I) a discussion on the development and coordination of border crossings between the United States and Mexico;

(J) a review and evaluation of all joint research and development projects currently being conducted between the United States and Mexico at both private and public levels, including projects in the areas of business, health, technology, and public policy;

(K) a discussion of mutual problems and concerns that confront both the United States and Mexico in the development of a comprehensive national policy regarding immigration;

(L) a discussion of mutual problems and concerns that confront both the United States and Mexico on the issues of external debt and foreign investment;

(M) the resolution of problems related to the trucking and transportation of products between the United States and Mexico, including a discussion of the construction of international bridges as a means to help alleviate these trucking and transportation problems; and

(N) the resolution of problems related to the trucking and transportation of products between the United States and Central American countries through Mexican territory, including a discussion to encourage the Government of Mexico to accede to existing international custom conventions on international in-transit shipments.

Discussions under subparagraph (N) may be conducted in concert with the nations of the region where the transiting shipments described in that subparagraph originate, including discussions with respect to the institution of appropriate and cooperative steps to make sealed-truck, no-inspection transit administratively acceptable to the Government of Mexico and other transited countries.

(2) The President is urged to enter into negotiations with representatives of the Government of Mexico for the purpose of commencing talks between the United States and Mexico in order to achieve the objectives described in paragraph (1).

SEC. 364. BUDGET ACT.

Any new spending authority (within the meaning of section 401 of the Congressional Budget Act of 1974) which is provided under this title shall be effective for any fiscal year only to the extent or in such amounts as are provided in appropriation Acts.

TITLE IV—EDUCATION AND TRAINING FOR AMERICAN COMPETITIVENESS

SEC. 401. SHORT TITLE.

This title may be cited as the "Education and Training for American Competitiveness Act of 1987".

SEC. 402. FINDINGS AND PURPOSES.

(a) FINDINGS.—The Congress finds that—

(1) the relationship between a strong and vibrant educational system and a healthy national economy is inseparable in an era in which economic growth is dependent on technology and is imperiled by increased foreign competition;

(2) our Nation's once undisputed pre-eminence in international commerce is facing unprecedented challenges from competitor nations who have given priority to the relationship between education and economic growth in areas such as high technology industries;

(3) our standing in the international marketplace is being further eroded by the presence in the workforce of millions of Americans who are functionally or technologically illiterate or who lack the mathematics, science, foreign language, or vocational skills needed to adapt to the structural changes occurring in the global economy;

(4) our competitive position is also being eroded by declines in the number of students taking advanced courses in mathematics, science, and foreign languages and by the lack of modern technical and laboratory equipment in our educational institutions;

(5) restoring our competitiveness and enhancing our productivity will require that all workers possess basic educational skills and that many others possess highly specific skills in mathematics, science, foreign languages, and vocational areas; and

(6) our Nation must recognize the substantial impact that an investment in human capital will have on increasing productivity.

(b) PURPOSES.—It is therefore the purpose of this Act to establish programs designed—

(1) to enhance ongoing efforts in elementary and secondary education;

(2) to improve our productivity and competitive position by investing in human capital;

(3) to assist out-of-school youth and adults who are functionally illiterate in obtaining the basic skills needed for them to become productive workers in a competitive economy;

(4) to help educational institutions prepare those engaged in work relating to mathematics, science, and foreign languages by improving and expanding instruction in those areas and by modernizing laboratory and technical equipment;

(5) to enhance the skills of workers affected, or about to be affected, by economic change, in order to prevent dislocation within existing industries and to strengthen emerging domestic industries; and

(6) to accomplish such purposes without impairing the availability of funds to carry out existing programs that address the needs of dislocated workers, such as previously authorized education programs.

Subtitle A—Education for American Competitiveness

SEC. 405. DEFINITIONS.

As used in this subtitle—

(1) The term "institution of higher education" has the same meaning given that term by section 1201(a) of the Higher Education Act of 1965.

(2) The terms "local educational agency" and "State educational agency" have the same meaning given such terms under section 198 of the Elementary and Secondary Education Act of 1965.

(3) The term "Secretary" means the Secretary of Education.

(4) The term "State" means any of the several States, the Commonwealth of Puerto Rico, the District of Columbia, Guam, American Samoa, the Virgin Islands, the Northern Mariana Islands, and the Trust Territory of the Pacific Islands.

SEC. 406. GENERAL PROVISIONS.

(a) GRANT REQUIREMENTS.—The Secretary shall ensure, with respect to grants provided under this subtitle, that—

(1) services assisted by funds received under such grants shall be made available to historically underrepresented and underserved populations of students, including females, minorities, handicapped individuals, individuals with limited English proficiency, and migrant students;

(2) the terms "training" and "instruction" are interpreted to include training and instruction through telecommunications technologies, including the full range of current and new technologies that can be used for educational purposes, such as television broadcasts, closed circuit television systems, cable television, satellite transmissions, computers, VHS, laser discs, and audio by discs, tapes, or broadcast, and such other video and telecommunications technologies that alone or in combination can assist in teaching and learning; and

(3) where appropriate, programs funded under this subtitle shall be coordinated with other federally funded education and training programs.

(b) ADDITIONAL ELIGIBLE INSTITUTIONS.—For purposes of any program authorized by this subtitle, institutions eligible to participate shall include any accredited proprietary institution providing a program of less than six months duration that is otherwise eligible to participate in any program under this subtitle.

CHAPTER 1—LITERACY PROGRAMS

SEC. 411. WORKPLACE LITERACY PARTNERSHIPS GRANTS.

(a) ESTABLISHMENT OF GRANT PROGRAM.—The Adult Education Act (20 U.S.C. 1201 et seq.) is amended by inserting after section 315 the following new section:

"BUSINESS, INDUSTRY, LABOR, AND EDUCATION PARTNERSHIPS FOR WORKPLACE LITERACY

"SEC. 316. (a) GRANTS TO STATES.—(1) The Secretary may make grants to States which have State plans approved by the Secretary under section 306 to pay the Federal share of the cost of adult education programs which teach literacy skills needed in the workplace through partnerships between—

"(A) business, industry, or labor organizations, or private industry councils; and

"(B) State educational agencies, local educational agencies, institutions of higher education, or schools (including employment and training agencies or community-based organizations).

"(2) Grants under paragraph (1) may be used—

"(A) to fund 90 percent of the cost of programs which meet the requirements of subsection (b);

"(B) for administrative costs incurred by State educational agencies and local educational agencies in establishing programs funded under subparagraph (A); and

"(C) for costs incurred by State educational agencies in obtaining evaluations described in paragraph (3)(A)(iii).

"(3) A State shall be eligible to receive its allotment under subsection (e) if it—

"(A) includes in a State plan submitted to the Secretary under section 306 a description of—

"(i) the requirements for State approval of funding of a program;

"(ii) the procedures under which applications for such funding may be submitted; and

"(iii) the method by which the State shall obtain annual third-party evaluation of student achievement in, and overall effectiveness of services provided by, all programs which receive funding out of a grant made to the State under this section; and

"(B) satisfies the requirements of section 306(a).

"(b) PROGRAM REQUIREMENTS.—Programs funded under subsection (a)(2)(A) shall be designed to improve the productivity of the workforce of a State through improvement of literacy skills needed in the workplace by—

"(1) providing adult literacy and other basic skills services and activities;

"(2) providing adult secondary education services and activities which may lead to the completion of a high school diploma or its equivalent;

"(3) meeting the literacy needs of adults with limited English proficiency;

"(4) upgrading or updating basic skills of adult workers in accordance with changes in workplace requirements, technology, products, or processes;

"(5) improving the competency of adult workers in speaking, listening, reasoning, and problem solving; or

"(6) providing education counseling, transportation, and nonworking hours child care services to adult workers while they participate in a program funded under subsection (a)(2)(A).

"(c) PROGRAM APPLICATIONS.—An application to receive funding for a program out of a grant made to a State under subsection (a)(1) shall—

"(1) be submitted jointly by—

"(A) a business, industry, or labor organization, or private industry council; and

"(B) a State educational agency, local educational agency, institution of higher education, or school (including an employment and training agency or community-based organization).

"(2) set forth the respective roles of each member of the partnership; and

"(3) be submitted to the State educational agency in the time and manner and contain such additional information as such agency may require, including evidence of the applicant's experience in providing literacy services to working adults.

"(d) DIRECT GRANTS.—If a State is not eligible for a grant under subsection (a) the Secretary shall use the State's allotment under subsection (e)(2) to make direct grants to applicants in that State who are qualified to teach literacy skills needed in the workplace.

"(e) STATE ALLOTMENTS.—(1) The Federal share of expenditures for programs in a State funded under subsection (a)(2)(A) shall be paid from a State's allotment under this subsection.

"(2) From the sum appropriated for each fiscal year under subsection (f), the Secretary shall allot—

"(A) $25,000 to each of American Samoa, Guam, the Northern Mariana Islands, the Trust Territory of the Pacific Islands, and the Virgin Islands; and

"(B) to each remaining State an amount which bears the same ratio to the remainder of such sum as—

"(i) the number of adults in the State who do not have a certificate of graduation from a school providing secondary education (or its equivalent) and who are not currently required to be enrolled in schools in the State, bears to

"(ii) the number of such adults in all States.

"(3) At the end of each fiscal year the portion of any State's allotment for that fiscal year which—

"(A) exceeds 10 percent of the total allotment for the State under paragraph (2) for the fiscal year; and

"(B) remains unobligated;

shall be reallocated among the other States in the same proportion as each State's allocation for such fiscal year under paragraph (2).

"(f) AUTHORIZATION OF APPROPRIATIONS.—(1) For the purpose of making grants under this section, there are authorized to be appropriated $50,000,000 for fiscal year 1988 and such sums as may be necessary for each of fiscal years 1989 through 1993.

"(2) Amounts appropriated under this subsection shall remain available until expended.".

(b) DEFINITIONS.—Section 303 of the the Adult Education Act (20 U.S.C. 1201 et seq.) is amended by adding at the end the following new subsections:

"(k) The term 'community-based organization' has the meaning given such term in section 4(5) of the Job Training Partnership Act (21 U.S.C. 1501 et seq.).

"(l) The term 'private industry council' means the private industry council established under section 102 of the Job Training Partnership Act (21 U.S.C. 1501 et seq.).".

SEC. 412. ENGLISH LITERACY GRANTS.

(a) ESTABLISHMENT OF GRANT PROGRAM.—The Adult Education Act (20 U.S.C. 1201 et

seq.) is amended by inserting after section 316 (as added by section 411) the following new section:

"ENGLISH LITERACY PROGRAM GRANTS

"SEC. 317. (a) GRANTS TO STATES.—(1) The Secretary may make grants to States which have State plans approved by the Secretary under section 306 for the establishment, operation, and improvement of English literacy programs for individuals of limited English proficiency. Such grants may provide for support services for program participants, including child care and transportation costs.

"(2) A State shall be eligible to receive a grant under paragraph (1) if the State includes in a State plan submitted to the Secretary under section 306 a description of—

"(A) the number of individuals of limited English proficiency in the State who need or could benefit from programs assisted under this chapter;

"(B) the activities which would be undertaken under the grant and the manner in which such activities will promote English literacy and enable individuals in the State to participate fully in national life;

"(C) how the activities described in subparagraph (B) will serve individuals of limited English proficiency, including the qualifications and training of personnel who will participate in the proposed activities;

"(D) the resources necessary to develop and operate the proposed activities and the resources to be provided by the State; and

"(E) the specific goals of the proposed activities and how achievement of these goals will be measured.

"(3) Grants under this section shall be available for not more than three years. The Secretary may terminate a grant only if the Secretary determines that—

"(A) the State has not made substantial progress in achieving the specific educational goals set out in the application; or

"(B) there is no longer a need in the State for the activities funded by the grant.

"(b) SET-ASIDE FOR COMMUNITY-BASED ORGANIZATIONS.—A State that is awarded a grant under subsection (a) shall use not less than 50 percent of funds awarded under the grant to fund programs operated by community-based organizations with the demonstrated capability to administer English proficiency programs.

"(c) REPORT.—A State that is awarded a grant under subsection (a) shall submit to the Secretary a report describing the activities funded under the grant for each fiscal year covered by the grant.

"(d) DEMONSTRATION PROGRAM.—The Secretary, subject to the availability of funds appropriated pursuant to this section, shall directly, and through grants and contracts with public and private nonprofit agencies, institutions, and organizations, carry out a program through the Adult Education Division—

"(1) to develop innovative approaches and methods of literacy education for individuals of limited English proficiency utilizing new instructional methods and technologies; and

"(2) to establish a national clearinghouse on literacy education for individuals of limited English proficiency to collect and disseminate information concerning effective approaches or methods, including coordination with manpower training and other education programs.

"(e) EVALUATION AND AUDIT.—The Secretary shall evaluate the effectiveness of programs conducted under this section. Programs funded under this section shall be audited annually.

"(f) AUTHORIZATION OF APPROPRIATIONS.—(1) There are authorized to be appropriated for the purposes of this section the sum of $50,000,000 for fiscal year 1988 and such sums as may be necessary for each of fiscal years 1989 through 1993.

"(2) Funds appropriated pursuant to this section shall remain available until expended.

"(3) Not more than 10 percent of funds available under this section shall be used to carry out the purposes of subsection (d).".

(b) DEFINITIONS.—Section 303 of the Adult Education Act (20 U.S.C. 1201 et seq.) (as amended by section 511) is amended by adding at the end the following new subsections:

"(m) The term 'individual of limited English proficiency' means an adult or out-of-school youth who has limited ability in speaking, reading, writing, or understanding the English language and—

"(1) whose native language is a language other than English; or

"(2) who lives in a family or community environment where a language other than English is the dominant language.

"(n) The term 'out-of-school youth' means an individual who is under sixteen years of age and beyond the age of compulsory school attendance under State law who has not completed high school or the equivalent.

"(o) The term 'English literacy program' means a program of instruction designed to help limited English proficient adults, out-of-school youths, or both achieve full competence in the English language.

"(p) The term 'community-based organization' means a private nonprofit organization which is representative of a community or significant segments of a community and which provides education, vocational education, job training, or internship services and programs and includes neighborhood groups and organizations, community action agencies, community development corporations, union-related organizations, employer-related organizations, tribal governments, and organizations serving Native Alaskans and Indians.".

SEC. 413. COORDINATION OF LITERACY PROGRAMS.

(a) FEDERAL LITERACY OFFICE.—

(1) ESTABLISHMENT.—The Secretary shall establish in the Department of Education an office to be known as the Federal Literacy Coordination Office.

(2) FUNCTIONS.—The Federal Literacy Coordination Office shall—

(A) coordinate Federal literacy programs, including grant programs administered under this chapter and other grant programs funded under the Adult Education Act (20 U.S.C. 1201 et seq.); and

(B) provide information and guidance to States with respect to the establishment of State and local volunteer programs relating to literacy.

(b) GRANTS TO STATES.—

(1) IN GENERAL.—The Secretary may make grants to States for purposes of establishing State and local offices for coordination of literacy programs, including all programs funded under the Adult Education Act (20 U.S.C. 1201 et seq.).

(2) STATE PLANS.—A State shall be eligible for a grant under paragraph (1) if it submits a State plan to the Secretary and the Secretary approves such plan. The Secretary may not approve a State plan unless it provides for—

(A) designation of area offices for coordination of literacy programs, distributed throughout the State so that persons in all areas of the State have access to literacy programs;

(B) training of personnel who will operate the area offices;

(C) determination of curricula and materials for literacy programs;

(D) oversight of area offices;

(E) technical assistance to area offices;

(F) programs to recruit volunteers and participants;

(G) coordination of the programs described in paragraph (F) with existing literacy programs; and

(H) allocation of funds to area offices.

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for purposes of carrying out this section $2,000,000 for fiscal year 1988 and such sums as may be necessary for each of fiscal years 1989 through 1993.

CHAPTER 2—SCIENCE AND MATHEMATICS ELEMENTARY AND SECONDARY EDUCATION PROGRAMS

SEC. 415. DEPARTMENT OF EDUCATION PROGRAM.

(a) ESTABLISHMENT OF PROGRAM.—Title III of the Education for Economic Security Act (20 U.S.C. 3981 et seq.) is amended—

(1) by inserting after the title heading the following:

"PART A—HIGHER EDUCATION PARTNERSHIPS"; and

(2) by adding at the end the following new part:

"PART B—ELEMENTARY AND SECONDARY EDUCATION PARTNERSHIPS

"PURPOSE

"SEC. 321. It is the purpose of this chapter to supplement State and local resources to—

"(1) improve the quality of instruction in the fields of mathematics and science in elementary and secondary schools;

"(2) furnish additional resources and support for the acquisition of equipment, and instructional and reference materials and improvement of laboratory facilities in elementary and secondary schools; and

"(3) encourage partnerships in science and mathematics education between the business community, museums, libraries, professional mathematics and scientific associations, private nonprofit organizations, appropriate State agencies and elementary and secondary schools.

"PROGRAMS AUTHORIZED

"SEC. 322. (a) GRANTS.—The Secretary may make grants to States to pay the Federal share of the cost of the programs described in section 324.

"(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for purposes of carrying out this chapter $50,000,000 for fiscal year 1988 and such sums as may be necessary for each of fiscal years 1989 through 1993.

"AMENDMENT TO STATE APPLICATION

"SEC. 323. (a) APPLICATION.—A State shall be eligible to receive a grant under this chapter if—

"(1) the State submits to the Secretary as part of its application under section 209 such information and assurances as the Secretary may require at such time as the Secretary shall establish; and

"(2) the Secretary approves such application.

"(b) APPLICATION REQUIREMENTS.—The Secretary shall require each application to include—

"(1) a description of the State's procedures relating to the use of funds from grants received under this chapter, including the approval process for local applications;

"(2) an assurance that not more than 1 percent of the amount received shall be used for administrative expenses;

"(3) an assurance that the State will, to the extent possible, assist local school districts in economically depressed areas to obtain matching funds from business concerns.

"ELIGIBLE PROGRAMS

"SEC. 324. (a) IN GENERAL.—A State may use funds from grants received in any fiscal year under this chapter for elementary and secondary programs described in this section. The State educational agency shall administer such funds, which shall be awarded to such programs on a competitive basis.

"(b) USE OF FUNDS.—Funds from grants received under this chapter may be used for the following:

"(1) IMPROVEMENT OF ELEMENTARY AND SECONDARY RESOURCES.—Such funds may be used for acquisition of equipment, instructional and reference materials, and partnership in education programs designed to—

"(A) improve instruction in mathematics and science education at the elementary and secondary level;

"(B) improve laboratory facilities, classroom and library resources in elementary and secondary mathematics and science education; and

"(C) attract matching dollars and in kind contributions of equipment, learning resources or shared time from business concerns, libraries, museums, nonprofit private organizations, professional mathematics and scientific associations, and appropriate State agencies.

"(2) ADVANCED PLACEMENT PROGRAMS.—(A) Such funds may be used for advanced placement programs operated by local educational agencies that are designed to allow qualified secondary students to attend college preparatory schools, colleges, or universities on a part-time or full-time basis with respect to science and mathematics instruction.

"(B) A local educational agency that receives funds from a grant under this chapter for an advanced placement program described in subparagraph (A) shall allocate to such program a percentage of funds received from the State on a per student basis according to—

"(i) the number of students participating in the program; and

"(ii) the instruction time such students receive under the program.

"LOCAL APPLICATIONS

"SEC. 325. (a) ELIGIBILITY.—An applicant that desires to receive a grant under this chapter shall submit an application to the State educational agency, at such time, and in such manner, as the State may require. Such application may take the form of an amendment to an assessment submitted by the local educational agency under section 210, if appropriate.

"(b) REQUIREMENTS FOR APPLICATION.—The State shall require each application to include—

"(1) a description of the activities for which assistance under this part is sought;

"(2) assurances that not more than 5 percent of the amount received by the applicant in any fiscal year shall be expended on administrative expenses;

"(3) if the funds are to be used for improvement of elementary and secondary resources as described in subsection (b)(1)—

"(A) an estimate of the amount to be spent on equipment, facilities improvement, library resources, and classroom instructional material;

"(B) an estimate of the number of elementary and secondary students who will be aided by activities and expenditures under the grant;

"(C) assurances that—

"(i) except as provided in subsection (c), a minimum of 25 percent of the funds for each project will be supplied by business concerns within the community;

"(ii) no stipend shall be paid directly to employees of a profitmaking business concern;

"(iii) provision shall be made for the equitable participation in the project of children who are enrolled in private elementary and secondary schools; and

"(iv) consideration will be given to programs and activities designed to meet the needs of educationally disadvantaged and other traditionally underserved populations; and

"(4) if the funds are to be used for advanced placement programs as described in subsection (b)(2), a commitment as to the percentage of funds received from the State on a per student basis that shall be used by the local educational agency to defray costs of the advanced placement program.

"(c) WAIVER.—The State may waive or reduce the amount of matching funds required under subsection (b)(3)(C)(i) if the State determines that—

"(1) substantial need exists in the area served by the applicant for a grant under this part; and

"(2) the required amount of matching funds cannot be made available.

"(d) JOINT APPLICATIONS.—A regional consortium of applicants in two or more local school districts may file a joint application under subsection (a).

"SUBMISSION OF APPLICATIONS

"SEC. 326. An applicant within a State that desires to receive a grant under this chapter shall submit an application prepared in accordance with section 325 to the State educational agency for approval. Each application with respect to funds for improvement of elementary and secondary resources under section 324(b)(1) shall be submitted jointly by the local educational agency and each business concern or other party that is to participate in the activities for which assistance is sought.

"APPROVAL OF APPLICATIONS

"SEC. 327. (a) CRITERIA.—The State shall establish criteria for approval of applications under this section. Such criteria shall include—

"(1) consideration of the local district's need for, and inability to locally provide for, the activities, equipment, library and instructional materials requested;

"(2) the number and nature of elementary and secondary students who will benefit from the planned program;

"(3) the expressed level of financial and in-kind commitment from other parties to the program.

"(b) APPROVAL PROCEDURES.—The State shall adopt approval procedures designed to ensure that grants are equitably distributed among—

"(1) rural, urban, and suburban areas; and

"(2) small, medium, and large local educational agencies.

"COMPUTATION OF GRANT AMOUNTS

"SEC. 328. (a) PAYMENTS TO GRANTEES.—

"(1) PAYMENT BY STATE.—The State shall pay to the extent of amounts received by it from the Secretary under this chapter, to each applicant having an application approved under section 327, the Federal share of the cost of the program described in the application.

"(2) AMOUNT.—(A) Except as provided in subparagraph (B), the Federal share for each fiscal year shall be 75 percent.

"(B) In the case of an applicant that receives a waiver under section 325(c), the Federal share for each fiscal year may be as much as 100 percent.

"(3) NON-FEDERAL SHARE.—The non-Federal share of payments under this chapter may be in cash or in kind, fairly evaluated, including plant, equipment, or services.

"(b) PAYMENTS TO STATES.—

"(1) IN GENERAL.—Except as provided in subsection (c), each State shall receive under this chapter the greater of—

"(A) an amount equal to its share of funds appropriated under chapter 1 of the Education Consolidation and Improvement Act; or

"(B) $225,000.

"(2) LIMITATION.—A State may not use more than 5 percent of funds received by it under this chapter for administrative costs.

"(c) REDUCTION FOR INSUFFICIENT FUNDING.—If sums appropriated to carry out this part are not sufficient to permit the Secretary to pay in full the grants which States may receive under subsection (b), the amount of such grants shall be ratably reduced.".

(b) CONFORMING AMENDMENTS.—

(1) TITLE HEADING.—The title heading of such title is amended to read as follows:

"TITLE III—PARTNERSHIPS IN EDUCATION FOR MATHEMATICS, SCIENCE, AND ENGINEERING".

(2) REFERENCES.—Part A of such title (as redesignated by subsection (a)) is amended by striking out "title" each place such term appears and inserting in lieu thereof "part".

CHAPTER 3—ELEMENTARY AND SECONDARY FOREIGN LANGUAGE PROGRAMS

SEC. 421. PROGRAMS AUTHORIZED.

(a) GRANTS TO STATES.—From the amount reserved for purposes of this section under section 424B(b)(1), the Secretary shall make grants to States for which applications are approved under subsection (c) for purposes of making grants to local educational agencies for purposes of operating model programs designed to commence or improve and expand foreign language study for students residing within their jurisdictions.

(b) COMPUTATION OF GRANT AMOUNTS.—

(1) IN GENERAL.—A State for which an application is approved under subsection (c) shall receive an amount equal to the sum of—

(A) $50,000; and

(B) the product of—

(i) $0.04; and

(ii) the population of the State (as determined in accordance with the most recent decennial census).

(2) RENEWAL.—The amount described in paragraph (1) shall be made available to the State for two additional years after the first fiscal year during which the State receives a grant under this chapter if the Secretary determines that the funds made available to the State during the first year of funding were used in the manner required under the State's approved application.

(3) REDUCTION FOR INSUFFICIENT FUNDING.—If sums made available to carry out this section for any fiscal year are not sufficient to permit the Secretary to pay in full the grants which a State may receive under this subsection, the amount of such grants shall be ratably reduced.

(c) APPLICATIONS.—

(1) IN GENERAL.—Any State desiring to receive a grant under this section shall submit an application to the Secretary at such time, in such form, and containing such information and assurances as the Secretary may require.

(2) RESTRICTIONS.—The Secretary may not approve an application unless the application—

(A) contains a description of model programs designed by local education agencies, and representing a variety of alternative and innovative approaches to foreign language instruction, which were selected by the State educational agency for funding under this section;

(B) provides assurances that all children aged five through seventeen who reside within the school district of the local educational agency shall be eligible to participate in any model program funded under this section (without regard to whether such children attend schools operated by such agency);

(C) provides assurances that, if the application of the State educational agency is approved, each model program described in the application shall have available to it sufficient funds from State and local sources, in addition to any funds under this section to ensure that the program is carried out as described in the application; and

(D) provides that the local educational agency will provide standard evaluations of pupils' proficiency at appropriate intervals in the program, and provide such evaluations to the State education agency.

SEC. 422. PROGRAMS FOR EXCEPTIONAL SECONDARY STUDENTS.

(a) GRANTS TO INSTITUTIONS OF HIGHER EDUCATION.—

(1) IN GENERAL.—From the amount reserved for purposes of this section under section 424B(b)(2), the Secretary shall make grants to an institution of higher education (or a consortium of such institutions) in each Federal region whose application is approved under subsection (b) for the purposes of providing assistance for intensive language training in summer institutes for exceptional secondary school students, who show ability in their development of foreign language skills.

(2) COMPUTATION OF AMOUNT.—An institution or consortium for which an application is approved under subsection (b) shall receive an amount equal to not more than the sum of

(A) the product of—

(i) $3,000; and

(ii) the number of students enrolled in such institute, not to exceed 150; and

(b) $500 for each student enrolled in such institute, which shall be paid to each such student as a stipend.

(3) REDUCTION FOR INSUFFICIENT FUNDING.—If sums made available to carry out this section for any fiscal year are not sufficient to permit the Secretary to pay in full the grants which institutions of higher education may receive under paragraph (2), the amount of such grants shall be ratably reduced.

(b) APPLICATION.—

(1) IN GENERAL.—Any institution of higher education or consortium of such institutions desiring to receive the grant for its region shall submit an application to the Secretary at such time, in such form, and containing such information and assurances as the Secretary may require.

(2) RESTRICTIONS.—The Secretary may not approve an application unless the application—

(A) contains a description of the proposed program of intensive instruction at the institute;

(B) provides adequate assurance that students from any Federal region who wish to participate will be selected on the basis of—

(i) aptitude in that language, as determined by appropriate testing and verified by their teachers; and

(ii) motivation;

(3) provides assurances that the institution of higher education will seek to enroll at least eighty qualified students in the institute; and

(4) provides assurances that the program of intensive instruction will be developed and operated in close cooperation with secondary school teachers and administrators.

(c) ENCOURAGEMENT OF DIVERSITY.—The Secretary shall encourage, to the extent possible, diversity in the languages taught in institutes during any summer within the United States, and shall consider the need to fund programs involving languages of critical importance to the Nation.

(d) BASIS OF AWARDS.—Awards under this section shall be made to institutes (or consortia) on the basis of excellence of the program proposed in the application, taking into consideration such elements as library resources, faculty achievement, and language learning facilities.

(e) ALLOWABLE USES OF FUNDS.—Funds available to institutes under this section may be used to cover costs associated with enrollment in an institute, including tuition, fees, administration, and living expenses.

SEC. 423. GRANTS FOR PROGRAMS OF STUDY ABROAD FOR ADVANCED SECONDARY FOREIGN LANGUAGE STUDENTS.

(a) GRANTS TO STATES.—From the amount reserved under section 424B(b)(3) for purposes of this section, the Secretary shall make grants to States for which applications are approved under subsection (c), for the purposes of providing assistance to enable advanced secondary foreign language students in their junior or senior year of high school to develop their language skills and their knowledge of foreign cultures and societies through study abroad in the following areas:

(1) Latin America for the study of Spanish or Portuguese.

(2) The Middle East for the study of major languages of that region.

(3) Japan for the study of Japanese.

(4) The People's Republic of China or the Republic of China for the study of Chinese.

(5) The Democratic Republic of Korea for the study of Korean.

(6) The Union of Soviet Socialist Republics for the study of Russian and other major languages of that region.

(7) Africa for the study of major languages of that region.

(8) South Asia for the study of Hindi and other major languages of that region.

(b) APPLICATION.—

(1) IN GENERAL.—Any State desiring to receive a grant under this section shall submit an application to the Secretary at such time, in such form, and containing such information and assurances as the Secretary may require. The Secretary may not approve an application unless the application—

(A) contains a description of the proposed program of study abroad;

(B) provides adequate assurance that those who wish to participate will be selected on the basis of demonstrated proficiency in the language, as shown by testing comparable to that conducted by the Foreign Service Institute of the Department of State; and

(C) demonstrates that the program will provide the opportunity to combine language study with the study of journalism, international business, finance, economic development, science, engineering, political science, international studies, or other related areas and is open to high school juniors and seniors demonstrating a significant interest in those areas who are otherwise qualified to participate in the program.

(2) COMPUTATION OF AMOUNT.—A State whose application is approved under paragraph (1) shall be eligible to receive a grant in an amount not to exceed one-half the cost of providing the program.

(3) ALLOWABLE USES OF FUNDS.—Funds available for study abroad under this section may be used to cover costs associated with enrollment in a foreign educational institute, including tuition, fees, administration, and living expenses.

(c) REDUCTION FOR INSUFFICIENT FUNDING.—If sums made available to carry out this section for any fiscal year are not sufficient to permit the Secretary to pay in full the grants which States may receive under subsection (b), the amount of such grants shall be ratably reduced.

SEC. 424. GRANTS FOR ADVANCED PLACEMENT PROGRAMS.

(a) GRANTS TO STATES.—From the amount reserved under section 424B(b)(4) for purposes of this section, the Secretary shall make grants to States for which applications are approved under subsection (c) for the purposes of providing assistance to advanced placement programs operated by local educational agencies that are designed to allow qualified secondary students to attend college preparatory schools, colleges, or universities on a part-time or full-time basis with respect to foreign language instruction.

(b) ALLOCATION OF STATE FUNDS.—A local educational agency that receives funds from a grant under this section for an advanced placement program described in subsection (a) shall allocate to such program a percentage of funds received from the State on a per student basis according to—

(1) the number of students participating in the program; and

(2) the instruction time such students receive under the program.

(c) APPLICATIONS.—Any State desiring to receive a grant under this section shall submit an application to the Secretary at such time, in such form, and containing such information and assurances as the Secretary may require. The Secretary may not approve an application unless the application includes—

(1) a description of the proposed program; and

(2) a commitment as to the percentage of funds received from the State on a per student basis that shall be used by the local educational agency to defray costs of the advanced placement program.

SEC. 424A. LIMITATION.

The Secretary may not make grants or enter into contracts under this chapter except to such extent, or in such amounts, as may be provided in appropriation Acts.

SEC. 424B. AUTHORIZATION OF APPROPRIATIONS.

(a) IN GENERAL.—There are authorized to be appropriated $50,000,000 for fiscal year 1988 and such sums as may be necessary for each of fiscal years 1989 through 1993 for purposes of carrying out this chapter.

(b) RESERVATION OF AMOUNTS.—Of amounts made available for any fiscal year under subsection (a)—

(1) 86 percent shall be available only for purposes of carrying out section 421;

(2) 6 percent shall be available only for purposes of carrying out section 422;

(3) 4 percent shall be available only for purposes of carrying out section 423; and

(4) 4 percent shall be available only for purposes of carrying out section 424.

CHAPTER 4—BUSINESS-EDUCATION PARTNERSHIPS

SEC. 425. PURPOSE.

It is the purpose of this chapter to encourage the creation of alliances between public schools and the private sector in order to—

(1) apply the resources of the private and nonprofit sectors of the community to the needs of the elementary and secondary schools in that community;

(2) encourage business to work with educationally disadvantaged students and with gifted students;

(3) apply the resources of communities for the improvement of elementary and secondary education; and

(4) enrich the career awareness of secondary school students to exposures to the private sector and their work.

SEC. 426. PROGRAM AUTHORIZED.

(a) GRANTS TO ELIGIBLE ALLIANCES.—The Secretary may make grants to eligible alliances to pay the Federal share of the costs of the activities described in section 427.

(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $5,000,000 for fiscal year 1988 and such sums as may be necessary for each of fiscal years 1989 through 1993 for purposes of carrying out this chapter.

SEC. 427. AUTHORIZED ACTIVITIES.

An eligible alliance may use payments received under this chapter in any fiscal year for—

(1) model cooperative programs designed to apply the resources of the private and nonprofit sectors of the community to the elementary and secondary schools of the local educational agency in that community;

(2) projects designed to encourage business concerns and other participants in the eligible alliance, to work with educationally disadvantaged students and with gifted students in the elementary and secondary schools of local educational agencies;

(3) projects designed to apply the resources of the community to the elementary and secondary schools of the local educational agency in that community to improve the education of students in such schools;

(4) projects designed to enrich the career awareness of secondary school students through exposure to officers and employees of business concerns and other agencies and organizations participating in the eligible alliance for education;

(5) projects for statewide activities designed to carry out the purpose of this chapter, including the development of model State statutes for the support of cooperative arrangements between the private sector and the elementary and secondary schools within the State;

(6) special training projects for staff designed to develop skills necessary to facilitate cooperative arrangements between the private and nonprofit sectors and the elementary and secondary schools of local educational agencies;

(7) academic internship programs, including where possible academic credit, involving activities designed to carry out the purpose of this chapter; and

(8) projects encouraging tutorial and volunteer work in the elementary and secondary schools of local education agencies by personnel assigned from business concerns and other participants in the eligible alliance.

SEC. 428. ALLIANCE FOR EDUCATION BOARD.

(a) ESTABLISHMENT.—

(1) IN GENERAL.—There is established within the Department of Education an Alliance for Education Board.

(2) The Board shall be composed of 15 members as follows:

(A) Ten members shall be appointed by the President as follows:

(i) Two shall be appointed from among individuals who are representatives of business concerns.

(ii) Three shall be appointed from among individuals who are representative of elementary and secondary school teachers and elementary and secondary school administrators.

(iii) Two shall be appointed from among chief State school officers.

(iv) Three shall be appointed from among members of the general public who by reason of experience or interest are qualified to serve on the Board.

(B) The Secretary of Education.

(C) The Secretary of Commerce.

(D) The Secretary of Labor.

(E) The Chairman of the National Endowment for the Arts.

(F) The Chairman of the National Endowment for the Humanities.

(3) EX OFFICIO MEMBERS.—The members of the Board listed in subparagraphs (B) through (F) shall be ex officio members of the Board.

(b) DUTIES OF BOARD.—The Board shall establish general policies with respect to the functions of the Secretary under this chapter including—

(1) guidelines for the establishment and operation of an eligible alliance under this chapter;

(2) priorities for the approval of applications; and

(3) such other matters as the Secretary may prescribe.

(c) DESIGNATION OF CHAIRMAN.—The Chairman of the Board shall be designated by the President from among the appointed members of the Board.

(d) QUORUM.—Except as provided in subsection (e)(2), eight appointed members of the Board shall constitute a quorum.

(e) The Board shall meet at the call of the Chairman, except that—

(1) it shall meet not less than four times each year; and

(2) it shall meet whenever one-third of the appointed members request a meeting in writing, in which event seven of the appointed members shall constitute a quorum.

(f) Members of the Board who are not in the regular full-time employ of the United States shall receive, while engaged in the business of the Board, compensation for service at a rate to be fixed by the President. Such rate shall not exceed the rate specified at the time of such service for grade GS-18 set forth in section 5332 of title 5, United States Code, including traveltime. While engaged in the business of the Board away from their homes or regular places of business, members of the Board may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons employed in Government service.

SEC. 429. APPLICATION.

(a) IN GENERAL.—An eligible alliance which desires to receive a grant under this chapter shall submit an application to the Secretary, at such time, in such manner, and accompanied by such additional information as the Secretary may reasonably require. Each such application shall—

(1) describe the activities for which assistance under this chapter is sought;

(2) provide evidence that the eligible alliance meets the general guidelines established by the Board pursuant to section 431(b)(1);

(3) provide assurances that the eligible alliance will pay the non-Federal share of the activities for which assistance is sought from non-Federal sources;

(4) provide assurances that the eligible alliance will take such steps as may be available to it to continue the activities for which the eligible alliance is making application after the period for which assistance is sought; and

(5) provide such additional assurances as the Secretary determines to be essential to ensure compliance with the requirements of this chapter.

(b) JOINT APPLICATION.—A consortium of eligible alliances may file a joint application under the provisions of subsection (a) of this section.

SEC. 430. APPROVAL OF APPLICATION.

(a) IN GENERAL.—The Secretary shall approve applications in accordance with the general policies and guidelines established by the Board under section 428(b).

(b) RESTRICTION.—The Secretary may not approve an application if the State educational agency for the State in which the institution is located, or, in the case of a consortium of institutions, in which any institution in the consortium is located, notifies the Secretary that the application is inconsistent with State plans for elementary and secondary education in the State.

SEC. 430A. COMPUTATION OF GRANT AMOUNTS.

(a) COMPUTATION.—

(1) IN GENERAL.—The Secretary shall pay to each eligible alliance having an application approved under section 430 the Federal share of the cost of the activities described in the application.

(2) FEDERAL SHARE.—The Federal share shall be—

(A) 90 percent for the first year for which an eligible alliance receives assistance under this chapter;

(B) 75 percent for the second such year;

(C) 50 percent for the third such year; and

(D) 33⅓ percent for the fourth such year.

(3) NON-FEDERAL SHARE.—The non-Federal share of payments under this chapter may be in cash or in kind fairly evaluated, including planned equipment or services.

(b) RESTRICTION.—The total amount of funds paid under this chapter during any fiscal year to eligible alliances in any single State may not be greater than the greater of—

(1) an amount equal to 15 percent of the funds appropriated under this chapter for that fiscal year; or

(2) $1,000,000.

SEC. 430B. EVALUATION AND DISSEMINATION.

(a) ANNUAL EVALUATION.—The Secretary shall conduct an annual evaluation of

grants made under this chapter to determine—

(1) the type of activities assisted under this chapter;

(2) the impact upon the educational characteristics of the elementary and secondary schools from activities assisted under this chapter;

(3) the extent to which activities assisted under this chapter have improved or expanded the nature of support for elementary and secondary education in the community or in the State; and

(4) a list of specific activities assisted under this chapter which show promise as model programs to carry out the purpose of this chapter.

(b) DISSEMINATION OF INFORMATION.—The Secretary shall disseminate to State and local educational agencies and other participants in the eligible alliance program information relating to the activities assisted under this chapter.

SEC. 430C. DEFINITIONS.

As used in this chapter—

(1) The term "Board" means the Alliance for Education Board established pursuant to section 428.

(2) The term "elementary school" has the same meaning given that term under section 198(a)(7) of the Elementary and Secondary Education Act of 1965.

(3) The term "eligible alliance" means a local educational agency and business concerns, nonprofit private organizations, institutions of higher education, museums, libraries, educational television stations, and if the State agrees to participate, appropriate State agencies.

(4) The term "secondary school" has the same meaning given that term under section 198(a)(7) of the Elementary and Secondary Education Act of 1965.

CHAPTER 5—EDUCATIONAL TELECOMMUNICATIONS

SEC. 431. NATIONAL EDUCATIONAL TELECOMMUNICATIONS DEMONSTRATION PROGRAM.

(a) PROGRAM AUTHORITY.—

(1) GRANTS TO PUBLIC AGENCIES AND NONPROFIT CORPORATIONS.—The Secretary of Education may provide grant assistance to public agencies and nonprofit corporations to pay the Federal share of the costs of the design, development, and construction, including renovation, of nine model, regional advanced educational telecommunications network and technology resource centers. Such centers shall enable private and public postsecondary educational institutions, elementary and secondary school systems, libraries, and other institutions in the region to share educational resources and improve and expand instruction in mathematics, science, foreign languages, vocational education, continuing education, and basic and remedial educational skills.

(2) SELECTION OF LOCATIONS.—In selecting locations for the resource centers, the Secretary shall provide for an equitable geographic distribution of such centers, and shall recognize the need for such centers in sparsely populated areas.

(b) MATCHING REQUIREMENT.—Financial assistance made available under this section shall be matched equally by State funds and funds from other sources.

(c) SEPARATE AUTHORIZATION.—There are authorized to be appropriated $10,000,000 for fiscal year 1988 and such sums as may be necessary for each of fiscal years 1989 through 1993 for purposes of carrying out this section. Funds appropriated pursuant to this section shall remain available until expended.

CHAPTER 6—TECHNICAL EDUCATION PROGRAMS

SEC. 435. REPLICATION MODELS FOR TECHNICAL EDUCATION PROGRAMS DESIGNED TO IMPROVE THE QUALITY OF EDUCATION FOR AMERICA'S TECHNICALLY TRAINED WORKFORCE.

(a) UNDER FUNDS APPROPRIATED FOR THE NATIONAL DIFFUSION NETWORK.—The National Diffusion Network established under section 583(c) of the Education Consolidation and Improvement Act of 1981 (20 U.S.C. 3851), in addition to its duties under such Act—

(1) shall gather, organize, and disseminate information on innovative programs at institutions of postsecondary education and secondary schools designed to—

(A) enhance the development of technical skills needed to improve the competitiveness of American industry;

(B) encourage the development of higher skills among individuals facing or likely to face job dislocation;

(C) encourage the acquisition of basic literacy skills among youth as well as adults; or

(D) involve the business community in the planning and offering of employment opportunities to the trained workforce.

(2) shall gather, organize, and disseminate information on consultative and collaborative efforts by elementary education, secondary education, postsecondary education, business, labor, local, State and Federal governments designed to—

(A) improve the efficiency, productivity, and competitiveness of American business; or

(B) enhance the international competitiveness of American business (such as international trade education and foreign language training for business);

(3) in carrying out the activities described in paragraphs (1) and (2), shall produce a catalog of exemplary consultative and collaborative efforts which have the highest probability of being replicated; and

(4) may provide technical assistance to any institution or entity to facilitate the gathering of information for replication models.

CHAPTER 7—TRANSFER OF EDUCATION AND TRAINING SOFTWARE

SEC. 441. FINDINGS AND PURPOSE.

(a) FINDINGS.—The Congress finds that—

(1) Federal agencies, particularly the Department of Defense, have made extensive investments of public funds in the development of knowledge and education and training software;

(2) much knowledge and education and training software is directly useful and transferable to the public and private sector or could be transferable after conversion;

(3) the transfer of education and training software to the public and private sector could properly augment existing Federal programs for the education of existing and new industrial workers or the retraining of workers whose jobs have been disrupted because of technological developments, foreign trade, and changes in consumer requirements; and

(4) the transfer of knowledge and education and training software to the public and private sector would be especially beneficial to business concerns which lack the knowledge or resources to develop such software independently.

(b) PURPOSE.—Therefore, it is the purpose of this chapter to facilitate the transfer of knowledge and education and training software from Federal agencies to the public and private sector including State and local education agencies, and educational institutions, in order to support the education, training, and retraining of our workforce.

SEC. 442. ESTABLISHMENT OF OFFICE OF EDUCATION SOFTWARE TRANSFER.

(a) ESTABLISHMENT.—There is established in the Office of Educational Research and Improvement of the Department of Education an Office of Education Software Transfer (hereinafter in this chapter referred to as the "Office").

(b) DIRECTOR.—The Office shall be headed by a Director, who shall be appointed by the Secretary of Education. The Director shall be compensated at the rate provided for GS-16 of the General Schedule under section 5332 of title 5, United States Code.

(c) PERSONNEL.—To carry out this chapter, the Director shall appoint not less than 15 individuals in accordance with the civil service laws, and may compensate such individuals in accordance with the General Schedule under section 5332 of title 5, United States Code.

(d) FUNCTIONS OF THE OFFICE.—

(1) CLEARINGHOUSE.—(A) The Director shall maintain a current and comprehensive clearinghouse of all knowledge and education and training software developed or scheduled for development by or under the supervision of Federal agencies. The clearinghouse shall include, with respect to each item of education and training software listed—

(i) a complete description of such software, including the purpose, content, intended academic level or competency level, date of development, imbedded learning and instructional strategies, and mode of presentation of such software;

(ii) a description of each type of computer hardware which is compatible with such software and of any other equipment required to use such software;

(iii) a specification of any patent, copyright, or proprietary interest affecting the copying, conversion, or transfer of such software; and

(iv) information with respect to any conversion or transfer of such software pursuant to this chapter.

(B) In establishing and maintaining the clearinghouse required by this subsection, the Director shall—

(i) consult with and utilize fully the resources of all Federal agencies engaged in the collection and dissemination of knowledge and information concerning education software; and

(ii) request the participation and cooperation of entities in the legislative and judicial branches of Government.

(2) DISSEMINATION REQUIRED.—(A) The Director shall disseminate widely and on a regular basis the information required by paragraph (1)(A) and any revisions to such information in order to enable all potential public interest and commercial users of education and training software to receive ample notice that Federal agencies have developed such knowledge or software, or have scheduled such knowledge or software for development. In carrying out the preceding sentence, the Director shall—

(i) utilize all interagency and intergovernmental communication mechanisms, including State educational agencies, regional educational laboratories, and the National Center for Research in Vocational Education; and

(ii) encourage the participation of independent private sector organizations, includ-

ing organizations representing State and local education agencies, educational institutions, technical and professional organizations, and trade associations.

(B) The Director shall develop and distribute, in conjunction with the dissemination of the information required under paragraph (1)(A), detailed instructions and procedures for securing copies, including such rights thereto as may be required, of education and training software listed and guidelines for cooperative agreements between commercial users and public interest users under paragraph (4)(B).

(3) CONSULTATION AND ASSISTANCE; PUBLIC INTEREST USER.—The Director shall advise, consult, and may provide grants to a public interest user of an education and training software listed in the clearinghouse required under paragraph (1)(A) and shall assist such user in securing the transfer of such software from the Federal agency which developed such software. In providing such assistance, the Director shall encourage such public interest user to obtain such software by working with the education and training software transfer officer of such agency. If an agency has not established procedures for the transfer of education and training software, the Director shall negotiate the transfer of such software upon application by such user.

(4) CONSULTATION; COMMERCIAL USER.—(A) The Director shall advise and consult with any prospective commercial user of an education and training software listed in the clearinghouse required under paragraph (1)(A). The Director may sell or lease such training software, including exclusive or nonexclusive rights in copyrights or patents pertaining thereto, to a commercial user for a price or fee which reflects a reasonable return to the Government.

(B) The Director may waive purchase prices or lease fees for a commercial user of training software, may negotiate reduced purchase prices or lease fees for such commercial user, or may negotiate exclusive sale or lease agreements or other terms favorable to such commercial user if such commercial user agrees to enter into a cooperative agreement with a public interest user or a group of public interest users in accordance with this section. Under the preceding sentence, the Director may not waive such prices or fees, negotiate reduced prices or fees, or negotiate exclusive agreements or favorable terms for a commercial user unless such cooperative agreement—

(i) provides for the conversion of the education and training software by the commercial user in order to meet the specific needs of the public interest user or group of public interest users;

(ii) provides that such conversion will be performed without charge to the public interest user or group of users; and

(iii) is acceptable to the Director.

(C) In negotiating terms for the sale or lease of education and training software pursuant to paragraph (2), the Director shall give preferential consideration to cooperative agreements which—

(i) will result in enhancing the employment potential and potential earnings of the maximum number of individuals;

(ii) encourage and promote multiple uses of education and training software converted pursuant to this section by users with similar education needs; and

(iii) provide beneficial uses of education and training software for businesses.

(D) Any education and training software converted pursuant to paragraph (2) shall be listed in the clearinghouse required by subsection (a) and shall be available for transfer to any other public interest user.

(5) STUDY REQUIRED.—The Director shall study the effectiveness of transfers and conversions of education and training software pursuant to this chapter, and shall analyze national needs for methods to convert education and training software which are in addition to the method provided in paragraph (2).

(6) REPORT.—(A) The Director shall submit to the Congress a report that—

(i) describes the study and analysis conducted as required by paragraph (5); and

(ii) contains recommendations of the Director concerning whether the public interest is served through the program of grants to public interest users to support conversion of education and training software.

(B) The Director shall submit the report required by subparagraph (A) before the expiration of the two-year period beginning on the date of enactment of this Act.

(e) REGULATIONS.—In carrying out this chapter, the Director may—

(1) promulgate such rules, regulations, procedures, and forms as may be necessary to carry out the functions of the Office, and delegate authority for the performance of any function to any officer or employee of the Office under the direction and supervision of the Director;

(2) utilize, with their consent, the services, equipment, personnel, information, and facilities of other Federal agencies and of State, local, and private agencies and instrumentalities, with or without reimbursement therefor;

(3) enter into agreements with other Federal agencies as may be appropriate;

(4) accept voluntary and uncompensated services, without regard to the provisions of section 1342 of title 31, United States Code; and

(5) request such information, data, and reports from any Federal agency as the Director may from time to time require and as may be produced consistent with other law.

SEC. 443. COORDINATION WITH FEDERAL AGENCIES.

(a) USE OF FEDERAL PROGRAMS.—In carrying out this chapter, the Director shall utilize, to the fullest possible extent, all existing Federal programs to promote the identification, conversion, and transfer of knowledge and education and training software in accordance with this chapter.

(b) EDUCATION AND TRAINING SOFTWARE TRANSFER OFFICER.—The head of each Federal agency which develops knowledge for or uses education and training software shall designate, from the officers and employees of the agency, an education and training software transfer officer. The education and training software transfer officer of an agency shall—

(1) supply information to the Office of Education Software Transfer for inclusion in the clearinghouse;

(2) receive and process inquiries and requests from prospective users of knowledge and education and training software employed by such agency;

(3) promote direct contact between prospective users of knowledge and education and training software and personnel of the agency;

(4) facilitate the prompt transfer for knowledge and education and training software to public interest users; and

(5) refer requests for education and training software from commercial users to the Office of Training Software Transfer for the negotiation of the purchase or lease of such software.

(c) COOPERATION OF FEDERAL AGENCIES.—

(1) IN GENERAL.—All Federal agencies shall cooperate with the Director in the implementation of this chapter. If the head of a Federal agency finds that such agency is unable to cooperate with the Director for reasons of national security, or for any other reason, such agency head shall report such finding to the Secretary. The Secretary shall report to the Congress by July 1 of each year all such findings received by the Secretary during the preceding 12-month period.

(2) AVAILABILITY OF FEDERAL SERVICES, EQUIPMENT, PERSONNEL, AND FACILITIES.—Upon request of the Director, the head of each Federal agency shall promptly make the services, equipment, personnel, facilities, and information of the agency (including suggestions, estimates, and statistics) available to the Office to the greatest extent practicable.

(d) EQUITY RULE.—In carrying out the purposes of this chapter, the Director shall consider special equity concerns, including psychological, physiological, sociological, and socioeconomic factors, which could prevent some persons from benefiting from new technological developments, and shall, to the extent possible, ensure that such persons benefit from software transfer activities under this chapter.

SEC. 444. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out this chapter $1,000,000 for fiscal year 1988, and such sums as may be necessary for each of fiscal years 1989 through 1993.

SEC. 445. DEFINITIONS.

As used in this chapter:

(1) The term "commercial user" means any individual, corporation, partnership, or other legal entity which operates for profit and which uses or intends to use the education and training software of a Federal agency.

(2) The term "conversion" means the process whereby education software is modified and revised to meet the needs of a public interest user or a commercial user.

(3) The term "Director" means the Director of the Office of Education Software Transfer established pursuant to section 442.

(4) The term "Federal agency" has the meaning given to the term "agency" in section 551(1) of title 5, United States Code.

(5) The term "Office" means the Office of Education Software Transfer established pursuant to section 442.

(6) The term "private industry council" means a private industry council established under section 102 of the Job Training Partnership Act.

(7) The term "community-based organizations" has the same meaning as in section 504(5) of the Job Training Partnership Act.

(8) The term "public interest user" means any nonprofit entity which—

(A) provides job training, vocational education or other educational services, including public school systems, vocational schools, private preparatory schools, colleges, universities, community colleges, private industry councils, community-based organizations, and State and local education agencies; and

(B) uses or intends to use the knowledge or education and training software of a Federal agency.

(9) The term "education and training software" means computer software which is developed by a Federal agency to educate and train employees of the agency and which may be transferred to or converted for use by a public interest user or a commercial user and includes software for computer based instructional systems, interactive video disc systems, microcomputer education devices, audiovisual devices, and programmed learning kits, and associated manuals and devices if such manuals and devices are integrally related to a software program.

(10) The term "transfer" means the process whereby education and training software is made available to a public interest user or a commercial user for the education and training of those in the workforce with or without the conversion of such software.

CHAPTER 8—INSTRUCTIONAL PROGRAMS IN TECHNOLOGY EDUCATION

SEC. 446. PURPOSE.

It is the purpose of this chapter to assist educational agencies and institutions in developing a technologically literate population through instructional programs in technology education.

SEC. 447. TECHNOLOGY EDUCATION DEMONSTRATION PROGRAM.

(a) ESTABLISHMENT.—Subject to the availability of funds for purposes of this chapter, the Secretary of Education shall establish a program of grants to local educational agencies, State educational agencies, consortia of public and private agencies, organizations and institutions, and institutions of higher education to establish not more than ten demonstration programs in technology education for secondary schools.

(b) ALLOWABLE USES OF GRANT FUNDS.—Funds made available under this chapter may be used to develop a model demonstration program for technology education with the following components:

(1) Educational course content based on—

(A) an organized set of concepts, processes, and systems that is uniquely technological; and

(B) fundamental knowledge about the development of technology and its effect on people, the environment, and culture.

(2) Instructional content drawn from introduction to technology education courses in one or more of the following areas—

(A) communication—efficiently using resources to transfer information to extend human potential;

(B) construction—efficiently using resources to build structures on a site;

(C) manufacturing—efficiently using resources to extract and convert raw or recycled materials into industrial and consumer goods; and

(D) transportation—efficiently using resources to obtain time and place utility and to attain and maintain direct physical contact and exchange among individuals and societal units through the movement of materials, goods, and people.

(3) Assisting students in developing insight, understanding, and application of technological concepts, processes, and systems.

(4) Educating students in the safe and efficient utilization of tools, materials, machines, processes, and technical concepts.

(5) Developing student skills, creative abilities, confidence, and individual potential in utilizing technology.

(6) Developing student problem solving and decision making abilities involving human and material resources, processes, and technological systems.

(7) Preparing students for lifelong learning in a technological society.

(8) Activity oriented laboratory instruction which reinforces abstract concepts with concrete experiences.

(9) An institute of the purpose of developing teacher capability in the area of technology education.

(10) Research and development of curriculum materials for use in technology education programs.

(11) Multidisciplinary teacher workshops for the interfacing of mathematics, science, and technology education.

(12) Statewide implementation plan for disseminating exemplary materials and practices.

(13) Optional employment of a curriculum specialist to provide technical assistance for the program.

(14) A combined emphasis on "know-how" and "ability-to-do" in carrying out technological work.

(c) LIMITATION ON FEDERAL ASSISTANCE.—Federal assistance to any program or project under this chapter shall not exceed 65 percent of the cost of such program in any fiscal year. Not less than 10 percent of the cost of such program shall be in the form of private sector contributions. Non-Federal contributions may be in cash or in kind, fairly evaluated, including facilities, overhead, personnel, and equipment.

SEC. 448. APPLICATIONS FOR GRANTS.

(a) IN GENERAL.—A local educational agency, State educational agency, consortium of public and private agencies, organizations, and institutions, or institution of higher education which desires to receive a grant under this chapter shall submit an application to the Secretary. Applications shall be submitted at such time, in such form, and containing such information as the Secretary shall prescribe. An application shall include—

(1) a description of a demonstration program designed to carry out the purpose described in section 446;

(2) an estimate of the cost for the establishment and operation of the program;

(3) a description of policies and procedures for the program that will ensure adequate evaluation of the activities intended to be carried out under the application;

(4) assurances that Federal funds made available under this chapter will be so used as to supplement and, to the extent practicable, increase the amount of State and local funds that would in the absence of such Federal funds be made available for the uses specified in this chapter, and in no case supplant such State or local funds;

(5) a provision for making such reports, in such form and containing such information, as the Secretary may require; and

(6) a description of the manner in which programs under this chapter will be coordinated, to the extent practicable, with programs under the Job Training Partnership Act, the Carl D. Perkins Vocational Education Act, and other Acts related to the purposes of this chapter.

(b) GEOGRAPHIC DISTRIBUTION.—In making grants under this chapter, the Secretary shall consider the equitable geographic distribution of such grants.

SEC. 449. NATIONAL DISSEMINATION OF INFORMATION.

The Secretary shall disseminate the results of the programs and projects assisted under this chapter in a manner designed to improve the training of teachers, other instructional personnel, counselors, and administrators.

SEC. 450. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated $2,000,000 for fiscal year 1988, and such sums as may be necessary for fiscal years 1989 through 1993 for purposes of carrying out this chapter.

SEC. 450A. DEFINITION.

As used in this chapter, the term "technology education" means a comprehensive educational process designed to develop a population that is knowledgeable about technology, its evolution, systems, techniques, utilization in industry and other fields, and social and cultural significance.

CHAPTER 9—VOCATIONAL EDUCATION PROGRAMS

SEC. 451. ADULT TRAINING, RETRAINING, AND EMPLOYMENT DEVELOPMENT

Part C of title III of the Carl D. Perkins Vocational Education Act (20 U.S.C. 2371 et seq.) is amended to read as follows:

"PART C—ADULT TRAINING, RETRAINING, AND EMPLOYMENT DEVELOPMENT

"FINDINGS AND PURPOSE

"SEC. 321. (a) FINDINGS.—The Congress finds that—

"(1) technological change, international competition, and the demographics of the Nation's workforce have resulted in increases in the numbers of experienced adult workers who are unemployed, who have been dislocated, or who require training, retraining, or upgrading of skills,

"(2) the individuals who are entering and reentering the labor market are less educated, trained, or skilled and are disproportionately employed in low-wage occupations and require additional training, and

"(3) these needs can be met by education and training programs, especially vocational programs, that are responsive to the needs of individuals and the demands of the labor market.

"(b) PURPOSE.—It is the purpose of this part to (1) provide financial assistance to States to enable them to expand and improve vocational education programs designed to meet current needs for training, retraining, and employment development of adults who have completed or left high school and are preparing to enter or have entered the labor market, in order to equip adults with the competencies and skills required for productive employment, and (2) to ensure that programs are available which are relevant to the labor market needs and accessible to all segments of the population.

"AUTHORIZATION OF GRANTS AND USES OF FUNDS

"SEC. 322. (a) GRANTS TO STATES.—The Secretary shall make grants in proportion to the amount received under section 101 to States for programs, services, and activities authorized by this part.

"(b) STATE ADMINISTRATION.—(1) Grants to States under this part shall be made to the board established under section 111 to serve as the grant recipient and catalyst to public-private training partnerships.

"(2)(A) Such board shall make awards on the basis of application from educational institutions (e.g. community colleges, vocational schools, service providers under the Job Training Partnership Act (29 U.S.C. 49 et seq.), four-year colleges, universities, and community based organizations) which link up with one or more private companies in order to train people for jobs in high growth fields.

"(B) The board shall establish criteria for application, application content and criteria,

and procedures for the awarding of grants under this section.

"(3) Business must be actively involved in the planning, designing, operating, and monitoring of the education and training programs so that they will meet their needs.

"(4) Training can include entry level training, employee upgrading, retraining, and customized training.

"(5) Grants shall not be awarded for more than fifty percent of the costs. The remainder must come from the private sector in either cash or related equipment and services which would be at least equivalent to the Federal grant portion.

"(c) ELIGIBLE PROGRAMS.—Programs eligible for funding by the State, and designed cooperatively between education institutions and one or more businesses, may include—

"(1) institutional and worksite programs tailored to meet the needs of an industry or group of industries for skilled workers, technicians or managers, or to assist their existing workforce to adjust to changes in technology or work requirements;

"(2) quick-start, customized training for workers in new and expanding industries, or for workers for placement in jobs that are difficult to fill because of a shortage of workers with the requisite skills;

"(3) shared programs between educational institutions and businesses, where a work experience is provided by the business subsequent to the classroom training to reinforce the classroom or workshop training;

"(4) cooperative education programs with public and private sector employers and economic development agencies, including seminars in institutional or worksite settings, designed to improve management and increase productivity;

"(5) entrepreneurship training programs which assist individuals in the establishment, management, and operation of small business enterprises;

"(6) recruitment, job search assistance, counseling, remedial services, and information and outreach programs designed to encourage and assist males and females to take advantage of vocational education programs and services, with particular attention to reaching women, older workers, individuals with limited English proficiency, the handicapped, and the disadvantaged; and

"(7) related instruction for apprentices in apprenticeship training programs.

"(d) REQUIREMENTS.—In making grants under this part, the Secretary shall require each State, in its State plan (or an amendment to such plan), to assure that programs—

"(1) are designed with the active participation of the State council established pursuant to section 112;

"(2) make maximum effective use of existing institutions, are planned to avoid duplication of programs or institutional capabilities, and to the fullest extent practicable are designed to strengthen institutional capacity to meet the education and training needs addressed by this part;

"(3) assure the active participation by public and private sector employers and public and private agencies working with programs of employment and training and economic development; and

"(4) where appropriate, involve coordination with programs under the Rehabilitation Act of 1973 and the Education of the Handicapped Act.

"COORDINATION WITH THE JOB TRAINING PARTNERSHIP ACT

"SEC. 323. (a) REQUIREMENTS FOR INCLUSION IN STATE PLAN.—Each State receiving grants under this part shall include in the State plan methods and procedures for coordinating vocational education programs, services, and activities funded under this part to provide programs of assistance for dislocated workers funded under title III of the Job Training Partnership Act.

"(b) CONSULTATION WITH STATE JOB TRAINING COORDINATING COUNCIL.—(1) The State board shall consult with the State job training coordinating council (established under section 122 of the Job Training Partnership Act) in order that programs assisted under this part may be taken into account by such council in formulating recommendations to the Governor for the Governor's coordination and special services plan required by section 121 of such Act.

"(2) The State board shall also adopt such procedures as it considers necessary to encourage coordination between eligible recipients receiving funds under this part and the appropriate administrative entity established under the Job Training Partnership Act in the conduct of their respective programs, in order to achieve the most effective use of all Federal funds through programs that complement and supplement each other, and, to the extent feasible, provide an ongoing and integrated program of training and services for workers in need of such assistance.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 324. There are authorized to be appropriated $50,000,000 for fiscal year 1988 and such sums as may be necessary for each of fiscal years 1989 through 1993 for purposes of carrying out this part.".

SEC. 452. AUTHORIZATION OF ADDITIONAL USES OF VOCATIONAL EDUCATION FUNDS.

Section 251(a) of the Carl D. Perkins Vocational Education Act (20 U.S.C. 2341) is amended—

(1) by striking out "and" at the end of paragraph (23);

(2) by striking out the period at the end of paragraph (24) and inserting in lieu thereof "; and"; and

(3) by adding at the end the following new paragraphs:

"(25) pre-employment skills training; and

"(26) school-to-work transition programs.".

SEC. 453. EDUCATION FOR EMPLOYMENT DEMONSTRATION PROGRAM.

From the sums available to the Secretary for national programs under the Carl D. Perkins Vocational Education Act, the Secretary shall conduct a demonstration program with secondary school students designed to provide participating students with the skills needed for employment or further education by forming partnerships with business and industry for purpose of incorporating into school curriculums—

(1) practical applications of academic subjects;

(2) career exploration;

(3) instruction relating to job seeking skills, career choices, and use of information relating to the labor market; and

(4) a school monitored work experience program, designed to equip each high school graduate with a resumé as well as a diploma.

SEC. 454. EXTENSION OF INDUSTRY-EDUCATION PARTNERSHIPS FOR HIGH TECHNOLOGY TRAINING.

Section 3(b)(5) of the Carl D. Perkins Vocational Education Act is amended by—

(1) striking out "and" the first place such term appears and inserting in lieu thereof a comma; and

(2) striking out "through 1989" and inserting in lieu thereof "and 1987, $50,000,000 for fiscal year 1988, and such sums as may be necessary for fiscal year 1989".

SEC. 455. DEMONSTRATION PROGRAM FOR TECHNOLOGICAL LITERACY.

(a) ESTABLISHMENT.—The Secretary shall establish demonstration programs in vocational training centers and community colleges for purposes of providing modular training in basic skills with the objective of rendering participants technologically literate. Such programs shall—

(1) stress techniques and methods that offer basic remedial skills in conjunction with training in automation literacy, robotics, computer-aided design, and other areas of computer-integrated manufacturing technology; and

(2) be designed to foster flexibility and assist workers in meeting the challenge of a changing workplace.

(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $2,000,000 for fiscal year 1988 and such sums as may be necessary for fiscal year 1989 for purposes of carrying out this section. Amounts appropriated pursuant to this subsection shall remain available until expended.

CHAPTER 10—ACCESS DEMONSTRATION PROGRAMS

SEC. 461. PURPOSE.

It is the purpose of this chapter to support training programs for secondary school personnel, including guidance counselors, in order to increase the opportunities of secondary school students in rural sections of the Nation for continued education.

SEC. 462. PROGRAM AUTHORIZED.

(a) GRANTS TO EDUCATIONAL RESEARCH LABORATORIES.—The Secretary may make grants to educational research laboratories to support the development of training programs for secondary school personnel, including guidance counselors.

(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $5,000,000 for fiscal year 1988 and such sums as may be necessary for each of fiscal years 1989 through 1991 for purposes of carrying out this chapter.

SEC. 463. APPLICATIONS.

(a) SUBMISSION OF APPLICATIONS.—A regional educational laboratory that wishes to develop and operate a program described in section 462(a) shall submit an application to the Secretary.

(b) REVIEW OF APPLICATIONS.—Each application submitted under subsection (a) shall be reviewed by peers, including educators and researchers, to determine the quality of the proposed program and its relationship to the demonstrated needs of the region to be served.

(c) SOLICITATION OF ALTERNATIVE PROPOSALS.—If, based upon a review under subsection (b), the Secretary determines that a proposed program would not best serve the needs of the students of the region to be served, the Secretary may solicit proposals from other educational institutions and organizations located in the region.

(d) CONTENT OF APPLICATIONS.—Each application for assistance under this section shall—

(1) contain assurances that—

(A) the laboratory shall provide technical assistance to appropriate educational agencies; and

(B) information developed as a result of the laboratory's research and development activities, including new educational methods, practices, techniques, and products, will be appropriately disseminated;

(C) all rural students in all States within the region will have access to and information about the access program;

(2) contain a description of—

(A) the rural secondary school population within the region served by the laboratory, including estimates of the number of high school graduates who—

(i) attend institutions of higher education, including an estimate of the number who attend out-of-state institutions;

(ii) attend trade schools;

(iii) enter military service;

(B) services available within each of the States in the region that exist to provide secondary school students with information and training relating to higher education and self-employment; and

(C) activities provided—

(i) to train designated school personnel to advise and establish community partnership programs; and

(ii) to provide technical assistance; and

(3) demonstrate that—

(A) the laboratory and its board of directors has engaged in sufficient study and analysis to ensure that the services to be offered by the proposed program will increase the number of secondary school students entering institutions of higher education and increase their awareness of and opportunities for financial assistance;

(B) State and local educational agencies were involved in planning the proposed programs and that services available from such agencies are incorporated into the proposed program; and

(C) the program will probably be funded by State or other sources after the expiration of funding under this chapter.

(e) REPORT.—

(1) PROGRAM EFFECT.—The Office of Educational Research and Improvement shall submit a report to the Congress on the effect of programs funded under this chapter, including recommendations of the regional laboratories.

(2) The report required by paragraph (1) shall be submitted not later than November 30, 1988.

SEC. 464. DEFINITION.

In this chapter, the term "regional educational laboratory" means a regional educational laboratory supported by the Secretary under section 405(d)(4)(A)(i) of the General Education Provisions Act (20 U.S.C. 1221e(d)(4)(A)(i)).

CHAPTER 11—POSTSECONDARY EDUCATION PROGRAMS

SEC. 471. COLLEGE AND UNIVERSITY RESEARCH FACILITIES AND INSTRUMENTATION MODERNIZATION PROGRAM.

Title VII of the Higher Education Act of 1965 is amended by adding at the end thereof the following new part:

"PART I—COLLEGE AND UNIVERSITY RESEARCH FACILITIES AND INSTRUMENTATION MODERNIZATION PROGRAM

"PROGRAM AUTHORITY

"SEC. 791. (a) PURPOSE.—It is the purpose of this section to help revitalize college and university academic research programs by assisting colleges and universities, and consortia thereof, through capital investments in modernizing their research laboratories and other research facilities and upgrading or replacing outmoded research equipment and instrumentation currently in use at such facilities.

"(b) FINANCIAL ASSISTANCE PROGRAM AUTHORIZED.—The Secretary of Education shall, from the sums available to carry out this section in any fiscal year, establish and carry out a College and University Research Facilities and Instrumentation Modernization Program that will provide assistance for the replacement, renovation, or modernization of such institutions' obsolete laboratories, other research facilities, and outmoded equipment and instrumentation.

"(c) PROGRAM REQUIREMENTS.—The College and University Research Facilities and Instrumentation Modernization Program shall be carried out through projects which involve the replacement, renovation, or modernization of specific research facilities and research equipment or instrumentation at colleges and universities. Funds shall be awarded competitively, on the basis of specific proposals submitted by colleges and universities, and consortia thereof, in accordance with regulations prescribed by the Secretary of Education. In establishing these regulations and making the award considerations, the Secretary shall consult with the Director of the National Science Foundation and shall seek to obtain the Director's recommendations regarding final proposal funding. The preceding sentence shall not be construed as granting the National Science Foundation final authority over funding, or the right to delay funding of acceptable projects.

"(d) MATCHING REQUIREMENT.—Any participating college or university, or any consortia thereof, must provide an amount not exceeding 50 percent of the costs involved from other non-Federal public or private sources.

"(e) PRIORITY FOR MATHEMATICS AND SCIENCE.—With respect to research equipment and instrumentation, the Secretary shall give priority to proposals for upgrading, renovating, or replacing outmoded equipment and instrumentation used in instruction and research in mathematics and the sciences, including engineering sciences.

"(f) SELECTION CRITERIA.—The criteria for making an award to any college or university under this part, shall include—

"(1) the quality of the research and training to be carried out in the facility or facilities involved;

"(2) the congruence of the institution's research activities with the future research needs of the Nation;

"(3) the contribution which the project will make toward meeting national, regional, and State research and related training needs; and

"(4) an analysis of the age and condition of existing research facilities and equipment.

"(g) EQUALIZATION SET-ASIDE FOR CERTAIN TYPES OF INSTITUTIONS.—(1) At least 20 percent of the amount available under this section in any fiscal year shall be available only for awards to colleges and universities that received less than $10,000,000 in total Federal obligations for research and development (including obligations for the university research laboratory modernization program) in each of the two preceding fiscal years.

"(2) Of the amounts appropriated under this section, at least 10 percent of the funds shall be reserved for institutions serving a substantial number of minority and disadvantaged undergraduate and graduate students.

"(h) CONSULTATIONS FOR RULEMAKING.—In prescribing regulations and conducting the program under this section, the Secretary of Education shall consult with other agencies of the Federal Government concerned with research, including the National Science Foundation, the Department of Health and Human Services, the National Aeronautics and Space Administration, the Department of Energy, the Department of Agriculture, and the Department of Defense.

"(i) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $85,000,000 for fiscal year 1988 and such sums as may be necessary for each of the succeeding fiscal years to carry out this section.".

SEC. 472. AGRICULTURE, STRATEGIC METALS, MINERALS, AND FORESTRY COLLEGE AND UNIVERSITY RESEARCH FACILITIES AND INSTRUMENTATION MODERNIZATION PROGRAM.

Title VII of the Higher Education Act of 1965 is amended by adding new part J:

"PART J—AGRICULTURE, STRATEGIC METALS, MINERALS, AND FORESTRY COLLEGE AND UNIVERSITY RESEARCH FACILITIES AND INSTRUMENTATION MODERNIZATION PROGRAM

"PROGRAM AUTHORITY

"SEC. 795. (a) PURPOSE.—It is the purpose of this section to help revitalize college and university academic research programs that specialize in agricultural, strategic metals and minerals, energy and forestry and wood products research by assisting colleges and universities in modernizing their research laboratories and other research facilities and upgrading or replacing outmoded research equipment and instrumentation currently in use at such facilities for agricultural, strategic metals, minerals, energy, and forestry research.

"(b) FINANCIAL ASSISTANCE AUTHORIZED.—The Secretary of Education shall, from the sums available to carry out this section in any fiscal year, establish and carry out a new College and University Research Facilities and Instrumentation Modernization Program for agriculture, strategic metals, minerals, energy and forestry that will provide assistance for the replacement or modernization of such institutions' obsolete laboratories, other research facilities, and outmoded equipment and instrumentation.

"(c) PROGRAM REQUIREMENTS.—The College and University Research Facilities and Instrumentation Modernization Program for agriculture, strategic metals, minerals, energy and forestry shall be carried out through projects which involve the replacement or modernization of specific research facilities and research equipment or instrumentation at colleges and universities. Funds shall be awarded competitively, on the basis of specific proposals submitted by colleges and universities, in accordance with regulations prescribed by the Secretary of Education. The Secretary shall consult with the Secretaries of Agriculture, Interior, and Energy and shall obtain their recommendations regarding final proposal funding should they wish to provide such. In no case should this language be construed as granting these Secretaries final authority over funding or the right to hold up funding of acceptable projects.

"(d) MATCHING REQUIREMENTS.—Any participating college or university must provide an amount not exceeding 50 percent of the costs involved from other non-Federal public or private sources.

"(e) SELECTION CRITERIA.—The criteria for making an award to any college or university under this part, shall include—

"(1) the quality of the research and training to be carried out in the facility or facilities involved;

"(2) the congruence of the institution's research activities to be supported with funds awarded under this part with the future research needs of the Nation; especially as they relate to improving the Nation's trade and competitiveness position.

"(3) the contribution which the project will make toward meeting national, regional, and State research and related training needs, especially as those needs are related to improving the Nation's trade and competitiveness position; and

"(4) an analysis of the age and condition of existing research facilities and equipment.

"(f) SET-ASIDE.—At least 20 percent of the amount available under this section in any fiscal year shall be available only for awards to colleges and universities that received less than $10,000,000 in total Federal obligations for research and development (including obligations for the university research laboratory modernization program) in each of the two preceding fiscal years.

"(g) CONSULTATIONS FOR RULEMAKING.—In prescribing regulations and conducting the program under this section, the Secretary of Education shall consult with other agencies of the Federal Government concerned with research, including the Departments of Energy, Agriculture, and Interior.

"(h) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $20,000,000 for fiscal year 1988 and such sums as may be necessary for each of the three succeeding fiscal years to carry out this section.".

SEC. 473. GRADUATE TRAINING TO ENHANCE THE NATION'S COMPETITIVENESS.

Section 971 of the Higher Education Act of 1965 is amended—

(1) by striking out "for part A or D of this title" in subsection (g) and inserting "pursuant to subsections (a) and (d) of this section"; and

(2) by adding at the end thereof the following new subsection:

"(h) ADDITIONAL AUTHORIZATIONS.—For purposes of encouraging increased participation in graduate research training—

"(1) there are authorized to be appropriated an additional $5,000,000 for fiscal year 1988 to carry out part A, and such additional sums as may be necessary for each of the three succeeding fiscal years;

"(2) there are authorized to be appropriated an additional $4,000,000 for fiscal year 1988 to carry out part B, and such additional sums as may be necessary for each of the three succeeding fiscal years; and

"(3) there are authorized to be appropriated an additional $5,000,000 for fiscal year 1988 to carry out part D, and such additional sums as may be necessary for each of the three succeeding fiscal years.".

SEC. 474. FOREIGN TECHNICAL AND SCIENTIFIC PERIODICALS.

Section 607 of the Higher Education Act of 1965 is amended by adding at the end thereof the following new subsection:

"(e)(1) There are authorized to be appropriated $1,000,000 for fiscal year 1988 and such sums as may be necessary for each of the three succeeding fiscal years to provide assistance for the acquisition of, and provision of access to foreign technical and scientific periodicals.

"(2) From amounts appropriated pursuant to paragraph (1), the Secretary of Education shall provide for the acquisition, translation, and dissemination of technical and scientific periodicals published outside the United States. The Secretary shall disseminate translated periodicals acquired under this subsection to libraries, businesses, professional societies, and postsecondary education institutions.

"(3) In carrying out the provisions of this subsection, the Secretary shall select periodicals published outside the United States which the Secretary, after consultation with other departments and agencies of the Federal Government and with businesses and professional societies, determines may be of value to departments and agencies of the Federal Government, to businesses, and to researchers in the United States.".

SEC. 475. MINORITY SCIENCE AND ENGINEERING IMPROVEMENT.

Section 1047 of title X of the Higher Education Act of 1965 is amended by adding at the end thereof the following:

"(c) ADDITIONAL AUTHORIZATION.—In addition, there are authorized to be appropriated $10,000,000 for fiscal year 1988 and such sums as may be necessary for each of the three succeeding fiscal years for the purpose of funding new activities, consistent with the purposes of sections 1021 and 1031, which are specifically aimed at increasing the participation of minority students in scientific and engineering research careers. In awarding funds appropriated under this subsection the Secretary shall not limit the awards on the basis of any criteria listed in section 1022(b) of this title.".

SEC. 475A. TECHNOLOGY TRANSFER CENTERS.

Title XII of the Higher Education Act of 1965 is amended by adding at the end thereof the following:

"TECHNOLOGY TRANSFER CENTERS

"SEC. 1211. (a)(1) There are authorized to be appropriated $25,000,000 for fiscal year 1988 and such sums as may be necessary for each of the three succeeding fiscal years to develop, construct, and operate regional technology transfer centers. The Secretary of Education shall establish such regional centers—

"(A) to promote the study and development of programs and depositories necessary to further the transfer of technology relevant to a respective region's economy;

"(B) to assist in developing incubator facilities to encourage new economic initiatives;

"(C) to provide technical assistance linking university expertise and private sector resources to solve technical, marketing, and manufacturing problems associated with technology-transfer and start-up businesses; and

"(D) to ensure consideration of the economic development needs of rural as well as urban areas within the region.

"(2) In carrying out the requirements of this section, regional technology-transfer centers are authorized—

"(A) to build on or, where needed, develop telecommunications systems to link the centers and their affiliates with industrial users;

"(B) to build on or develop necessary computer networks and data bases; and

"(C) to utilize or help develop regional and national libraries.

"(b) Financial assistance for the establishment of each center shall be awarded competitively. Preexisting centers may be awarded such financial assistance.

"(c) Each regional center established shall be operated by an appropriately qualified college or university within the region, or a consortium of such schools within the region, and such center shall, where deemed necessary, establish one or more affiliate centers at colleges and universities based in other States within the region.

"(d) In establishing such centers, the institutions applying shall show in their application—

"(1) how the center will facilitate the economy of the region;

"(2) that the center's mission is compatible with the economic development plans of States in the region; and

"(3) that appropriate consultation with the relevant State agencies concerned with economic development has taken place.

"(e) Such center also may be operated by a college or university in consortia with other existing campus based research entities, including agricultural research facilities, mining and minerals research facilities, and forestry, wood-products research facilities, and with other State and local agencies, with nonprofit agencies, and interstate higher education organizations, and where appropriate, for-profit agencies. The Secretary, through regulation, shall determine a mechanism for assessing the percentage of operating costs paid by other members of a technology transfer consortium arrangements.

"(f) Each such center shall establish a Board to advise the center on policy. Such board shall be—

"(1) representative of the States involved in the region; and

"(2) consist of representatives for urban areas, rural areas, ethnic concerns, business, labor, and education.

"(g) Funding for each center will be for five-year periods, with recompetition to occur before the end of the funding cycle. Grantees, for the fourth and fifth year of the first funding cycle, and thereafter, upon refunding for subsequent years, must match Federal funds from non-Federal dollars on a 50-50 basis.

"(h) Funding for affiliate centers authorized in subsection (c) shall be provided by the regional center and the college or university operating the affiliate center, with funding levels to be reached by the two entities in a scope-of-work agreement negotiated between the two entities. Should the affiliate center wish, its operations and funding support can be a consortia, as specified in subsection (e).

"(i) The Secretary, after consultation with the Departments of Agriculture, Energy, Commerce, and Interior shall publish, for public comment, a proposed list of priorities for the establishment of regional technology transfer centers and shall propose the regional composition of such centers, keeping in mind that satellite and telecommunications technology enables regions to contain noncontiguous States. The Secretary shall publish the final list of regions and priorities along with the public's comments.".

SEC. 475B. NATIONAL ADVISORY COUNCIL ON INSTRUCTIONAL TECHNOLOGY.

Title V of the Higher Education Act of 1965 is amended by adding at the end thereof the following new part:

"PART F—NATIONAL ADVISORY COUNCIL ON INSTRUCTIONAL TECHNOLOGY

"COUNCIL ESTABLISHMENT AND FUNCTIONS

"SEC. 581. (a) To provide for the future development of instructional technology as a resource for rural and urban schools, there

is established a National Advisory Council on Instructional Technology within the Department of Education. Members of the Council shall be appointed by the Secretary and shall include—

"(1) representatives of leading institutions of higher education in the field of instructional technology;

"(2) representatives of the nine Federal regional educational laboratories;

"(3) representatives of the regional technology-transfer centers authorized in this Act, especially those with expected telecommunications facilities, rural, urban, and State education officers, members of the educational software and hardware industries, national organizations for teachers; and

"(4) others the Secretary may determine will make a positive contribution to the Council.

"(b) There are authorized to be appropriated $300,000 for fiscal year 1988 and such sums as may be necessary for each of the three succeeding fiscal years, to provide for the necessary expenses of the Council, such as staff, travel, and operating expenses.

"(c) The purpose of the Council shall be to establish guidelines and an agenda for the development of educational telecommunications technology software to satellite down-link equipment for rural and urban schools. The primary goal of the guidelines shall be to avoid replication of existing programming. The Council shall also establish criteria for the quality of programming made available to rural and urban schools. The Council shall develop, as part of the national guidelines, a basis for interstate cooperation on accreditation of programming for use in rural schools, since programming transcends State boundaries.

"(d) The agenda to be established by the Council will outline the needs and methods for developing programming relative to the needs of rural and urban schools systems.".

SEC. 475C. LIBRARY TECHNOLOGY ENHANCEMENT.

Section 201(b) of the Higher Education Act of 1965 is amended by adding at the end thereof the following:

"(5) There are authorized to be appropriated to carry out the purposes of part D an additional $5,000,000 for fiscal year 1988 and such additional sums as may be necessary for each of the three succeeding fiscal years. Activities supported by funds appropriated pursuant to this paragraph shall be activities that will enable libraries to participate more fully in the initiative funded under the Education and Training for American Competitiveness Act of 1987.".

CHAPTER 12—RETRAINING FOR AMERICAN COMPETITIVENESS

SEC. 476. GRANTS FOR MIDCAREER TEACHER TRAINING PROGRAMS.

(a) GRANTS.—From funds made available under this chapter, the Secretary shall make grants to institutions of higher education for purposes of establishing and operating programs to provide midcareer teacher training to individuals who—

(1) hold a baccalaureate or advanced degree in an education-related field of study, particularly mathematics, science, or a foreign language and have job experience in such field; or

(2) hold a baccalaureate or advanced degree and were formerly employed in an occupation in which they developed expertise in an education-related field, including mathematics, science, or a foreign language.

(b) COMPETITIVE SELECTION.—(1) The Secretary shall award the grants described in subsection (a) on the basis of competitive selection among qualifying applications. Institutions selected as recipients shall be awarded—

(A) an initial planning grant for use during the first two fiscal years after selection;

(B) for those institutions demonstrating successful performance with the planning grant, a renewal grant for use during not more than two additional years after the expiration of the planning grant; and

(C) for those institutions demonstrating successful performance with a planning grant and a renewal grant, continuation grants for not more than $50,000 per year.

(2) A continuation grant may not be awarded to an institution under paragraph (1)(C) unless such institution agrees to provide funding to the program for which the grant is received—

(A) for the first year for which a continuation grant is received, in an amount equal to 33⅓ percent of the amount of the continuation grant; and

(B) for each succeeding year for which a continuation grant is received, in an amount equal to 50 percent of the amount of the continuation grant.

(c) REVIEW OF APPLICATIONS.—Applications for grants under this chapter shall be reviewed by a panel of experts in teacher training appointed by the Secretary.

(d) GEOGRAPHIC DISTRIBUTION REQUIREMENT.— The Secretary shall, to the extent of available funds, select at least one applicant from each region served by the Department of Education from which there is a qualified applicant.

(e) EVALUATION REQUIREMENTS.—The Secretary shall evaluate applications for grants under this chapter on the basis of the ability of the applicant institution to establish and maintain a program of midcareer teacher training as described in subsection (a). Such a program shall meet the following requirements:

(1) The admission process for the program shall be designed to ensure that individuals who are admitted to the program possess the current subject matter knowledge needed and the characteristics that would make them likely to succeed as classroom teachers.

(2) A clear set of program goals and expectations shall be communicated to participants in the program.

(3) The program curriculum shall be designed to provide participants who successfully complete the program with the skills and credentials needed to teach in specific subject areas as well as a realistic perspective on the educational process.

(4) The program shall be developed with the cooperation and assistance of the local business community.

(5) The program shall be operated under a cooperative agreement between the institution and one or more State or local educational agencies.

(6) The program shall be designed and operated with the active participation of qualified classroom teachers and will include an in-service training component and follow-up assistance.

SEC. 477. AMOUNT OF GRANTS.

(a) INITIAL PLANNING GRANT.—An initial planning grant to an institution of higher education under this chapter shall not exceed $100,000 for the two-year period of the grant.

(b) RENEWAL GRANT.—A renewal grant to an institution of higher education under this chapter shall not exceed $50,000 for each of the two years for which it is awarded.

SEC. 478. REPORTS AND INFORMATION.

(a) IN GENERAL.—Each institution of higher education that receives a grant under this chapter shall submit to the Secretary such reports and other information on the program for which the grant is awarded as the Secretary deems necessary.

(b) DISSEMINATION OF INFORMATION TO OTHER INSTITUTIONS.—The Secretary shall disseminate information received under subsection (a) to other institutions of higher education for the purpose of promoting greater use of midcareer teacher training programs without direct Federal financial assistance.

SEC. 479. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out this chapter $4,000,000 for fiscal year 1988 and such sums as may be necessary for each of the three succeeding fiscal years.

CHAPTER 13—POSTSECONDARY EDUCATION PROGRAMS TO IMPROVE INSTRUCTION IN MATHEMATICS, SCIENCE, AND FOREIGN LANGUAGE

SEC. 481. PROGRAMS AUTHORIZED.

From the funds available to carry out this chapter, the Secretary shall make grants in accordance with the requirements of this chapter to institutions of higher education—

(1) to establish and operate a summer institute or workshop under section 484;

(2) to acquire special equipment or operate a workshop under section 485;

(3) to establish and operate educational partnership programs under section 486; or

(4) to perform a combination of the activities referred to in paragraphs (1), (2), and (3).

SEC. 482. SELECTION OF GRANT RECIPIENTS.

(a) COMPETITIVE SELECTION.—The Secretary shall award grants under this chapter competitively, on the basis of the quality of the proposal contained in the institution's application under section 483.

(b) LIMITATIONS ON AWARDS.—In making awards under subsection (a), the Secretary shall ensure that—

(1) one-half of the funds awarded will be used for activities under sections 484 and 486, and one-half for activities under section 485;

(2) there is an equitable geographic distribution of the funds awarded under this chapter; and

(3) the award to any institution or consortium of institutions is not less than $100,000 or more than $500,000 for any fiscal year.

SEC. 483. APPLICATIONS.

An institution of higher education or consortium of such institutions that desires to obtain a grant under this chapter shall submit an application to the Secretary that contains—

(1) a description of the activities that will be performed in accordance with section 484, 485, or 486 (or any combination thereof) with funds made available under this chapter;

(2) assurances that the institution will obtain from donors, or otherwise provide from non-Federal sources, not less than one-half of the costs of the programs conducted with funds made available under this chapter, unless the Secretary, in accordance with regulations, waives such matching requirement;

(3) a description of the resources available to meet the requirements of paragraph (2); and

(4) such other information and assurances as the Secretary may require by regulation.

SEC. 484. SUMMER INSTITUTES AND WORKSHOPS.

(a) USE OF FUNDS.—Funds made available by grant under this chapter may be used—

(1) for summer institutes that provide for intensive training in foreign languages and cultures critical to the national economy—

(A) for secondary and postsecondary school students;

(B) for language teachers and faculty to improve language proficiency and pedagogical techniques;

(C) to individuals to develop proficiency in technical areas and professional terminology, to enable such individuals to transact international business in foreign languages; and

(D) for American international business persons, on a cost reimbursement basis, to improve their effectiveness in doing business abroad;

(2) for intensive workshops for preservice and in-service math and science teachers and faculty to demonstrate the most recent developments in science, technology, and mathematics and their application to improve our economic development, particularly as related to businesses and industries engaged in substantial export or foreign trade activities; and

(3) for stipends for individuals described in subparagraph (A) and (B) of paragraph (1) while attending institutes conducted under such paragraph.

(b) STUDY ABROAD.—An institution of higher education using funds to provide the training described in subsection (a)(1) is authorized and encouraged to provide such training in a foreign country and to use the resources provided by such country to comply with the requirements of section 483(2).

(c) WORKSHOP PLANNING.—An institution of higher education using funds to provide the workshops described in subsection (a)(2) is authorized and encouraged to involve units of State and local government, labor, business, and industry in the planning for such workshops.

SEC. 485. ACQUISITION AND USE OF EQUIPMENT.

Funds made available by a grant under this chapter may be used—

(1) for the purchase of laboratory and other special equipment suitable for use in providing undergraduate classroom instruction in mathematics or science, or both; and

(2) for workshops for secondary and vocational school teachers and postsecondary institution faculty on the use of such equipment.

SEC. 486. EDUCATIONAL PARTNERSHIP PROGRAMS.

(a) USE OF FUNDS.—Funds made available pursuant to this chapter may be used for costs associated with establishment and operation of educational partnerships between institutions of higher education and local educational agencies to provide advanced instruction to students in the areas of mathematics, science, and computer technology.

(b) SPECIFICALLY PERMITTED USES.—Permissible uses of funds under this section include—

(1) costs associated with entering into resource sharing with government, private business, industry, and institutions;

(2) stipends or salary supplements for university and college faculty and staff involved in the educational partnership program under this subtitle;

(3) development of curriculum that provides superior preparation in any one or more of the areas of mathematics, science, and technology;

(4) acquisition of textbooks, materials, and supplies to be utilized in instructional programs to be used under this subtitle; and

(5) additional transportation costs for students as a result of their participation in the educational partnership program under this subtitle.

(c) USE FOR GENERAL OVERHEAD PROHIBITED.—Funds made available pursuant to a grant under this section may not be used in connection with the general overhead costs of the applicant.

SEC. 487. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out this chapter $10,000,000 for fiscal year 1988 and such sums as may be necessary for each of the three succeeding fiscal years.

Subtitle B—Worker Readjustment

SEC. 491. AMENDMENT TO TITLE III OF THE JOB TRAINING PARTNERSHIP ACT.

Title III of the Job Training Partnership Act is amended to read as follows:

"TITLE III—WORKER READJUSTMENT

"PART A—GENERAL PROVISIONS

"SHORT TITLE

"SEC. 301. This title may be cited as the 'Worker Readjustment Act'.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 302. (a) There are authorized to be appropriated to carry out this title $980,000,000 for fiscal year 1988 and such sums as may be necessary for each succeeding fiscal year.

"(b) Appropriations for any fiscal year may provide that amounts shall remain available for obligation during the succeeding fiscal year.

"(c) From the amounts appropriated pursuant to subsection (a)—

"(1) 30 percent shall be available to carry out parts B and C;

"(2) 50 percent shall be available to carry out part D; and

"(3) 20 percent shall be available to carry out part E.

"DEFINITIONS

"SEC. 303. (a)(1) For purposes of this title, the term 'eligible dislocated workers' means individuals who—

"(A) have been terminated or laid off or who have received a notice of termination or layoff from employment, are eligible for or have exhausted their entitlement to unemployment compensation, and are unlikely to return to their previous industry or occupation;

"(B) have been terminated or have received a notice of termination of employment, as a result of any permanent closure of or any substantial layoff at a plant, facility, or enterprise;

"(C) are long-term unemployed and have limited opportunities for employment or reemployment in the same or a similar occupation in the area in which such individuals reside, including older individuals who may have substantial barriers to employment by reason of age; or

"(D) were self-employed (including farmers and ranchers) and are unemployed as a result of general economic conditions in the community in which they reside or because of natural disasters, subject to regulations prescribed by the Secretary.

"(2) Only eligible individuals described in paragraph (1) of this subsection are authorized to receive services under this title. Such services may not be denied on the basis of the residence of the individual.

"(b) For the purposes of this title—

"(1) The term 'basic readjustment services' means those services and activities specified in section 333.

"(2) The term 'dislocation event' means a plant closing, a mass layoff, or other layoffs of a permanent nature in which workers are not subject to recall or are otherwise unlikely to return to their previous positions. Such an event may include natural disasters which result, or are likely to result, in permanent loss of employment for workers. A 'dislocation event' may also be the cessation, or the process of cessation, of self-employment with resulting loss of livelihood in operation of a business enterprise, including farming and ranching.

"(3) The term 'early readjustment assistance' means those basic readjustment services provided before, during, and immediately after a dislocation event. Such services ordinarily include one or more of the following: assessment of educational needs and abilities, and vocational interests and aptitudes; determination of occupational skills; provision of labor market information; counseling; job development; job search assistance; and job placement assistance.

"(4) The term 'grant recipient' means the Governor.

"(5) The term 'joint labor-management committees' means committees voluntarily established to respond to actual or prospective worker dislocation, which ordinarily include (but are not limited to) the following—

"(A) shared and equal participation by workers and management;

"(B) shared financial participation between the company and the State, using funds provided under this title, in paying for the operating expenses of the committee;

"(C) a chairperson, to oversee and guide the activities of the committee, (i) who shall be jointly selected by the labor and management members of the committee, (ii) who is not employed by or under contract with labor or management at the site, and (iii) who shall provide advice and leadership to the committee and prepare a report on its activities;

"(D) the ability to respond flexibly to the needs of affected workers by devising and implementing a strategy for assessing the employment and training needs of each dislocated worker and for obtaining the services and assistance necessary to meet those needs;

"(E) a formal agreement, terminable at will by the workers or the company management, and terminable for cause by the Governor; and

"(F) local job identification activities by the chairman and members of the committee on behalf of the affected workers.

"(6) The term 'local elected official' means the chief elected executive officer of a unit of general local government in a substate area.

"(7) The term 'recipient' means any entity receiving funds under this title.

"(8) The term 'retraining services' means those services and activities specified in section 345.

"(9) The term 'service provider' means a public agency, private nonprofit organization, or private-for-profit entity that delivers educational, training, or employment services.

"(10) The term 'substate area' means that geographic area in a State established pursuant to section 315.

"(11) The term 'substate grantee' means that agency or organization selected to administer programs pursuant to section 316.

"PART B—SERVICE DELIVERY SYSTEM AND BASIC PROGRAM REQUIREMENTS

"WORKER READJUSTMENT AGREEMENTS

"SEC. 311. (a) The Governor, as the grant recipient under this title, shall have responsibility for establishing systems and programs in accordance with the provisions of this title to assure that, to the maximum extent possible, eligible participants are provided with services which enable them to once again become productive members of the workforce.

"(b) No amounts appropriated for parts B, C, and D for any fiscal year may be allotted by the Secretary for programs established under such parts, except pursuant to a Worker Readjustment Agreement.

"(c) The Worker Readjustment Agreement required by subsection (b) shall provide for an assurance by the Governor that all systems and programs established and operated with amounts appropriated under this title will be established pursuant to and operated in accordance with the provisions of this title.

"(d) The Worker Readjustment Agreement shall be executed no later than four months preceding the program year for which funds are to be made available under this title. The Governor or the Secretary may at any time thereafter propose modifications to the Agreement, except that no modification of the Agreement shall be effective unless agreed to by both parties. The Agreement shall remain in effect until any mutually agreed upon termination date or until the Agreement is terminated by law or by the Secretary.

"STATE WORKER READJUSTMENT COUNCILS

"SEC. 312. (a)(1) The Governor of each State shall establish a State worker readjustment council in accordance with the requirements of this section. The council shall be composed equally of representatives of (A) labor, (B) management, and (C) public and private nonprofit organizations, agencies, or instrumentalities.

"(2) In selecting members for appointment to the council, the Governor shall—

"(A) first, give consideration to individuals who are members of the State job training coordinating council and are otherwise qualified for appointment; and

"(B) second, give consideration to individuals who are recommended by labor organizations, business, and other appropriate organizations, agencies, and instrumentalities, including units of general local government.

"(3) The Governor shall give consideration to suitable representation from urban and rural areas of the State in selecting the members of the Council.

"(b) A State worker readjustment council established under subsection (a) shall be responsible for—

"(1) providing advice to the Governor regarding (A) the designation of substate areas, and (B) the procedures to be established for selection of representatives within such areas under section 316(b);

"(2) developing and submitting to the Governor the plan required by section 313;

"(3) providing advice to the Governor regarding the method for distribution of funds received under part C, and any subsequent reallocations of such funds;

"(4) providing advice to the Governor regarding general guidelines for making funds available for use in substate areas under part D;

"(5) providing recommendations to the Governor with respect to acceptance of substate plans submitted to the Governor for approval under section 317; and

"(6) providing advice to the Governor regarding performance standards.

"STATE PLANS

"SEC. 313. (a) In order to obtain funds under this title for any fiscal year, the Governor of the State shall submit to the Secretary an annual plan for carrying out its responsibilities under this title. Such plan shall contain performance standards, which shall include incentives to provide training of greater duration for those who require it, consistent with section 106(g).

"(b) Such plan shall contain assurances that—

"(1) services will be provided only to eligible dislocated workers, and that services in any substate area will not be denied solely on the basis of the residence of workers;

"(2) allowable services, as determined to be necessary by the Governor, will be available in all substate areas;

"(3) substate areas and substate grantees will be designated in accordance with sections 315 and 316;

"(4) the State worker readjustment council will perform the functions required under section 312; and

"(5) funds will be allocated and reallocated among substate areas for programs authorized in parts B and C in accordance with sections 332(d), 336, and 342(f).

"(c) Such plan shall also contain a description of the methods which will be employed—

"(1) to provide planning instructions, guidance, and other appropriate information in a timely manner, designed to provide for the effective and efficient management of resources and programs;

"(2) to provide appropriate technical assistance;

"(3) to provide monitoring, assessment, and evaluation of the program by such State;

"(4) to provide the rapid response capability in accordance with section 314;

"(5) to provide substate reporting requirements in accordance with section 323, and to review and analyze such reports;

"(6) to provide advice to substate grantees on activities related to identifying and providing services to dislocated workers;

"(7) to work with employers and labor organizations in promoting labor-management cooperation in achieving the goals of this title;

"(8) to promote the coordination of programs authorized under this title with other appropriate and complementary State programs, including those providing economic development, education, training, and social services; and

"(9) to the maximum extent practicable, to coordinate services provided under this title with other programs under this Act and the Carl D. Perkins Vocational Education Act and with public employment service operations.

"STATE SERVICES AND ACTIVITIES

"SEC. 314. (a) Each State shall—

"(1) designate an identifiable State dislocated worker unit or office, with the capability to respond rapidly, on site, to mass dislocation events throughout the State in order to assess the need for, and initially provide, early readjustment assistance; and

"(2) ensure the capability to respond to dislocation events in sparsely populated areas in accordance with subsection (c).

"(b)(1) The dislocated worker unit required by subsection (a)(1) shall include specialists who have the responsibility to—

"(A) establish on-site contact with employer and employee representatives within a short period of time (preferably 48 hours or less) after becoming aware of a current or projected dislocation event in order to provide information and access to available public programs; and

"(B) promote the formation of labor-management committees, including authority to—

"(i) immediately assist in the establishment of the labor-management committee, including providing immediate financial assistance to cover the start-up costs of the committee;

"(ii) provide a list of individuals from which the chairperson of the committee may be selected;

"(iii) serve as resource persons providing the committee with technical advice as well as information on sources of assistance, and act as liaison to other public and private services and programs; and

"(iv) facilitate the selection of worker representatives in the event no union is present;

"(C) obtain information related to—

"(i) economic dislocation (including potential closings or layoffs); and

"(ii) all available resources within the State for displaced workers,

which information shall be made available on a regular basis to the Governor and the council to assist in providing an adequate information base for effective program management, review, and evaluation;

"(D) provide or obtain appropriate financial and technical advice and liaison with economic development agencies and other organizations to assist in efforts to avert worker dislocations; and

"(E) disseminate information throughout the State on the availability of services and activities carried out by the dislocated worker unit or office.

"(2) Where, prior to the date of enactment of this Act, a local entity has a demonstrated capacity to provide the capability described in this subsection, the Governor may delegate the responsibilities described in this subsection to such entity.

"(c) Each State shall ensure the capability to respond to dislocation events where other forms of rapid response as provided in subsection (b) are otherwise inappropriate, especially in sparsely populated substate areas. Such capability shall supplement, and be coordinated with, ongoing basic readjustment and retraining efforts in such substate areas and with State services and activities as described in section 314. Such capability may include (but is not limited to)—

"(1) development and delivery of widespread outreach mechanisms;

"(2) provision of financial evaluation and counseling (where appropriate) to assist in determining eligibility for services and the type of services needed;

"(3) initial assessment and referral for further basic adjustment and training services to be provided through the substate grantee; and

"(4) assistance to substate grantees in the establishment of regional centers for the purpose of providing such outreach, assessment, and early readjustment assistance.

"(d) Each State shall be responsible for coordinating the unemployment compensation system and worker readjustment programs within such State. Such coordination shall include—

"(1) criteria for early identification of those having the most difficulty in finding employment;

"(2) mechanisms for referring individuals to readjustment services early in the unemployment compensation benefit period;

"(3) procedures to assure that, when eligibility for unemployment compensation is determined, beneficiaries are informed that the availability of or priority for further benefits (as described in section 344(c)(1)) will be based upon early enrollment for retraining services (as described in such section 344(c)(1)); and

"(4) measures taken to ensure compliance with section 318, relating to the receipt of unemployment compensation while participating in programs under this title.

"DESIGNATION OF SUBSTATE AREAS

"SEC. 315. (a) The Governor of each State participating in programs established under parts C and D shall, after receiving any recommendations from the State worker readjustment council, designate substate areas for the State.

"(b) Each service delivery area within a State shall be included within a substate area and no service delivery area shall be divided among two or more substate areas.

"(c) In making designations of substate areas, the Governor shall consider—

"(1) the availability of services throughout the State;

"(2) the capability to coordinate the delivery of services with other human services and economic development programs; and

"(3) the geographic boundaries of labor market areas within the State.

"(d) Subject to subsections (a), (b), and (c), the Governor—

"(1) shall designate as a substate area any single service delivery area that has a population of 200,000 or more;

"(2) shall designate as a substate area any two or more contiguous service delivery areas—

"(A) that in the aggregate have a population of 200,000 or more;

"(B) that request such designation; and

"(3) shall designate any concentrated employment program grantee for a rural area described in section 101(a)(4)(A)(iii) of this Act.

"(e) The Governor may deny a request for designation under subsection (d)(2) if the Governor determines that such designation would not be consistent with the effective delivery of services to eligible dislocated workers in various labor market areas (including urban and rural areas) within the State, or would not otherwise be appropriate to carry out the purposes of this title.

"(f) The designations made under this section may not be revised more than once each two years, in accordance with the requirements of this section.

"SUBSTATE GRANTEES

"SEC. 316. (a) A substate grantee shall be designated for each substate area. Such grantee shall be responsible for arranging for the provision, within such substate area, of activities specified in parts C and D pursuant to an agreement with the Governor and in accordance with the substate plan provided for in section 317. The substate grantee may provide such services directly or through contract, grant, or agreement with service providers.

"(b) A substate grantee shall be designated for each substate area in accordance with an agreement between the Governor, the local elected official or officials of such area, and the private industry council or councils of such area. Whenever a substate area is represented by more than one such official or council, the respective officials and councils shall each designate representatives, in accordance with procedures established by the Governor (after consultation with the State worker readjustment council), to negotiate such agreement. In the event agreement cannot be reached on the selection of a substate grantee, the Governor shall select the substate grantee.

"(c) Entities eligible for designation as substate grantees include:

"(1) private industry councils in the substate area;

"(2) service delivery area grant recipients or administrative entities;

"(3) private nonprofit organizations;

"(4) units of general local government in the substate area, or agencies thereof;

"(5) local offices of State agencies; and

"(6) other public agencies, such as community colleges.

"(d) The requirements of parts C and D of title I of this Act that apply to an administrative entity or a recipient of financial assistance under this Act shall also apply to substate grantees under this title.

"SUBSTATE PLAN

"SEC. 317. (a) No amounts appropriated for any fiscal year may be provided to a substate grantee unless the Governor (after considering the recommendations of the State worker readjustment council) has approved a substate plan submitted by the substate grantee describing the manner in which activities will be conducted within the substate area to implement parts C and D. Prior to the submission to the Governor, the plan shall be submitted for review and comment to the other parties to the agreement described in section 316(b).

"(b) The substate plan shall also contain a statement of—

"(1) the means for delivering services to eligible participants;

"(2) the means to be utilized to identify and select program participants;

"(3) the means for implementing the requirements of section 314(d);

"(4) the means for involving labor organizations where appropriate in the development and implementation of services;

"(5) the performance goals to be achieved consistent with the performance goals contained in the State plan pursuant to section 313;

"(6) the criteria to be applied in determining and verifying program eligibility;

"(7) procedures, consistent with section 107, for selecting service providers which take into account past performance in job training or related activities, fiscal accountability, and ability to meet performance standards;

"(8) a description of any rapid response capability carried out by the substate grantee;

"(9) a description of the methods by which the other parties referred to in subsection (a) of this section will be involved in activities such as—

"(A) providing policy guidance for and exercising oversight with respect to basic readjustment services and retraining services in the substate area in which they are located;

"(B) commenting, as appropriate, on approved programs under part E operating within the substate areas in which they are located;

"(C) working with employers and labor organizations in promoting labor-management cooperation in achieving the goals of this title; and

"(D) participating in the implementation of early adjustment assistance systems for the substate area in which they are located, including providing support for rapid response teams and assisting in the establishment of labor-management committees, as appropriate;

"(10) a description of training services to be provided, including—

"(A) procedures to assess participants' current education skill levels and occupational abilities;

"(B) procedures to assess participants' needs, including educational, training, employment, and social services;

"(11) the means whereby coordination with other appropriate programs and systems will be effected, particularly where such coordination is intended to provide access to the services of such other systems for program participants at no cost to the worker readjustment program; and

"(12) a detailed budget, as required by the State.

"APPROVED TRAINING

"SEC. 318. Participation by any individual in any of the programs authorized in this title shall be deemed to be acceptance of training with the approval of the State within the meaning of any other provision of Federal law relating to unemployment benefits.

"PART C—BASIC READJUSTMENT SERVICES

"EXPENDITURES FOR BASIC PROGRAM

"SEC. 331. Governors and substate grantees are authorized to expend amounts made available under this part to their respective States or substate areas in accordance with the provisions of this part, the substate plan, and other applicable provisions contained in this title.

"ALLOTMENT OF FUNDS FOR BASIC SERVICES

"SEC. 332. (a)(1) Except as provided in paragraph (2), the Secretary shall allot amounts appropriated to carry out part B and this part for any fiscal year among the several States as follows:

"(A) One-third of such amount shall be allotted among the States on the basis of the relative number of unemployed individuals who reside in each State as compared to the total number of unemployed individuals in all the States.

"(B) One-third of such amount shall be allotted among the States on the basis of the relative excess number of unemployed individuals who reside in each State as compared to the total excess number of unemployed individuals in all States. For purposes of this paragraph, the term 'excess number' means the number which represents unemployed individuals in excess of 4.5 percent of the civilian labor force in the State.

"(C) One-third of such amount shall be allotted among the States on the basis of the relative number of individuals who have been unemployed for fifteen weeks or more and who reside in each State as compared to the total number of such individuals in all the States.

"(2) As soon as satisfactory data are available under section 462(e) and, when available, under section 462(f) of this Act, the Secretary shall allot amounts appropriated

to carry out part B and this part for any fiscal year to each State so that—

"(A) 25 percent of such amount shall be allotted on the basis of each of the factors described in subparagraphs (A), (B), and (C) of paragraph (1), respectively, for a total of 75 percent of the amount allotted; and

"(B) 25 percent of such amount shall be allotted among the States on the basis of the relative number of dislocated workers in such State in the most recent period for which satisfactory data are available under section 462(e) and, when available, under section 462(f) of this Act.

"(b) The Governor may retain an amount not to exceed 10 percent of the amount allotted to the State under this part, for overall State level administration, staff for the State worker readjustment council, technical assistance, coordination of the programs authorized in this title, and the conduct of rapid response activities.

"(c) The Governor may retain an additional amount not to exceed 10 percent of the amounts allotted to the State under this part, to be allotted at the discretion of the Governor for activities allowable under part B, C, or D (including services and activities carried out by the State dislocated worker unit).

"(d) The Governor shall allocate the remainder of the amount allotted to the State under this part to all substate areas for basic readjustment services authorized in this part, based on an allocation formula prescribed by the Governor. Such formula may be amended by the Governor not more than once each year. Such formula shall utilize the most appropriate information available to the Governor to distribute amounts to address the State's worker readjustment assistance needs. Such information may include (but is not limited to)—

"(1) insured unemployment data;

"(2) unemployment concentrations;

"(3) plant closing and mass layoff data;

"(4) declining industries data;

"(5) farmer-rancher economic hardship data; and

"(6) long-term unemployment data.

"ALLOWABLE BASIC READJUSTMENT SERVICES AND ACTIVITIES

"SEC. 333. Basic readjustment services and activities authorized under this part may include (but are not limited to)—

"(1) early readjustment assistance;

"(2) outreach and intake;

"(3) counseling (including financial counseling);

"(4) testing;

"(5) orientation;

"(6) assessment, including evaluation of educational attainment and participant interests and aptitudes;

"(7) determination of occupational skills;

"(8) development of individual readjustment plans for participants in programs under this title;

"(9) provision of future world-of-work and occupational information;

"(10) job placement assistance;

"(11) labor market information;

"(12) job clubs;

"(13) local job search;

"(14) job development;

"(15) self-directed job search; and

"(16) retraining services as authorized under section 345.

"SUPPORTIVE SERVICES AND BENEFITS

"SEC. 334. (a) Where it is determined by the substate grantee to be necessary to facilitate participation in the program authorized in this part, the substate grantee is authorized to provide appropriate supportive services to participants.

"(b) Availability of supportive services shall terminate no later than the 180th day after the participant has completed other services under this part.

"(c) Participants in basic readjustment assistance service activities under part C may be provided supportive services. Except as provided in subsection (d), such participants shall not be provided benefit payments under this title (but such participants may be provided unemployment compensation payments under any Federal or State program for which such participants are otherwise eligible).

"(d) Supportive services and benefits authorized by section 344 may be provided to part C participants receiving retraining services pursuant to section 333(16).

"COST LIMITATIONS

"SEC. 335. (a) No more than 15 percent of the amounts expended under this part in any program year by any substate grantee may be expended for administrative costs for the program authorized under this part.

"(b) No more than 15 percent of the amounts expended under this part in any program year by any substate grantee shall be expended by such substate grantee for the supportive services and benefits authorized under section 334.

"(c) Minimum and maximum cost limitations shall be applicable to the accrued expenditures for each program year.

"REALLOTMENT; REALLOCATION

"SEC. 336. (a) If the amount of an allotment against which no accrued costs have been incurred by the end of any program year exceeds 20 percent of such allotment, the amount of the excess may be reallotted by the Secretary. The Secretary may, in reallotting funds, deduct an amount from the current year allotment equal to the amount of prior year funds subject to the reallotment.

"(b) The Governor may reallocate part C basic grant funds among substate grantees within the State through voluntary transfers mutually agreed to by the Governor and the affected substate grantees, or whenever the Governor determines that minimum expenditure levels approved in substate plans will not be achieved prior to the end of each program year. The Governor shall establish and issue procedures for the reallocation of any funds prior to the reallocation of any funds under this subsection.

"PART D—WORKER READJUSTMENT TRAINING PROGRAM

"EXPENDITURES FOR WORKER READJUSTMENT TRAINING

"SEC. 341. Governors and substate grantees are authorized to expend amounts made available by the Secretary under this part to their respective States or substate areas in accordance with the provisions of this part, the substate plan, and other applicable provisions contained in this title.

"ALLOTMENT OF FUNDS

"SEC. 342. (a) The Secretary shall allot amounts appropriated to carry out this part in accordance with this section.

"(b) The Secretary shall for each program year establish an annual availability target for each State. Unless otherwise agreed upon by the Secretary and the Governor, the annual availability target for each State in each program year shall be in an amount equal to 1⅔ times the amount of the State's allotment under section 332(a).

"(c) The Secretary shall also establish for each program year a semiannual availability target for each State at 50 percent of that State's annual availability target.

"(d) At the end of each 6 months, the State's annual availability target shall be decreased by the Secretary in an amount equal to the difference between the State's reported semiannual expenditures and the State's semiannual availability target in effect for that 6 months, unless otherwise provided for in accordance with subsection (e). No change shall be made in the State's subsequent semiannual availability targets for the current program year unless otherwise provided for in accordance with subsection (e).

"(e) The Governor of any State may at any time request that the Secretary change that State's availability targets. Any such request shall be based on previous expenditure experience or demonstrated need, including recent economic developments. The Secretary is authorized to approve any such request, subject to the availability of funds therefor.

"(f) The Secretary shall establish procedures whereby the Governor of any State desiring to expend amounts made available under this part for purposes of part C may request the approval of the Secretary to do so. If the Secretary approves any such request, the amounts approved for the purposes of part C shall reduce the State's current availability targets, but shall not affect any allotments under section 332(a).

"(g) The Governor of each State (after considering the recommendations of the State worker readjustment council) shall establish appropriate procedures for making funds available for use in substate areas under this part.

"COST LIMITATIONS

"SEC. 343. (a) No more than 15 percent of the amounts expended under this part in any program year by any substate grantee may be expended for administrative costs for the program authorized under this part.

"(b) No more than 30 percent of the funds expended under this part in any program year by any substate grantee shall be expended by such substate grantee for the supportive services and benefits authorized under section 344.

"(c) Minimum and maximum cost limitations shall be applicable to the accrued expenditures for each program year.

"SUPPORTIVE SERVICES AND BENEFITS

"SEC. 344. (a) Where it is determined by the substate grantee to be necessary to facilitate participation in the program authorized under this part, the substate grantee is authorized to provide appropriate supportive services to participants.

"(b) Availability of supportive services shall terminate no later than the 180th day after the participant has completed training or other services under this part.

"(c) Whenever it is determined by the substate grantee to be necessary to facilitate an individual's participation in the program authorized in this part, the substate grantee is authorized to provide the following benefits from funds under this part to participants:

"(1)(A) In accordance with procedures established by the State, any participant who enrolls for retraining services may be paid a weekly benefit (not to exceed the individual's average weekly amount of regular unemployment compensation payable under the State's unemployment compensation law) for any authorized period of retraining services subsequent to exhaustion of all

compensation payable under any State or Federal unemployment compensation law.

"(B) Procedures established by the State for purposes of subparagraph (A) shall provide that—

"(i) in order to be eligible for such benefits, a participant who is unemployed as a result of any permanent closure of a plant, facility, or enterprise, or who has been terminated or permanently laid off from employment, shall be enrolled in retraining services no later than the end of the 10th week of the participant's regular unemployment compensation benefit period; and

"(ii) in providing such benefits to workers who are otherwise on layoff, priority shall be accorded to those who enroll for retraining services prior to the end of the 15th week of the participant's regular unemployment compensation benefit period.

"(2) Needs-based payments may be provided to participants not receiving benefit payments under paragraph (1) (particularly those who are not eligible for unemployment compensation payments under any State or Federal unemployment compensation law), as determined by the substate grantee.

"ALLOWABLE SERVICES AND ACTIVITIES

"SEC. 345. (a) Each substate grantee is authorized to provide training services under this part to eligible participants. Such services may include, but are not limited to:

"(1) classroom training;

"(2) occupational skill training;

"(3) on-the-job training;

"(4) out-of-area job search;

"(5) relocation;

"(6) basic and remedial education;

"(7) literacy and English for non-English speakers training;

"(8) entrepreneurial training; and

"(9) other appropriate training activities directly related to appropriate employment opportunities in the substate area.

"(b) No funds under this title shall be expended to provide public service employment or work experience.

"(c) Training programs for individuals may be supported for not more than 104 weeks using funds under this title.

"(d) Eligible readjustment training participants shall receive either retraining services, or a certificate of continuing eligibility.

"(e) To the maximum extent feasible, training services shall be provided through systems of individual certificates that permit participants to seek out and arrange their own training. Training opportunities identified with approved service providers shall, pursuant to the certificate, be arranged through a grant, contract, or otherwise between the substate grantee and the service provider identified in the certificate.

"(f) The substate grantee is authorized to issue to any eligible individual who has applied for the program authorized in this part a certificate of continuing eligibility. Such a certificate of continuing eligibility may be issued for periods not to exceed one hundred and four weeks. No such certificate shall include any reference to any specific amount of funds. Any such certificate shall state that it is subject to the availability of funds at the time that any such training services are to be provided. Acceptance of such certificate shall not be deemed to be enrollment in training.

"(g) Any individual to whom a certificate of continuing eligibility has been issued under subsection (f) shall remain eligible for the program authorized under this part for the period specified in the certificate, notwithstanding section 303(a), and may utilize the certificate in order to receive the retraining services, subject to the limitations contained in the certificate.

"PART E—FEDERAL READJUSTMENT PROGRAMS

"PROGRAM AUTHORIZED

"SEC. 351. (a) The Secretary is authorized to expend amounts appropriated for this part for activities authorized in this part, subject to any other applicable provisions contained in this title.

"(b) In order to facilitate the conduct of the allowable activities under this part, the Secretary is authorized to make such grants and enter into such contracts or other agreements as the Secretary deems to be appropriate.

"(c) The Secretary shall annually establish criteria for the application for and disbursement of amounts appropriated for this part.

"ALLOWABLE ACTIVITIES

"SEC. 352. (a) Amounts appropriated for this part may be used to provide services of the type described in parts C and D in the following circumstances—

"(1) mass layoffs, including mass layoffs caused by natural disasters or Federal actions (such as relocations of Federal facilities) when the workers are not expected to return to their previous occupations;

"(2) industrywide projects (treating agriculture as an industry);

"(3) multistate projects;

"(4) special projects carried out through agreements with Indian tribal entities;

"(5) special projects to address national or regional concerns described in subsection (e); and

"(6) demonstration projects, including the projects described in subsections (f), (g), and (h).

"(b) Amounts appropriated for this part may also be used to provide services of the type described in parts C and D whenever the Secretary (with agreement of the Governor) determines that an emergency exists with respect to any particular distressed industry or any particularly distressed area to provide emergency financial assistance to dislocated workers. The Secretary may make arrangements for the immediate provision of such emergency financial assistance for these purposes with any necessary supportive documentation to be submitted at a date agreed to by the Governor and the Secretary.

"(c) Amounts available for this part may be used to provide staff training and technical assistance services to States, communities, businesses and labor organizations, and other entities involved in providing adjustment assistance to workers. Applications for technical assistance funds shall be submitted in accordance with procedures issued by the Secretary. Not more than 5 percent of the funds available for this part in any fiscal year shall be expended for the purpose of this subsection.

"(d) Amounts available for this part shall be used to provide training of staff, including specialists, providing rapid response services. Such training shall include instruction in proven methods of promoting, establishing, and assisting labor-management committees.

"(e) The Secretary is authorized to undertake special projects of national or regional concern. The Secretary may—

"(1) provide for such projects to extend over a period greater than one year in duration where circumstances warrant such a multiyear program; and

"(2) conduct an evaluation of the effectiveness and impact of such projects upon their completion.

"(f)(1) The Secretary may carry out demonstration programs in accordance with the provisions of this subsection. The Secretary is authorized to carry out the provisions of this subsection either directly or by way of contract or agreement. Whenever the Secretary directly conducts loan demonstration programs under this subsection, the Secretary shall, to the extent practicable, comply with the provisions of paragraph (3), relating to agreements.

"(2) The Secretary shall carry out the demonstration program under this subsection in communities in the country having the largest number of dislocated workers and shall give priority to communities with the highest concentrations of dislocated workers.

"(3) The Secretary shall enter into agreements or conduct directly demonstration programs in not more than 10 communities described in this section.

"(4) The Secretary may enter into an agreement with—

"(A) State dislocated workers units, or

"(B) State or local public agencies or nonprofit private organizations selected by the Secretary,

in order to carry out the demonstration program authorized by this subsection.

"(5) Each agreement entered into under this subsection may provide—

"(A) for the establishment and maintenance of a dislocated workers loan fund for the purpose of this subsection;

"(B) for the deposit in such fund of the funds made available pursuant to this subsection;

"(C) for the deposit in such fund of collections of principal and interest on direct loans made from deposited funds and any other earnings of such funds;

"(D) that any obligation acquired by such fund may be sold at the market price; and the interest on, and the proceeds from the sale or redemption of, any obligations held in such fund, shall be credited to and form a part of such fund;

"(E) that such direct loan funds shall be used only for—

"(i) loans to dislocated workers in accordance with the provisions of this subsection; and

"(ii) directly related administrative expenses;

"(F) that the repayment of loans will be made in accordance with a repayment schedule that is consistent with paragraph (9); and

"(G) for such other assurances and limitations, including the distribution of assets from the loan funds, established under this subsection at the completion or termination of the demonstration projects authorized by this subsection as the Secretary may reasonably prescribe.

"(6)(A) Loans from any workers loan fund established pursuant to an agreement established under this subsection shall be subject to such conditions, limitations, and requirements as the Secretary shall by regulation prescribe, and shall be made on such terms and conditions as the Secretary, in cooperation with the worker adjustment committee, rapid response team, or State agency, as the case may be, may prescribe.

"(B) The aggregate amount of all direct loans made from funds established pursuant to an agreement under this subsection to each dislocated worker may not exceed $5,000.

"(7) The interest rate on all loans made under this subsection shall be 2 percentage points below the long-term Treasury obligations.

"(8)(A) The loans made from loan funds established pursuant to such agreements may be used only for—

"(i) vocational and on-the-job training;

"(ii) basic education and literacy instruction;

"(iii) relocation expenses; and

"(iv) child care services.

"(B) The Secretary shall, for the purpose of subparagraph (A)(i), establish criteria for accrediting vocational training programs, including a requirement that any vocational training program qualifying under subparagraph (A) have a demonstrated ability to place participants successfully in jobs.

"(C) Not more than 25 percent of the aggregate amount of loans made to a single dislocated worker may be used for the activities described in clauses (iii) and (iv) of subparagraph (A) of this paragraph.

"(9) Loans under this subsection shall be made pursuant to agreements which—

"(A) require a repayment period which—

"(i) begins not earlier than 6 months after the completion of training for which the funds were sought or when the income of the dislocated worker is equal to or greater than ⅔ of the income level of the dislocated worker for the three-month period preceding the determination of dislocation, whichever is later; and

"(ii) is for a period not to exceed 10 years;

"(B) provide for deferments of principal and for interest accrual during such deferments;

"(C) provide such loan cancellation as is consistent with the purpose of this subsection; and

"(D) require the recipient to cooperate with evaluation studies conducted pursuant to paragraph (11).

"(10) The Secretary may prescribe such other terms for loans made pursuant to this subsection as the Secretary determines will carry out the provisions of this subsection.

"(11) The Secretary shall, based upon the projects assisted under this subsection and independent research, conduct or provide for an evaluation of the feasibility of the direct loan approach to achieving the objectives of this subsection. The Secretary shall consider—

"(A) the identity and characteristics of dislocated workers who take out direct loans;

"(B) the purposes for which the loans are used;

"(C) the employment obtained with the assistance provided under this subsection;

"(D) the compensation paid to such workers;

"(E) the repayments schedules; and

"(F) the attitudes of the participants in the program.

"(12) The evaluations required under paragraph (11) shall be conducted by at least 2 different public agencies or private nonprofit organizations.

"(13) The Secretary shall prepare and submit to the Congress a report of the evaluations required by this subsection not later than October 1, 1989, together with such recommendations, including recommendations for legislation, as the Secretary deems appropriate.

"(g)(1) The Secretary may carry out public works employment demonstration programs in accordance with the provisions of this subsection. The Secretary is authorized to enter into such contracts with private industry councils as may be necessary to carry out the provisions of this subsection.

"(2) The Secretary may waive—

"(A) the testing requirement in paragraph (4)(B) for physically handicapped individuals and for individuals requiring special education; and

"(B) the requirement in section paragraph (5)(C) relating to a 32-hour workweek for unusual circumstances.

"(3)(A) The Secretary shall carry out the demonstration project under this subsection in cities and counties—

"(i) which are geographically diverse;

"(ii) which represent urban and rural areas; and

"(iii) for which the unemployment rate, for the 6 months before the determination under this subsection, exceeded the national average rate of unemployment by at least 2 percent.

"(B) The Secretary shall enter into agreements or conduct demonstration programs in not more than 10 cities or counties under this subsection.

"(4)(A) For the purpose of this subsection, an individual is eligible to participate in the demonstration project assisted under this subsection if the individual—

"(i) is an eligible dislocated worker, as defined in section 303(a), who has been unemployed for at least 15 weeks before the determination of employment under this paragraph;

"(ii) is an individual who has been unemployed or who has been without steady employment for a period of two years prior to such determination; or

"(iii) is an individual who is a recipient under a State plan approved under part A of title IV of the Social Security Act, relating to aid to families with dependent children for a period of at least 2 years.

"(B)(i) Each participant shall be tested for basic reading and writing competence by the private industry council prior to employment by a job project assisted under this subsection.

"(ii)(I) Each participant who fails to complete satisfactorily the basic competency tests required by clause (i) of this subparagraph (1) of this subsection shall be furnished counseling and instruction.

"(II) Each participant in a job project assisted under this subsection, shall, in order to continue such employment, have received a secondary school diploma or its equivalent, or maintain satisfactory progress toward such a diploma.

"(III) Each participant with limited English speaking ability may be furnished such instruction as the private industry council deems appropriate.

"(5)(A) Each private industry council participating in the demonstration program authorized by this subsection shall select job projects to be assisted under this subsection pursuant to guidelines established by the Secretary. Each such job project selected for assistance shall provide employment to eligible participants.

"(B) No project may be selected under this subsection if an objection to the project is filed by 2 representatives of the business community or by 2 representatives of labor organizations who are members of the private industry council. If there are not two members of a private industry council who are representatives of labor organizations then two representatives of labor organizations who are members of the State worker readjustment council may exercise the objection option authorized by this subsection for that private industry council.

"(C) Each eligible participant employed in a job project assisted under this subsection may not be employed on such project for more than 32 hours per week.

"(D) Not more than 10 percent of the total expenses of the demonstration project in each community may be used for transportation and equipment.

"(E) The private industry council shall select project managers on a project-by-project basis. Each such manager shall be paid the local prevailing wage.

"(6)(A) Each eligible participant who is employed in a job project assisted under this subsection shall receive wages equal to the higher of—

"(i) the minimum wage under section 6(a)(1) of the Fair Labor Standards Act of 1938; or

"(ii) the amount which the eligible participant received in welfare benefits pursuant to the State plan approved under part A of title IV of the Social Security Act or in the form of unemployment compensation, if applicable, plus 10 percent of such amount.

"(B) Each eligible participant who is employed in projects assisted under this Act shall be furnished benefits and employment conditions comparable to the benefits and conditions provided to other employees employed in similar occupations by the same employer but no such participant shall be eligible for unemployment compensation during or on the basis of employment in such a project.

"(C) Each private industry council shall establish, for the area in which the demonstration is conducted, job clubs to assist eligible participants with the preparation of résumés, the development of interviewing techniques, and evaluation of individual job search activities.

"(7) In selecting projects pursuant to criteria established by the Secretary, each private industry council shall—

"(A) select projects, to the extent feasible, designed to develop skills which are marketable in the private sector in the community in which the project is conducted; and

"(B) select projects which show potential for assisting eligible participants who are employed in the project to find jobs in the private sector.

"(8)(A) The Secretary shall, either directly or by way of contract, evaluate the success of the employment demonstration program authorized by this subsection.

"(B) The evaluations required by subparagraph (A) of this paragraph shall be conducted by at least 2 different public agencies or private nonprofit organizations.

"(C) The Secretary shall prepare and submit to the Congress a report on the success of the employment demonstration program authorized by this subsection not later than October 1, 1989, together with such recommendations, including recommendations for legislation, as the Secretary deems appropriate.

"(9) As used in this subsection—

"(A) The term 'participant' means an individual who is determined to be eligible under this subsection.

"(B) The term 'project' means an identifiable task or group of tasks which—

"(i) will be carried out by a public agency, a private nonprofit organization, or a private contractor,

"(ii) will meet the other requirements of this subsection,

"(iii) will result in a specific product or accomplishment, and

"(iv) would not otherwise be conducted with existing funds.

"(h)(1) The Secretary may, from the amount reserved pursuant to section 302(c)(3), carry out programs in accordance with the provisions of this subsection. The Secretary is authorized to enter into contracts or agreements with States to carry out the provisions of this subsection.

"(2) In carrying out the provisions of this subsection, the Secretary shall give priority to States most affected by adverse agricultural conditions as reflected by—

"(A) the decline in farm equity as measured by the percent change in farm equity between 1981 and the most recent year for which data is officially published by the United States Department of Agriculture, Economic Research Service; and

"(B) the percent change in the average debt to asset ratio of farms within a State between 1981 and the most recent year for which data is officially published by the United States Department of Agriculture, Economic Research Service.

"(3) The Secretary may enter into agreements with priority States for demonstrations of two or more years in duration, described in this subsection.

"(4) To be eligible for this subsection, a State must submit a plan to the Secretary describing how the State will utilize funds to meet the unique basic readjustment needs of eligible farmers, ranchers, farm workers, and other individuals eligible under this subsection. The plan shall include—

"(A) designation of the agency or agencies of State government which will implement the plan and the service delivery system which will be employed;

"(B) a description of the basic readjustment services to be provided;

"(C) a description of the classes of eligible recipients who will be served and an estimate of the numbers of such individuals expected to be served;

"(D) an explanation of how the service delivery system developed under this subsection will be coordinated with the service delivery system established under other titles or statutes to assist dislocated workers and with other programs that assist this target population; and

"(E) other information or assurances that the Secretary may require.

"(5) Individuals eligible to receive services under the State plan may include:

"(A) Individuals who can certify or demonstrate that the farm or ranch operations which provide their primary occupation have terminated or will terminate because of circumstances which may include one or more of the following events—

"(i) receipt of notice of foreclosure or intent to foreclose;

"(ii) failure of the farm to return a profit during the preceding 12 months;

"(iii) entry of the farmer into bankruptcy proceedings;

"(iv) failure or inability of the farmer to obtain operating capital necessary to continue operations;

"(v) failure or inability to make payments on loans secured by mortgages on agricultural real estate; or

"(vi) farmer's total debts exceed 70 percent of total assets.

"(B) Individuals who may reasonably be expected to leave farming or ranching as their primary occupation because of unfavorable debt to asset ratio as defined by the Department of Agriculture.

"(C) Individuals displaced from agriculture-related businesses and industries, including farm workers, who have been displaced or adversely affected by the declining agricultural economy.

"(D) Individuals and their immediate families who are attempting to continue farming or ranching, but whose ability to do so is threatened because of one or more factors listed in paragraph (5)(A).

"(6) Activities and services which may be provided under an approved plan may include the following—

"(A) assistance in the evaluation of financial condition and in the preparation of financial plans;

"(B) assistance in managing temporary crises, including psychological and mental health counseling;

"(C) vocational evaluation, including basic skills and literacy evaluation, counseling, and remediation;

"(D) credit and legal counseling, including farmer/lender mediation services;

"(E) job search assistance, including training in job seeking skills;

"(F) entrepreneurial training;

"(G) specific skill training, including on-the-job training and customized training in cooperation with potential employers; and

"(H) support services required to enable eligible individuals to participate in programs, including transportation, health care, dependent care, meals, temporary shelter, and other reasonable subsistence allowances; tuition, fees, books, and expenses associated with training, and up to one-half of wages paid to an eligible individual during on the job training.

"(7) Services provided under this subsection shall supplement services and activities provided under other titles and statutes established to assist dislocated workers and under other programs assisting this target population.

"(8) To the fullest extent feasible, States participating in this demonstration are encouraged to provide a comprehensive set of services to eligible individuals at a single site.

"PROPOSALS FOR FINANCIAL ASSISTANCE

"SEC. 353. (a) In addition to any financial assistance provided under section 352, the Secretary is authorized to provide services of the type described in parts C and D under proposals for financial assistance. Proposals for financial assistance under this part shall be submitted to the Secretary, who shall consult in a timely fashion with the Governor of the State in which the project described in the proposal is to operate.

"(b) With respect to multistate projects (other than projects established under section 352), the proposal shall be submitted by the Governor of one State and shall include the concurrence of the Governor or Governors of each of the other States in which the project is to operate.

"(c) Any proposal for financial assistance under this part shall contain evidence of review, or timely availability for review, by the local private industry council or councils when the project is to operate within one or more service delivery areas served by such council or councils. Multistate proposals, industry-wide proposals, projects with Indian tribal entities, and funds allotted by the Secretary under section 352(b) shall not be subject to this requirement.

"(d) Any proposal under this section which is intended to provide services to a substantial number of members of a labor organization shall be submitted only after consultation, or timely availability for consultation, with such labor organization. Any such proposal shall contain evidence of such consultation or availability.".

SEC. 192. JOB BANKS.

(a) AMENDMENT.—Title V of the Job Training Partnership Act is amended by adding at the end thereof the following new section:

"STATE JOB BANK SYSTEMS

"SEC. 505. (a)(1) The Secretary shall carry out the purposes of this section with sums appropriated pursuant to paragraph (2) for any fiscal year.

"(2) There are authorized to be appropriated to carry out this section $50,000,000 for fiscal year 1988 and such sums as may be necessary for each succeeding fiscal year.

"(b) The Secretary shall make such sums available through the United States Employment Service for the development and implementation of job bank systems in each State. Such systems shall be designed to use computerized electronic data processing and telecommunications systems for such purposes as—

"(1) identifying job openings and referring jobseekers to job openings, with continual updating of such information;

"(2) providing information on occupational supply and demand; and

"(3) utilization of such systems by career information delivery systems (including career counseling programs in schools).

"(c) Wherever possible, computerized data systems developed with assistance under this section shall be capable of utilizing software compatible with other systems (including management information systems and unemployment insurance and other income maintenance programs) used in the administration of employment and training programs. In developing such systems, special consideration shall be given to the advice and recommendations of the State occupational information coordinating committees (established under section 422(b) of the Carl D. Perkins Vocational Education Act), and other users of such systems for the various purposes described in subsection (b) of this section.".

(b) CLERICAL AMENDMENT.—The table of contents of such Act is amended by inserting after the item relating to section 504 the following:

"Sec. 505. State job bank systems.".

SEC. 193. STUDIES.

(a) DATA ON DISPLACED FARMERS AND RANCHERS.—Section 462 of such Act is amended by adding at the end the following new subsection:

"(f)(1) The Secretary shall develop, in coordination with the Secretary of Agriculture, statistical data relating to permanent dislocation of farmers and ranchers due to farm and ranch failures. Among the data to be included are—

"(A) the number of such farm and ranch failures;

"(B) the number of farmers and ranchers displaced;

"(C) the location of the affected farms and ranches;

"(D) the types of farms and ranches involved; and

"(E) the identification of farm family members, including spouses, and farm workers working the equivalent of a full-time job on the farm who are dislocated by such farm and ranch failures.

"(2) The Secretary shall publish a report based upon such data as soon as practicable after the end of each calendar year. Such report shall include a comparison of data contained therein with data currently used by the Bureau of Labor Statistics in deter-

mining the Nation's annual employment and unemployment rates and an analysis of whether farmers and ranchers are being adequately counted in such employment statistics. Such report shall also include an analysis of alternative methods for reducing the adverse effects of displacements of farmers and ranchers, not only on the individual farmer or rancher, but on the surrounding community.".

(b) FAILURE TO PROVIDE INTERNATIONALLY RECOGNIZED WORKER RIGHTS.—(1) The Secretary of Labor shall conduct a study, in consultation with the Secretary of State, to identify the extent to which countries recognize and enforce, and the producers fail to comply with, internationally recognized worker rights. A report on the study conducted under this subsection shall be submitted to Congress biennially.

(2) There are authorized to be appropriated $5,000,000 for fiscal year 1988 and for each succeeding fiscal year, which shall be available to the Secretary of Labor for the purpose of entering into contractual or other appropriate agreements with the private sector for the purpose of monitoring activities, studies, and information gathering which will enable trade unions abroad to provide information and comments to international organizations and other bodies on their respective governments' compliance with internationally recognized worker rights.

(3) As used in this Act, the term "internationally recognized worker rights" includes—

(A) the right of association;

(B) the right to organize and bargain collectively;

(C) the right to be free from the use of any form of forced or compulsory labor;

(D) a minimum age for the employment of children; and

(E) acceptable conditions of work with respect to minimum wages, maximum hours of work, and occupational safety and health.

(c) ADDITIONAL STUDIES.—The National Commission for Employment Policy shall conduct research related to the provisions of this title. Such research shall include examinations of—

(1) the role of the employment services in implementing programs to enhance services provided under this title, and

(2) alternative techniques for managing production cutbacks without permanently reducing workforces.

A report on the research conducted under this subsection shall be submitted to the Congress not later than 18 months after the date of enactment of this Act.

SEC. 594. EFFECTIVE DATE.

This title shall take effect on October 1, 1987, or upon the date of enactment, whichever is later, except that the amendments to title III of the Job Training Partnership Act shall be effective with respect to appropriations for fiscal year 1988 and succeeding fiscal years.

TITLE V—AGRICULTURAL TRADE

Subtitle A—Improvement of Agricultural Trade Policy and Market Development Activities

CHAPTER 1—DEPARTMENT OF AGRICULTURE OPERATIONS

SEC. 501. PURPOSE OF CHAPTER.

It is the purpose of this chapter to increase the effectiveness of the Department of Agriculture—

(1) in agricultural trade policy formulation and implementation; and

(2) in assisting United States agricultural producers to participate in international agricultural trade;

by strengthening the operations of the Department of Agriculture and related entities.

SEC. 502. REORGANIZATION EVALUATION.

The Secretary of Agriculture shall evaluate the reorganization proposal recommended by the National Commission on Agricultural Trade and Export Policy and other proposals to improve current management of international and trade activities of the Department of Agriculture. To assist the Secretary in the evaluation, the Secretary shall appoint a private sector advisory committee of not less than 4 members, who shall be appointed from among individuals representing farm and commodity organizations, market development cooperator organizations, and agribusiness. The Secretary shall report the findings of the evaluation to Congress, together with the views and recommendations of the private sector advisory committee, not later than April 30, 1988.

SEC. 503. AUTHORIZATION OF ADDITIONAL APPROPRIATIONS.

There are authorized to be appropriated for the Foreign Agricultural Service of the Department of Agriculture, in addition to any sums otherwise authorized to be appropriated by any provision of law other than this section, $22,500,000 for fiscal year 1987, $27,500,000 for fiscal year 1988, $32,500,000 for fiscal year 1989, and $32,500,000 for fiscal year 1990, of which—

(1) in each such fiscal year, $4,500,000 shall be for expansion of the agricultural attache' service;

(2) in each such fiscal year, $1,000,000 shall be for the expansion of international trade policy activities of the Foreign Agricultural Service;

(3) in each such fiscal year, $2,000,000 shall be for the enhancement of the Foreign Agricultural Service worldwide market information system; and

(4) $15,000,000 in fiscal year 1987, $20,000,000 in fiscal year 1988, $25,000,000 in fiscal year 1989, and $25,000,000 in fiscal 1990 shall be for expanded foreign market development.

SEC. 504. INCREASED AUTHORIZED PERSONNEL LEVEL.

(a) IN GENERAL.—To ensure that the agricultural export programs of the United States are carried out in an effective manner, the authorized number of personnel for the Foreign Agricultural Service of the Department of Agriculture shall not be less than 900 full-time employees during each of the fiscal years 1987 through 1990.

(b) SENSE OF CONGRESS.—It is the sense of Congress that the personnel ceiling provided for in subsection (a) will—

(1) permit the Foreign Agricultural Service to effectively carry out its current program and support activities, including programs established under the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 et seq.), section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431), and title XI of the Food Security Act of 1985 (P.L. 99-198; 99 Stat. 1465-1503); and

(2) provide resources for other activities of the Foreign Agricultural Service as authorized in this title.

SEC. 505. ESTABLISHMENT OF AN OFFICE TO MONITOR TRADE PRACTICES.

(a) ESTABLISHMENT WITHIN THE DEPARTMENT OF AGRICULTURE.—The Secretary of Agriculture shall establish an office within the Department of Agriculture to carry out the duties described in subsection (b) under the direction of the Under Secretary of Agriculture for International Affairs and Commodity Programs.

(b) DUTIES.—The office established under subsection (a) shall—

(1) continuously monitor and study trade practices carried out by other countries to promote the export of agricultural commodities and products;

(2) prepare every six months an analysis, by country and commodity or product, on quantitative import restrictions, trade barriers, and other policies and practices of foreign governments affecting exports of United States agricultural commodities and products and on any reductions in such restrictions, barriers, policies, and practices since the last report under this paragraph; and

(3) submit to the Secretary of Agriculture every six months a report of the information it has developed under this subsection.

(c) SUBMISSIONS BY THE SECRETARY.—(1) Within 15 days after receiving a report under subsection (b), the Secretary of Agriculture shall submit such report to the committees listed in paragraph (2), together with information regarding the level of subsidies provided by other countries and the United States to promote the export of agricultural commodities and products.

(2) Items described under paragraph (1) shall be submitted to—

(A) the Committee on Agriculture, Nutrition, and Forestry, the Committee on Foreign Relations, and the Committee on Finance of the Senate; and

(B) the Committee on Agriculture, the Committee on Foreign Affairs, and the Committee on Ways and Means of the House of Representatives.

(3) In addition, the Secretary shall submit such report to the United States Trade Representative for use in preparing the analysis and estimate required by section 181(b)(1) of the Trade Act of 1974 (19 U.S.C. 2241(b)(1)).

SEC. 506. ESTABLISHMENT OF AN OFFICE TO PROVIDE ASSISTANCE TO VICTIMS OF UNFAIR TRADE PRACTICES.

(a) ESTABLISHMENT WITHIN THE DEPARTMENT OF AGRICULTURE.—The Secretary of Agriculture shall establish an office within the Department of Agriculture to carry out the duties described in subsection (b) under the direction of the Under Secretary of Agriculture for International Affairs and Commodity Programs.

(b) DUTIES.—The office established under subsection (a) shall take the following actions with respect to United States citizens and organizations damaged by unfair agricultural trade practices and policies:

(1) The Office shall provide to such persons such assistance as the Under Secretary determines appropriate in the development of cases before—

(A) the United States Trade Representative;

(B) the International Trade Commission;

(C) the United States Department of Commerce;

(D) the Court of International Trade; and

(E) any other similar agency.

(2) The Office shall provide and update information to such persons regarding the incidence and severity of such practices and policies.

(3) The Office shall inform such persons of any adverse effect on them caused by such practices and policies of which such persons are not aware.

(4)(A) The Office shall provide information relating to such unfair trade practices and the effects of such practices to the appropriate Federal agencies, together with a recommendation by the Secretary of Agriculture with regard to the need for action, if any, to address such unfair trade practices.

(B) On receipt of such information and recommendation, the appropriate Federal agencies shall consult with the Secretary of Agriculture with regard to what actions, if any, will be initiated and the reasons for such actions or for not taking any action.

(5) The Office shall coordinate its work with the activities of the Trade Remedy Assistance Office established under section 339 of the Tariff Act of 1930.

(c) REPORT.—The Secretary of Agriculture shall include, in the reports described in section 505(c), reports of the assistance provided under this section.

SEC. 507. LONG-TERM AGRICULTURAL TRADE STRATEGY REPORTS.

(a) PREPARATION; MATTERS TO BE INCLUDED.—(1) The Secretary of Agriculture shall prepare annually, and the President shall submit together with the budget for each fiscal year, a Long-Term Agricultural Trade Strategy Report establishing recommended policy goals for United States agricultural trade and exports, and recommended levels of spending on international activities of the Department of Agriculture, for 1-year, 5-year, and 10-year periods, beginning on October 1 of such fiscal year. In preparing each such report, the Secretary shall consult with the United States Trade Representative to ensure that the report is coordinated with the annual national trade policy agenda for the fiscal year involved prepared under section 102 of this Act. Each such report shall include the following:

(A) Findings with respect to trends in the comparative position of the United States and other countries in the export of agricultural commodities and products, organized by major commodity group and including a comparative analysis of the cost of production of such commodities and products.

(B) Findings with respect to new developments in research conducted by other countries that may affect the competitiveness of United States agricultural commodities and products.

(C) Findings and recommendations with respect to the movement in nonmarket economies of United States agricultural commodities and products.

(D) As appropriate, the agricultural trade goals for each agricultural commodity and value-added product produced in the United States for the period involved, expressed in both physical volume and monetary value.

(E) Recommended Federal policy and programs to meet the agricultural trade goals.

(F) Recommended levels of Federal spending on international programs and activities of the Department of Agriculture to meet the agricultural trade goals.

(G) Recommended levels of Federal spending on programs and activities of agencies other than the Department of Agriculture to meet the agricultural trade goals.

(H) Recommended long-term strategies for growth in agricultural trade and exports—

(i) taking into account United States competitiveness, trade negotiations, and international monetary and exchange rate policies; and

(ii) including specific recommendations with respect to export enhancement programs (including credit programs and export payment-in-kind programs), market development activities, and foreign agricultural and economic development assistance activities needed to implement such strategies.

(2) Provisions of each Long-Term Agricultural Trade Strategy Report that relate to recommended levels of spending on international activities of the Department of Agriculture for the upcoming fiscal year shall be treated as the President's annual budget submission to Congress for such programs for such fiscal year, and shall be submitted in addition to the budget request for other programs of the Department of Agriculture for such fiscal year.

(3) The President shall include in each Long-Term Agricultural Trade Strategy Report recommendations for such changes in legislation governing international programs of the Department of Agriculture as are required to meet the long-term goals established in the Report.

(b) IDENTIFICATION OF CHANGES THAT MAY AFFECT PREVIOUS REPORTS.—The President, in each succeeding annual Long-Term Agricultural Trade Strategy Report after the first such report, shall identify any recommendations in such report that might modify the long-term policy contained in any previous such report.

SEC. 508. DEPARTMENT OF AGRICULTURE CONTRACT AUTHORITY FOR INDIVIDUALS ABROAD.

The Secretary of Agriculture may contract with individuals outside the United States for personal services to be performed outside the United States. Such individuals shall not be regarded as employees of the United States Government under any law, including any law administered by the Office of Personnel Management.

SEC. 509. COOPERATOR ORGANIZATIONS.

(a) SENSE OF CONGRESS.—It is the sense of Congress that the foreign market development cooperator program of the Foreign Agricultural Service of the Department of Agriculture, and the activities of individual foreign market cooperator organizations, have been among the most successful and cost-effective means to achieve the objective of expanded United States agricultural exports. Congress reaffirms its strong support of the program and of the cooperator organizations. The Administrator of the Foreign Agricultural Service and the private sector should work together to ensure that the program, and the activities of cooperator organizations, are expanded in the future.

(b) COMMODITIES FOR COOPERATOR ORGANIZATIONS.—(1) The Secretary of Agriculture may make available to cooperator organizations agricultural commodities owned by the Commodity Credit Corporation, for use by such cooperators in projects designed to expand markets for United States agricultural commodities and products.

(2) Commodities made available to cooperator organizations under this subsection shall be in addition to, and not in lieu of, funds appropriated for market development activities of such cooperator organizations.

(c) USE OF FUNDS AND COMMODITIES IN DEFENDING CERTAIN COUNTERVAILING DUTY ACTIONS.—Section 1124 of the Food Security Act of 1985 (7 U.S.C. 1736s) is amended by—

(1) in paragraph (1) of subsection (b), striking out "Funds" and inserting in lieu thereof "Except as provided in paragraph (3), funds"; and

(2) inserting after paragraph (2) of subsection (b) the following:

"(3) Funds or commodities made available for use under this section shall be used by the Secretary to assist organizations consisting of producers or processors of United States agricultural commodities, in such amounts as determined to represent reasonable expenses incurred by them, in defending countervailing duty actions instituted after January 1, 1986, in foreign countries to offset the benefits of the agricultural programs provided for under the Agricultural Act of 1949 or this Act. In no event may such assistance exceed $500,000 for the defense of any one countervailing duty action.".

SEC. 510. SENSE OF CONGRESS—LAND GRANT COLLEGES AND UNIVERSITIES.

It is the sense of Congress that—

(1) land grant colleges and universities (as defined in section 1404(10) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103(10)) should encourage the study and career objective of international marketing of agricultural commodities and products;

(2) because marketing complements production, international agricultural marketing specialists are needed in a globally competitive world; and

(3) enhanced foreign marketing of United States agricultural commodities and products will help relieve stress in the rural economy.

CHAPTER 2—RESPONSIBILITIES OF THE SECRETARY OF AGRICULTURE AND RELATED PROVISIONS

SEC. 511. TECHNICAL ASSISTANCE IN TRADE NEGOTIATIONS.

The Secretary of Agriculture shall provide technical services to the United States Trade Representative on matters pertaining to agricultural trade and with respect to international negotiations on issues related to agricultural trade.

SEC. 512. REPORTING BY THE SECRETARY OF AGRICULTURE.

(a) REPORT ON EXPORT CREDIT AND OTHER TRADE ASSISTANCE.—Not later than December 31, 1987, the Secretary of Agriculture shall submit a report to the Committee on Agriculture and the Committee on Foreign Affairs of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the use of authorities established under the Food for Peace Act of 1966 (7 U.S.C. 1707a et seq.), the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 et seq.), section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431), and the Commodity Credit Corporation Charter Act (7 U.S.C. 714 et seq.) to provide intermediate credit financing and other trade assistance for the establishment of facilities in importing countries to—

(1) improve the handling, marketing, processing, storage, and distribution of imported agricultural commodities and products;

(2) increase livestock production to enhance the demand for United States feed grains; and

(3) increase markets for United States livestock and livestock products.

(b) ANNUAL REPORTING ON CERTAIN PROGRAMS.—(1) The Secretary of Agriculture, after consultation with the Administrator of the Agency for International Development, shall report annually to Congress on the extent that food aid and agriculturally-related foreign economic assistance programs of the previous year, other than direct feeding or emergency food aid programs, that are administered by Federal agencies or by nongovernmental entities serve direct market development objectives for United

States agricultural commodities and products.

(2) The programs referred to in paragraph (1) include—

(A) programs under the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 et seq.);

(B) programs under section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431) and the Food for Progress Act of 1985 (7 U.S.C. 1736o); and

(C) technical and economic assistance programs carried out by the United States Agency for International Development.

SEC. 513. STUDY OF CANADIAN WHEAT IMPORT LICENSING REQUIREMENTS.

(a) FINDINGS.—Congress finds that—

(1) Canadian importers of wheat or products containing a minimum of 25 percent wheat (except packaged wheat products for retail sale) from the United States must obtain import licenses from the Canadian Wheat Board;

(2) the Canadian Wheat Board requires such importers of United States wheat and wheat products to prove that the wheat or wheat products to be imported are not readily available in Canada before issuance of an import license, and therefore, for all practical purposes, such licenses are not granted by the Canadian Wheat Board;

(3) the licensing requirements of the Canadian Wheat Board's import licensing program result in a nontariff trade barrier on the importation of United States wheat and wheat products; and

(4) Canada is a member of the General Agreement on Tariffs and Trade and, under such agreement, member countries should eliminate import licensing programs that operate as nontariff trade barriers.

(b) STUDY.—To assess the effect of the Canadian Wheat Board's import licensing program referred to in subsection (a) on wheat producers, processors, and exporters in the United States, the Secretary of Agriculture shall conduct a study of the Canadian Wheat Board's import licensing program to determine—

(1) the nature and extent of the licensing requirements of the Canadian Wheat Board's import licensing program; and

(2) the estimated effect of the Canadian Wheat Board's import licensing program in reducing exports of United States wheat and wheat products to Canada.

(c) REPORT.—(1) Not later than 90 days after the date of enactment of this Act, the Secretary shall submit the results of the study conducted under subsection (b) to the United States Trade Representative.

(2) Not later than 90 days after the results of the study are submitted, as required under paragraph (1), the Secretary and the United States Trade Representative shall consult with the Committee on Agriculture and the Committee on Ways and Means of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry and the Committee on Finance of the Senate on the status of efforts by the Trade Representative to negotiate the elimination of such Canadian licensing requirements.

Subtitle B—Agricultural Export Enhancement

SEC. 521. SENSE OF CONGRESS—EXPORT ASSISTANCE PROGRAMS.

It is the sense of Congress that the Secretary of Agriculture should—

(1) allow more foreign countries to become eligible for the export enhancement program established under section 1127 of the Food Security Act of 1985 (7 U.S.C. 1736v);

(2) establish a system to reward foreign governments that eliminate trade barriers; and

(3) fully fund—

(A) the export enhancement program referred to in paragraph (1);

(B) the program, known as the Export Credit Guarantee Program (GSM-102), under which the Commodity Credit Corporation guarantees the repayment of credit extended on terms of up to 3 years in connection with the export sale of United States agricultural commodities and products;

(C) the program authorized by section 4(b) of the Food for Peace Act of 1966 (7 U.S.C. 1707a(b)), known as the Intermediate Export Credit Sales Program (GSM-103), under which the Commodity Credit Corporation finances export sales of United States agricultural commodities and products on credit terms of more than 3 years but not more than 10 years; and

(D) the targeted export assistance program established under section 1124 of the Food Security Act of 1985 (7 U.S.C. 1736s).

SEC. 522. EXPORT ENHANCEMENT PROGRAM UNDER SECTION 1127 OF THE FOOD SECURITY ACT OF 1985.

(a) PRIORITIES.—Subsection (b) of section 1127 of the Food Security Act of 1985 (7 U.S.C. 1736v) is amended by—

(1) inserting immediately after paragraph (2) the following new paragraph:

"(3) may, to the extent that agricultural commodities and products thereof are to be provided to foreign purchasers during any fiscal year, give priority to all interested foreign purchasers who—

"(A) have traditionally purchased United States agricultural commodities and the products thereof; and

"(B) continue to purchase such commodities and the products thereof on an annual basis in quantities equal to the level of purchases in a previous representative period;"; and

(2) redesignating paragraphs (3), (4), and (5) as paragraphs (4), (5), and (6), respectively.

(b) EXTENSION.—Subsection (i) of section 1127 of the Food Security Act of 1985 (7 U.S.C. 1736v) is amended by—

(1) striking out "1988" and inserting in lieu thereof "1990"; and

(2) striking out "$1,500,000,000" and inserting in lieu thereof "$2,500,000,000".

(c) VALUATION OF COMMODITIES DISBURSED UNDER THE EXPORT ENHANCEMENT PROGRAM.—Section 1127 of the Food Security Act of 1985 (7 U.S.C. 1736v) is amended by adding at the end thereof the following new subsection:

"(j) For the purpose of meeting the requirements of subsection (i), the value of commodities or products distributed under this section shall be determined by using the market value of such commodities or products at the time of distribution.".

SEC. 523. SENSE OF CONGRESS—IMPLEMENTATION OF SECTIONS 1129 AND 1167 OF THE FOOD SECURITY ACT OF 1985.

It is the sense of Congress in recognition of the importance of barter programs in expanding agricultural trade, that the Secretary of Agriculture should expedite the implementation of sections 1129 and 1167 of the Food Security Act of 1985 relating to the barter of agricultural commodities.

SEC. 524. EXTENSION OF BANKS FOR COOPERATIVES AUTHORITY TO FINANCE TRANSACTIONS OF COOPERATIVES.

Section 4.20 of the Farm Credit Act of 1971 (12 U.S.C. 2208) is amended by—

(1) in the first sentence—

(A) striking out "(1)"; and

(B) striking out ", and (2) section 3.7(b) authorizing the financing of certain domestic or foreign entities in connection with the import or export activities of cooperatives which are borrowers from the banks for cooperatives,"; and

(2) in the second sentence, striking out "either provision" and inserting in lieu thereof "such provisions".

SEC. 525. EXPORT SALES OF GOVERNMENT STOCKS AT SUBSIDIZED PRICES.

Section 1203 of the Agriculture and Food Act of 1981 (7 U.S.C. 1736i) is amended by—

(1) in subsection (c), striking out "special standby export subsidy program" and inserting in lieu thereof "programs";

(2) striking out subsection (d) and redesignating subsection (c) as subsection (d); and

(3) inserting after subsection (b) the following new subsection:

"(c)(1) Notwithstanding any other provision of law, the Secretary shall take all feasible steps to cause the exportation, at competitive world prices, of basic agricultural commodities produced in the United States. To achieve such goal, the Secretary, if necessary, shall subsidize the price of exporting any basic agricultural commodity that the Secretary may acquire or has acquired under any price support loan program authorized by law. The aggregate value of any subsidy provided under this subsection with respect to such commodity shall not exceed the sum of—

"(A) the cost to the Government that would result from acquiring (under price support loan activities) but not selling such commodity, including the costs of transportation, storage, and maintenance of quality incurred in connection with retaining such commodity; and

"(B) the increase in tax revenue to the United States arising from the growth in the gross national product that would result from the export sale of such commodity, as estimated by the Secretary.

"(2) For purposes of paragraph (1), the term 'basic agricultural commodity' has the meaning given it in section 408(c) of the Agricultural Act of 1949 (7 U.S.C. 1428(c)).".

SEC. 526. SENSE OF CONGRESS—JAPANESE BEEF MARKET.

(a) FINDINGS.—Congress finds that—

(1) Japanese trade barriers result in a continuous and increasingly unfavorable balance of trade for the United States;

(2) the United States maintains a relatively open and free trade policy for imports of Japanese goods and services;

(3) Japan maintains unreasonably low quotas on imports of United States beef that are not consistent with Japan's international obligations;

(4) in August 1984, Japan and the United States signed a 4-year beef agreement that provides for an annual increase of only 6,900 metric tons of Japanese beef imports, and includes a provision for the immediate and meaningful liberalization of the Japanese market for trade in beef from the United States;

(5) if the remaining import quotas were eliminated, the United States could supply a substantial portion of the Japanese beef market due to the strong comparative advantage of the United States in the production of beef;

(6) the United States cattle-raising industry has not been profitable since 1980;

(7) the current beef agreement with Japan expires on March 31, 1988, and negotiations

for another agreement will begin this year; and

(8) even with the beef agreement, Japanese imports of United States beef fall considerably short of the market's free trade potential.

(b) SENSE OF CONGRESS.—It is the sense of Congress that—

(1) the United States Trade Representative should enter into negotiations to gain substantially greater access for United States beef to the Japanese market;

(2) such negotiations, in addition to meaningful market access, should also address the high Japanese tariffs, the practices of the Japanese Livestock Industry Promotion Corporation, and the means through which imported beef is distributed in Japan; and

(3) by March 31, 1988, if Japan does not show clear evidence that it is engaging in meaningful liberalization in its market for United States beef, the appropriate United States Government officials should use all available and appropriate avenues, including retaliation, to encourage Japan to open its market to United States beef imports.

SEC. 527. SENSE OF CONGRESS—KOREA'S BEEF MARKET.

(a) FINDINGS.—Congress finds that—

(1) the trade balance between the Republic of Korea and the United States was $7,600,000,000 in favor of Korea in 1986;

(2) the Republic of Korea has banned high quality beef imports since May 1985;

(3) this beef import ban is in contravention of Korea's General Agreement on Tariffs and Trade obligations and impairs United States rights under such agreement;

(4) Korea imposes an unreasonably high 20 percent ad valorem tariff on meat products;

(5) if the Korean import ban were removed, the United States could supply a significant portion of the Korean beef market; and

(6) the United States cattle-raising industry has not been profitable since 1980.

(b) SENSE OF CONGRESS.—It is the sense of Congress that—

(1) the Republic of Korea should take immediate action to fulfill its obligations under the General Agreement on Tariffs and Trade and permit access to its market by United States beef producers;

(2) the United States Trade Representative should enter into negotiations to gain greater access to the Korean market for United States beef;

(3) such negotiations, in addition to greater market access, also should address the high tariffs set by the Republic of Korea and the means by which imported beef is distributed in Korea; and

(4) if the Republic of Korea does not immediately show clear evidence that it is engaging in meaningful liberalization in its market for United States beef, the appropriate United States Government officials should use all available and appropriate avenues, including retaliation, to encourage the Republic of Korea to open its market to United States beef imports.

Subtitle C—Agricultural Aid and Trade

CHAPTER 1—FINDINGS

SEC. 531. FINDINGS.

Congress finds that—

(1) United States agricultural exports have declined by more than 40 percent since 1981, from $43,800,000,000 in 1981 to $26,300,000,000 in 1986;

(2) the United States share of the world market for agricultural commodities and products has dropped by 28 percent during the last 5 years;

(3) for the first time in 15 years, the United States incurred monthly agricultural trade deficits in 1986;

(4) the loss of $1,000,000,000 in United States agricultural exports causes the loss of 35,000 agricultural jobs and the loss of 60,000 nonagricultural jobs;

(5) the loss of agricultural exports threatens family farms, and the economic well-being of rural United States;

(6) to reverse the decline of agricultural exports and improve prices for farmers and ranchers in the United States, it is necessary that all agricultural export programs of the United States be used in an expeditious manner, including programs established under the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 et seq.), the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), and section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431);

(7) greater use should be made by the Secretary of Agriculture of the authorities established under the Food for Peace Act of 1966 (7 U.S.C. 1707a et seq.), the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 et seq.), section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431), and the Commodity Credit Corporation Charter Act (7 U.S.C. 714 et seq.) to provide intermediate credit financing and other assistance for the establishment of facilities in importing countries to—

(A) improve the handling, marketing, processing, storage, and distribution of imported agricultural commodities and products; and

(B) increase livestock production to enhance the demand for United States feed grains;

(8) food aid and export assistance programs stimulate economic activity in developing countries and, as incomes improve, diets improve and the demand for and ability to purchase food increases;

(9) private voluntary organizations and cooperatives are important and successful partners in our food aid and development programs; and

(10) in addition to meeting humanitarian needs, food aid used in sales and barter programs by private voluntary organizations and cooperatives—

(A) provide communities with health care, credit systems, and tools for development; and

(B) establish the infrastructure that is essential to the expansion of markets for United States agricultural commodities and products.

CHAPTER 2—AGRICULTURAL AID AND TRADE MISSIONS

SEC. 532. DEFINITIONS.

As used in this chapter:

(1) ADMINISTRATOR.—The term "Administrator" means the Administrator of the Agency for International Development.

(2) ELIGIBLE COUNTRY.—The term "eligible country" means a country that is eligible under section 534.

(3) MISSION.—The term "mission" means an agricultural aid and trade mission established under section 533.

(4) UNITED STATES AGRICULTURAL AID AND TRADE PROGRAMS.—The term "United States agricultural aid and trade programs" includes—

(A) programs established under titles I and II of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1701 et seq.);

(B) the program established under section 416(b) of the Agricultural Act of 1949 (7 U.S.C. 1431(b));

(C) the agricultural export enhancement program established under section 1127 of the Food Security Act of 1985 (7 U.S.C. 1736v);

(D) the dairy export incentive program established under section 153 of the Food Security Act of 1985 (15 U.S.C. 713a-14);

(E) the export credit guarantee program (GSM-102) established under section 5(f) of the Commodity Credit Corporation Charter Act (15 U.S.C. 714c(f));

(F) the intermediate export credit guarantee program (GSM-103) established under section 4(b) of the Food for Peace Act of 1966 (7 U.S.C. 1707a(b)); and

(G) other agricultural aid and trade programs authorized by the Food Security Act of 1985 (Public Law 99-198), by the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), or by other applicable authorities.

SEC. 533. AGRICULTURAL AID AND TRADE MISSIONS.

(a) ESTABLISHMENT.—Not later than 60 days after the date of enactment of this Act, the Secretary of Agriculture, the Secretary of State, and the Administrator shall jointly establish agricultural aid and trade missions to eligible countries to encourage the countries to participate in United States agricultural aid and trade programs.

(b) COMPOSITION.—A mission to an eligible country shall be composed of—

(1) representatives of the Department of Agriculture, the Department of State, and the Agency for International Development, appointed by the Secretary of Agriculture, Secretary of State, and Administrator, respectively, and

(2) not less than 3, nor more than 6, representatives of market development cooperators, private voluntary organizations, and cooperatives, appointed jointly by the Secretary of Agriculture, Secretary of State, and Administrator,

who are knowledgeable about food aid and agricultural export programs, as well as the food needs, trade potential, and economy of the eligible country.

(c) TERMS.—The term of members of a mission shall terminate on submission of the report required under section 536.

(d) COMPENSATION AND TRAVEL EXPENSES.—A member of a mission shall serve without compensation, if not otherwise an officer or employee of the United States, except that a member, while away from home or regular place of business in the performance of services under this chapter, shall be allowed travel expenses, including per diem in lieu of subsistence, as authorized under section 5703 of title 5, United States Code.

SEC. 534. REQUIRED AND ADDITIONAL MISSIONS; ELIGIBLE COUNTRIES.

(a) REQUIRED MISSIONS.—Missions shall be established and completed—

(1) not later than 6 months after the date of enactment of this Act, in 7 countries chosen in accordance with the criteria in subsection (c); and

(2) not later than 1 year after the date of enactment of this Act, in 8 additional countries chosen in accordance with such criteria.

(b) ADDITIONAL MISSIONS.—After the completion of the missions referred to in subsection (a), a mission may be established to any foreign country chosen in accordance with the criteria set forth in subsection (c).

(c) CRITERIA.—The Secretary of Agriculture and the Administrator jointly shall select foreign countries for missions under this section so that—

(1) each foreign country selected represents a range of per capita income levels in the low to middle levels;

(2) each such foreign country is eligible for one or more United States agricultural aid and trade programs;

(3) priority is given to foreign countries for which participation in United States aid and trade programs would be mutually advantageous, taking into account the potentials for—

(A) economic development for the foreign country; and

(B) increased trade opportunities for the United States through the establishment of markets for United States agricultural commodities and products; and

(4) each such foreign country is friendly to the United States.

SEC. 535. FUNCTIONS.

The members of a mission to an eligible country shall—

(1) meet with representatives of government agencies of the United States and the eligible country, as well as commodity boards, private enterprises, private voluntary organizations, and cooperatives that operate in the eligible country, to assist in planning the extent to which United States agricultural aid and trade programs could be used in a mutually beneficial manner to meet the food and economic needs of the country;

(2) provide technical expertise and information to representatives of government agencies of the United States in eligible countries and of the eligible country and private organizations, with respect to United States agricultural aid and trade programs and agricultural commodities and products and other assistance available to the eligible country under the programs; and

(3) assist in obtaining firm commitments for—

(A) proposals for food aid programs; and

(B) agreements for commodity sales under agricultural export programs.

SEC. 536. MISSION REPORTS.

Not later than 60 days after the completion of a mission under section 534, the mission shall submit to the President, the Committee on Agriculture and the Committee on Foreign Affairs of the House of Representatives, the Committee on Agriculture, Nutrition, and Forestry of the Senate, the Secretary of Agriculture, the Secretary of State, and the Administrator a report that contains the findings and recommendations of the mission in carrying out its responsibilities under this chapter.

SEC. 537. PROGRESS REPORTS.

During the 2-year period beginning 1 year after the date of enactment of this Act, the Secretary of Agriculture, the Secretary of State, and the Administrator shall jointly submit to the Committee on Agriculture and the Committee on Foreign Affairs of the House of Representatives, and the Committee on Agriculture, Nutrition, and Forestry of the Senate, quarterly reports on progress made in implementing the recommendations of the missions reported under section 636, including the quantity and dollar value of United States agricultural commodities and products shipped to eligible countries and the specific development programs undertaken in accordance with this chapter.

SEC. 538. USE OF COMMODITY CREDIT CORPORATION.

The Secretary of Agriculture shall use the facilities, services, authorities, and funds of the Commodity Credit Corporation to carry out this chapter.

CHAPTER 3—TITLE II OF PUBLIC LAW 480; SECTION 416 OF THE AGRICULTURAL ACT OF 1949; AND THE FOOD FOR PROGRESS PROGRAM.

SEC. 541. TITLE II—REPORTS ON SALES AND BARTER AND USE OF FOREIGN CURRENCY PROCEEDS.

Section 206 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1726) is amended by—

(1) inserting "(a)" after the section designation; and

(2) adding at the end thereof the following new subsection:

"(b) Not later than February 15, 1988, and annually thereafter, the President shall report to Congress on sales and barter, and use of foreign currency proceeds, under this section and section 207 during the preceding fiscal year. Such report shall include information on—

"(1) the quantity of commodities furnished for such sale or barter;

"(2) the amount of funds (including dollar equivalents for foreign currencies) and value of services generated from such sales and barter in the preceding fiscal year;

"(3) how such funds and services were used;

"(4) the amount of foreign currency proceeds that were used under agreements under this section and section 207 in the preceding fiscal year, and the percentage of the quantity of all commodities and products furnished under this section and section 207 in such fiscal year such use represented;

"(5) the President's best estimate of the amount of foreign currency proceeds that will be used, under agreements under this section and section 207, in the then current fiscal year and the next following fiscal year (if all requests for such use are agreed to), and the percentage that such estimated use represents of the quantity of all commodities and products that the President estimates will be furnished under this section and section 207 in each such fiscal year;

"(6) the effectiveness of such sales, barter, and use during the preceding fiscal year in facilitating the distribution of commodities and products under this section and section 207;

"(7) the extent to which such sales, barter, or uses—

"(A) displace or interfere with commercial sales of United States agricultural commodities and products that otherwise would be made;

"(B) affect usual marketings of the United States;

"(C) disrupt world prices of agricultural commodities or normal patterns of trade with friendly countries; or

"(D) discourage local production and marketing of agricultural commodities in the countries in which commodities and products are distributed under this title; and

"(8) the President's recommendations, if any, for changes to improve the conduct of sales, barter, or use activities under this section and section 207.".

SEC. 542. TITLE II—PERIODS FOR REVIEW AND COMMENT.

Title II of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1721 et seq.) is amended by adding at the end thereof the following:

"SEC. 208. (a) If a proposal to make agricultural commodities available under this title is submitted by a nonprofit voluntary agency or cooperative with the concurrence of the appropriate United States Government field mission or if a proposal to make agricultural commodities available to a nonprofit voluntary agency or cooperative is submitted by the United States Government field mission, a response to that proposal shall be provided within 45 days following submission of the proposal. The response shall detail the reasons for approval or denial of the proposal. If the proposal is denied, the response shall specify the conditions that would need to be met for the proposal to be approved.

"(b) Not later than 30 days before the issuance of a final guideline to carry out this title, to the extent feasible, the President shall—

"(1) provide notice of the proposed guideline to nonprofit voluntary agencies and cooperatives that participate in programs under this title, and other interested persons, that the proposed guideline is available for review and comment;

"(2) make the proposed guideline available, on request, to the agencies, cooperatives, and others; and

"(3) take any comments received into consideration before the issuance of the final guideline.".

SEC. 543. SECTION 416—ELIGIBLE COMMODITIES.

(a) IN GENERAL.—Section 416(b)(2)(A) of the Agricultural Act of 1949 (7 U.S.C. 1431(b)(2)(A)) is amended by—

(1) striking out "grains," and inserting in lieu thereof "wheat, rice, feed grains,"; and

(2) inserting ", and the products thereof," after "price support operations".

(b) CONFORMING AMENDMENT.—Section 416(b)(10)(B)(i) of the Agricultural Act of 1949 (7 U.S.C. 1431(b)(10)(B)(i)) is amended by striking out "grains," and inserting in lieu thereof "wheat, rice, feed grains,".

SEC. 544. SECTION 416—AVAILABILITY OF COMMODITIES.

Section 416(b)(3) of the Agricultural Act of 1949 (7 U.S.C. 1431(b)(3)) is amended by adding at the end thereof the following:

"(D) If eligible commodities are made available under this subsection to a friendly country, the Secretary shall also provide an opportunity to nonprofit and voluntary agencies and cooperatives to obtain such commodities for food aid programs in that country.".

SEC. 545. SECTION 416—MULTIYEAR AGREEMENTS.

Section 416(b)(4) of the Agricultural Act of 1949 (7 U.S.C. 1431(b)(4)) is amended by adding at the end thereof the following: "In agreements with recipients of eligible commodities under this subsection (including nonprofit and voluntary agencies or cooperatives), subject to the availability of commodities each fiscal year, the Secretary is encouraged to approve multiyear agreements to make agricultural commodities available for distribution or sale by the recipients if the agreements otherwise meet the requirements of this subsection.".

SEC. 546. SECTION 416—FOREIGN CURRENCY USE AND ALLOCATION REQUIREMENTS.

(a) FOREIGN CURRENCY USES.—Clause (ii) of section 416(b)(7)(D) of the Agricultural Act of 1949 (7 U.S.C. 1431(b)(7)(D)(ii)) is amended to read as follows:

"(ii) Foreign currencies generated from partial or full sales or barter of commodities by a nonprofit and voluntary agency or cooperative may be used to—

"(I) transport, store, or distribute agricultural commodities, to ensure that such commodities reach their final users in usable condition or otherwise enhance the effectiveness of the use of commodities donated under this subsection; and

"(II) implement income generation, community development, health, nutrition, cooperative development, or agricultural programs, or other developmental activities.".

(b) ALLOCATION REQUIREMENTS.—Section 416(b)(7)(D)(iii) of such Act is amended by—

(1) striking out "5 percent" and inserting in lieu thereof "10 percent"; and

(2) inserting ", or the minimum tonnage required, whichever is greater," after "furnished".

SEC. 547. SECTION 416—PERIODS FOR REVIEW AND COMMENT.

Section 416(b)(8) of the Agricultural Act of 1949 (7 U.S.C. 1431(b)(8)) is amended by adding at the end thereof the following:

"(C)(i) If a proposal to make eligible commodities available under this subsection is submitted by a nonprofit and voluntary agency or cooperative with the concurrence of the appropriate United States Government field mission or if a proposal to make such commodities available to a nonprofit and voluntary agency or cooperative is submitted by the United States Government field mission, a response to that proposal shall be provided within 45 days following submission of the proposal. The response shall detail the reasons for approval or denial of the proposal. If the proposal is denied, the response shall specify the conditions that would need to be met for the proposal to be approved.

"(ii) Not later than 30 days before the issuance of a final guideline to carry out this subsection, to the extent feasible, the Secretary shall—

"(I) provide notice of the proposed guideline to nonprofit and voluntary agencies and cooperatives that participate in programs under this subsection, and other interested persons, that the proposed guideline is available for review and comment;

"(II) make the proposed guideline available, on request, to the agencies, cooperatives, and others; and

"(III) take any comments received into consideration before the issuance of the final guideline.".

SEC. 548. SECTION 416—MINIMUM QUANTITIES OF ELIGIBLE COMMODITIES.

(a) IN GENERAL.—Section 416(b)(10) of the Agricultural Act of 1949 (7 U.S.C. 1431(b)(10)) is amended by—

(1) in subparagraph (A), striking out "1986" and inserting in lieu thereof "1987"; and

(2) in subparagraph (B)—

(A) striking out "500,000" in clause (i) and inserting in lieu thereof "800,000"; and

(B) striking out "150,000" in clause (ii) and inserting in lieu thereof "200,000".

(b) APPROPRIATION REQUIREMENT.—If the increase in minimum metric tonnage provided by the amendments made in subsection (a) will result in additional budget outlays for a fiscal year, such increased tonnage may not be provided unless such additional outlays are provided for in advance in an appropriation Act.

SEC. 549. MULTIYEAR AGREEMENTS UNDER THE FOOD FOR PROGRESS PROGRAM.

Section 1110 of the Food Security Act of 1985 (7 U.S.C. 1736o) is amended by—

(1) redesignating subsection (k) as subsection (l); and

(2) inserting after subsection (j) the following new subsection:

"(k) In carrying out this section, subject to the availability of commodities, the President is encouraged to approve multiyear agreements to make commodities available for distribution or sale by the recipients if the agreements otherwise meet the requirements of this section.".

Subtitle D—Wood and Wood Products

SEC. 551. DEVELOPING MARKETS FOR WOOD AND WOOD PRODUCTS UNDER THE SHORT-TERM AND INTERMEDIATE-TERM EXPORT CREDIT PROGRAMS.

(a) SHORT-TERM EXPORT CREDIT.—Section 1125 of the Food Security Act of 1985 (7 U.S.C. 1736t) is amended by—

(1) in subsection (b), inserting ", including wood and processed wood products" after "agricultural commodities and the products thereof"; and

(2) adding at the end thereof the following:

"(d) For the purposes of this section, the term 'wood and processed wood products' includes, but is not limited to, logs, lumber (boards, timber, millwork, molding, flooring, and siding), veneer, panel products (plywood, particle board, and fiberboard), utility and telephone poles, other poles and posts, railroad ties, wood pulp, and wood chips.".

(b) INTERMEDIATE-TERM EXPORT CREDIT.—Section 4(b)(1) of the Food for Peace Act of 1966 (7 U.S.C. 1707a(b)(1)) is amended by adding at the end thereof the following: "For purposes of this subparagraph, the term 'agricultural commodities' includes wood and processed wood products, as defined in section 1125(d) of the Food Security Act of 1985.".

SEC. 552. FOREST PRODUCTS COMPETITIVE MARKETING ACT OF 1987.

(a) SHORT TITLE.—This section may be cited as the "Forest Products Competitive Marketing Act of 1987".

(b) FINDINGS AND PURPOSES.—

(1) Congress finds that—

(A) the health and vitality of the domestic forest products industry is important to the well-being of the economy of the United States;

(B) the domestic forest products industry has a significant potential for expansion in both domestic and foreign markets;

(C) many small-sized to medium-sized forest products firms lack the tools that would enable them to meet the increasing challenge of foreign competition in domestic and foreign markets; and

(D) a new cooperative forest products marketing program will improve the competitiveness of the United States forest products industry.

(2) The purposes of this section are to—

(A) provide direct technical assistance to the United States forest products industry to improve marketing activities;

(B) provide cost-share grants to States to support State and regional forest products marketing programs; and

(C) target assistance to small-sized and medium-sized producers of solid wood and processed wood products, including pulp.

(c) PROGRAM AUTHORITY.—The Secretary of Agriculture shall establish a cooperative national forest products marketing program under Public Law 95-313, the Cooperative Forestry Assistance Act (16 U.S.C. 2101), to include providing—

(1) technical assistance to States, landowners, and small-sized to medium-sized forest products firms on ways to improve domestic and foreign markets for forest products;

(2) grants of financial assistance with matching requirements to the States to assist in State and regional forest products marketing efforts targeted to aid small-sized to medium-sized forest products firms and private, nonindustrial forest landowners. Grant agreements shall encourage the establishment of interstate cooperative agreements by the States for the purpose of promoting the development of domestic and foreign markets for forest products.

(d) LIMITATIONS.—(1) In carrying out the authority provided by this section, the Secretary of Agriculture shall cooperate with Federal departments and agencies to avoid the duplication of efforts and to increase program efficiency.

(2) The program authorized under this section shall be carried out within the United States and not be extended to Department of Agriculture activities in foreign countries.

(e) AUTHORIZATION FOR APPROPRIATIONS.—There are hereby authorized to be appropriated $5,000,000 for each of the fiscal years beginning October 1, 1988, and ending September 30, 1991, to carry out this section.

(f) PROGRAM REPORT.—The Secretary of Agriculture shall report to Congress annually on the activities taken under the marketing program established under this section. A final report including recommendations for program changes and the need and desirability of the reauthorization of this authority, and required levels of funding, shall be submitted to Congress not later than September 30, 1990.

SEC. 553. USE OF DEPARTMENT OF AGRICULTURE PROGRAMS.

The Secretary of Agriculture shall actively use Department of Agriculture commercial and concessional export credit programs for the export of wood and processed wood products.

Subtitle E—Miscellaneous Provisions Regarding International Agriculture and Related Programs

SEC. 561. ALLOCATION OF CERTAIN MILK.

(a) IN GENERAL.—Notwithstanding any other provision of law, milk produced by dairies—

(1) owned or controlled by foreign persons; and

(2) financed by or with the use of bonds the interest on which is exempt from Federal income tax under section 103 of the Internal Revenue Code of 1986;

shall be treated as other-source milk, and shall be allocated as milk received from producer-handlers for the purposes of classifying producer milk, under the milk marketing program under provisions of the Agricultural Adjustment Act, reenacted with amendments by the Agricultural Marketing Agreement Act of 1937. For the purposes of this section, the term "foreign person" has the meaning given such term under section 9(3) of the Agricultural Foreign Investment Disclosure Act of 1978 (7 U.S.C. 3508(3)).

(b) REGULATIONS.—The Secretary of Agriculture shall prescribe regulations to carry out this section.

(c) LIMITATION.—This section shall not apply with respect to any dairy that began operation before May 6, 1986.

SEC. 562. MILK PRICE SUPPORTS—EXCESS CASEIN IMPORTS.

(a) EXCESS CASEIN IMPORTS.—To the extent that imports of casein for the calendar year 1988 are expected to exceed the average annual level of imports of casein for the period 1981 through 1985, the Secretary of Agriculture shall reduce the estimated level of purchases of milk and the products of milk for calendar year 1988 calculated under section 201(d)(1)(D)(i) of the Agricul-

tural Act of 1949 (7 U.S.C. 1446(d)(1)(D)(i)) by the milk equivalent poundage of such estimated 1988 increase in casein imports over the average import level. For the purposes of this subsection, unless there is a legally mandated reduction limiting calendar year 1988 imports of casein to a level that is less than the average of imports of casein for the period 1981 through 1985, estimated imports of casein for calendar year 1988 shall not be established at a level that is less than the actual imports of casein for calendar year 1986. The milk equivalent poundage of casein for purposes of this subsection shall be derived by application of a formula wherein one pound of casein is determined to the equivalent of 36.9 pounds of milk containing 3.67 percent milkfat.

(b) DAIRY EXPORT INCENTIVE PROGRAM.—Dairy products that will be sold directly from commercial stocks under the dairy export incentive program under section 5 of the Commodity Credit Corporation Charter Act (15 U.S.C. 714c) in calendar year 1988, as estimated by the Secretary of Agriculture, shall not be counted in estimating Commodity Credit Corporation purchases of milk and products of milk in calendar year 1988 under section 201(d)(1)(D)(i) of the Agricultural Act of 1949 (7 U.S.C. 1446(d)(1)(D)(i)).

SEC. 563. EXPORTED TOBACCO REPORT.

The Tobacco Adjustment Act of 1983 is amended by adding after section 213 (7 U.S.C. 511r) the following new section:

"EXPORTED TOBACCO REPORT

"SEC. 214. Notwithstanding any other provision of law:

"(1) Before the exportation of any tobacco or tobacco product from the United States, including re-exports or transshipments of tobacco and tobacco products and any tobacco or tobacco product having entered foreign trade zones in the United States, the exporter shall prepare a certified report and file a copy of such report with the Secretary of Agriculture.

"(2) Such certified report shall specify, by percent, weight, and type—

"(A) the quantity of tobacco, contained in such tobacco or tobacco product, that was grown in the United States; and

"(B) the quantity of foreign grown tobacco contained in such tobacco or tobacco product.

"(3) The Secretary shall use such report to verify—

"(A) tobacco stock reports;

"(B) estimates of United States produced or grown tobacco that is exported from the United States, for the purpose of determining tobacco poundage quotas under the Agricultural Adjustment Act of 1938; and

"(C) compliance with the requirements of the export credit programs of the Department of Agriculture.

"(4) The Secretary annually shall report to Congress, in the aggregate, the information contained in certified reports under this section and the information contained in end-user reports under section 213(f), as part of each report submitted under section 213(f).".

SEC. 564. INTERNATIONAL EFFORTS TO REDUCE GRAIN PRODUCTION.

(a) FINDINGS.—Congress finds that—

(1) worldwide production of grains has overwhelmed demand, resulting in excessive carryover stocks;

(2) individual countries cannot reduce their own production without detriment to their own farmers;

(3) it is to the advantage of the United States and other grain-producing countries to reduce production so stocks can be brought closer to demand levels; and

(4) it is the policy of the United States to keep supply and demand in relative balance in concert with other countries.

(b) DISCUSSIONS.—The Secretary of Agriculture, in coordination with the United States Trade Representative acting pursuant to the trade negotiating objective set out in section 111(b)(1)(C) of this Act, shall initiate discussions with other major grain-producing countries (including the members of the European Community, Canada, Australia, and Argentina) to reduce grain production multilaterally.

(c) REPORT TO CONGRESS.—The Secretary shall report to Congress on the progress of the discussions required under subsection (b), not later than March 1, 1988.

SEC. 565. SENSE OF CONGRESS—MINIMUM LEVEL OF FOOD ASSISTANCE.

(a) ANNUAL MINIMUM.—It is the sense of Congress that—

(1) the United States should maintain its historic proportion of food assistance constituting one-third of all United States foreign economic assistance; and

(2) accordingly, not less than one-third of the funds available each fiscal year for foreign economic assistance programs should be used to make United States food assistance available to foreign countries under the Agricultural Trade Development and Assistance Act of 1954 and section 416(b) of the Agricultural Act of 1949.

(b) DEFINITION.—For purposes of this section, the term "foreign economic assistance" includes—

(1) assistance under chapter 1 of part I of the Foreign Assistance Act of 1961, the Agricultural Trade Development and Assistance Act of 1954, section 416(b) of the Agricultural Act of 1949, or any other law authorizing economic assistance for foreign countries; and

(2) United States contributions to the International Bank for Reconstruction and Development, the International Development Association, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, or any other multilateral development bank.

Subtitle F—Domestic Markets for Agricultural Commodities and Products

CHAPTER 1—ACTIONS AFFECTING IMPORTS; STUDIES AND PLANS

SEC. 571. MEAT FOOD PRODUCT LABELING.

Section 1(n) of the Federal Meat Inspection Act (21 U.S.C. 601(n)) is amended by—

(1) in paragraph (11), striking out "or" at the end thereof;

(2) in paragraph (12), striking out the period at the end and inserting in lieu thereof "; or"; and

(3) adding at the end thereof the following new paragraph:

"(13) if the labeling or other official mark on meat, as defined in regulations (9 CFR 301.2), or on the package containing meat fails to indicate the country of origin of such meat that is received, shipped, consigned, sold, or offered for sale (or fails to include the word 'imported' if there is more than one such country of origin).".

SEC. 572. AMENDMENTS TO THE MARKETING ORDER PROVISIONS OF THE AGRICULTURAL ADJUSTMENT ACT.

(a) QUALITY STANDARDS.—Section 8e of the Agricultural Adjustment Act, reenacted with amendments by the Agricultural Marketing Agreement Act of 1937 (7 U.S.C. 608e-1), is amended by inserting after "*Provided,*" the following: "That the effective period for such prohibition may be established in advance of the date when such order is in effect if the Secretary finds that, to prevent circumvention of the declared policy of this Act, such earlier effective period is needed to prevent the importation into the United States of such commodity that would otherwise fail to meet grade, size, quality, or maturity requirements when the imported commodity is marketed during the period of time that regulations are in effect under the order: *Provided further,*".

(b) PAID ADVERTISING FOR FLORIDA-GROWN STRAWBERRIES UNDER MARKETING ORDERS.—The first proviso of section 8c(6)(I) of the Agricultural Adjustment Act, reenacted with amendments by the Agricultural Marketing Agreement Act of 1937 (7 U.S.C. 608c(6)(I)), is amended by striking out "or tomatoes," and inserting in lieu thereof "tomatoes, or Florida-grown strawberries,".

SEC. 573. IMPORT INVENTORY.

(a) COMPILATION AND REPORT ON IMPORTS.—The Secretary of Agriculture, in consultation with the Secretary of Commerce, the International Trade Commission, the United States Trade Representative, and any other appropriate Federal agency, shall compile and report to the public statistics on the total value and quantity of imported raw and processed agricultural products.

(b) COMPILATION AND REPORT ON CONSUMPTION.—The Secretary shall compile and report to the public data on the total amount of production and consumption of domestically produced raw and processed agricultural products.

(c) ISSUING OF DATA.—The reports required by this section shall be made in a format that correlates statistics for the quantity and value of imported agricultural products to the production and consumption of domestic agricultural products. The Secretary shall issue such reports on a quarterly basis.

SEC. 574. STUDY RELATING TO HONEY.

(a) STUDY.—The Secretary of Agriculture shall conduct a study to determine the effect of imported honey on United States honey producers, the availability of honey bee pollination within the United States, and whether there is reason to believe imports of honey tend to interfere with or render ineffective the honey price support program of the Department of Agriculture.

(b) REPORT.—Not later than 60 days after the date of the enactment of this Act, the Secretary shall report the results of such study to the Committee on Agriculture and the Committee on Ways and Means of the House of Representatives and to the Committee on Agriculture, Nutrition, and Forestry and the Committee on Finance of the Senate.

SEC. 575. ROSE STUDY, REPORT, AND FINDINGS.

(a) STUDY.—The Secretary of Agriculture, in conjunction with the United States Trade Representative, not later than 120 days after the date of enactment of this Act, shall complete a study to determine the—

(1) effects of rose imports into the United States on the domestic rose-growing industry;

(2) effects that the European Community's tariff rate for imported roses has on world trade of roses; and

(3) extent to which foreign barriers to trade are impeding the marketing abroad of domestically produced roses.

(b) REPORT.—The Secretary shall report the results of the study conducted under subsection (a), as soon as the study is completed, to the Committee on Agriculture and

the Committee on Ways and Means of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry and the Committee on Finance of the Senate.

(c) FINDINGS.—If the Secretary determines, as a result of the study conducted under subsection (a), that the domestic rose industry is being adversely affected by the unfair trade practices of foreign competitors, the Secretary is urged to—

(1) use all available remedies, programs, and policies available to the Department of Agriculture to assist the domestic rose industry to maintain and enhance its ability to compete in the domestic and world market for roses, and

(2) recommend, if appropriate, to the Secretary of Commerce and the United States Trade Representative that they initiate antidumping investigations or countervailing duty investigations with respect to such practices.

SEC. 576. STUDY OF EFFECT OF SECTION 22 CHANGES.

The Secretary of Agriculture shall conduct a study to determine how and to what extent the reduction or elimination of quotas on the importation of certain dairy products imposed under section 22 of the Agricultural Adjustment Act, reenacted with amendments by the Agricultural Marketing Agreement Act of 1937 (7 U.S.C. 624), as a result of negotiations on the General Agreement on Tariffs and Trade or a similar such negotiation or agreement, might adversely affect the administration of the Federal dairy price support program and cause injury to the United States dairy industry. The Secretary shall submit the study, when completed, to the United States Trade Representative, and the Committee on Ways and Means and the Committee on Agriculture of the House of Representatives and the Committee on Finance and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

SEC. 577. IMPORTED MEAT AND POULTRY PRODUCTS.

(a) REPORT.—Not later than 90 days after the date of the enactment of this Act, the Secretary of Agriculture shall submit a report to Congress—

(1) specifying the planned distribution, in fiscal years 1987 and 1988, of the resources of the Department of Agriculture available for sampling imported meat, poultry, and egg products to ensure compliance with the requirements of the Federal Meat Inspection Act, the Poultry Products Inspection Act, and the Egg Products Inspection Act that govern the level of residues of pesticides, drugs, and other products permitted in or on such products;

(2) describing current methods used by the Department to enforce the requirements of such Acts respecting the level of residues of pesticides, drugs, and other products permitted in or on such products;

(3) that responds to the audit report of the Inspector General of the Department of Agriculture, Number 38002—2—hy, dated January 14, 1987;

(4) providing a summary with respect to the importation of meat and poultry products during fiscal years 1986 and 1987 that specifies—

(A) the number of samples of each such product taken during each such fiscal year in carrying out the requirements described in paragraph (1); and

(B) for each violation of such requirements during each such fiscal year—

(i) the meat or poultry product with respect to which such violation occurred,

(ii) the residue in or on such product in violation of such requirements,

(iii) the country exporting such product,

(iv) the actions taken in response to such violations and the reasons for such actions, and

(v) the level of testing conducted by the countries exporting such products;

(5) a description of any research conducted by the Secretary to develop improved methods to detect residues subject to such requirements in or on meat and poultry products; and

(6) any recommendations the Secretary considers appropriate for legislation to add or modify penalties for violations of laws, regulations, and other enforcement requirements governing the level of residues that are permitted in or on imported meat and poultry products.

(b) REVISION.—Not later than November 15, 1988, the Secretary of Agriculture shall revise, as necessary, the report prepared under subsection (a) and submit the revision to Congress.

CHAPTER 2—INVESTIGATIONS RELATING TO IMPORTS

SEC. 581. DETERMINING MATERIAL INTERFERENCE CAUSED BY IMPORTED TOBACCO.

Section 22(a) of the Agricultural Adjustment Act, reenacted with amendments by the Agricultural Marketing Agreement Act of 1937 (7 U.S.C. 624(a)), is amended by adding at the end thereof the following: "For purposes of any investigation conducted with respect to tobacco, or articles containing tobacco, imported into the United States, the Commission shall take into account, as if they are costs to the Government, contributions and assessments imposed under sections 106A and 106B of the Agricultural Act of 1949 on tobacco producers in determining whether such imported tobacco or articles materially interfere with the tobacco price support program carried out by the Department of Agriculture.".

SEC. 582. MEAT IMPORT ACT OF 1979—STUDY.

The Meat Import Act of 1979 (19 U.S.C. 2253 note) is amended by adding at the end thereof the following:

"(o) The Secretary of Agriculture shall conduct a study of trends with respect to the level of imports of lamb meat and the effect of such imports on domestic production of lamb meat. The Secretary shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report specifying the results of such study not later than June 1, 1988, or 180 days after the effective date of this subsection, whichever occurs later.".

Subtitle G—Trade Policy Formulation and Implementation

SEC. 591. SENSE OF CONGRESS—INVESTIGATION OF CANADIAN IMPORT TRIBUNAL DECISION AFFECTING UNITED STATES CORN EXPORTS TO CANADA.

(a) FINDINGS.—Congress finds that—

(1) the United States and Canada are signatories to the Agreement on Interpretation and Application of articles VI, XVI, and XXIII of the General Agreement on Tariffs and Trade (hereinafter in this section referred to as the "Subsidies Code");

(2) the Subsidies Code provides that a countervailing duty cannot be imposed unless—

(A) there is injury within the meaning of article VI of the General Agreement on Tariffs and Trade, as interpreted by the Subsidies Code; and

(B) a causal link is established between the allegedly subsidized imports and the alleged injury;

(3) global production and stagnant demand have led to a major oversupply of corn and depressed worldwide prices for corn;

(4) the oversupply of corn cannot be attributed to the actions of the United States, which has since 1982 imposed major acreage reductions in an effort to control production;

(5) between 1982 and 1985, the United States idled 44,000,000 acres of corn acreage that would have produced 110,000,000 tons of corn;

(6) between 1982 and 1985, the United States, while acting to limit its production, has witnessed a decline in corn exports of 30,000,000 tons or nearly 50 percent;

(7) United States exports of corn to Canada peaked in the 1980-1981 marketing year, when United States corn exports to Canada totaled 1,363,500 tons and accounted for 22.5 percent of the Canadian market;

(8) United States exports of corn to Canada have been declining sharply since 1981, falling to 822,200 tons in the 1982-1983 marketing year, then declining to 225,900 tons in the 1983-1984 marketing year, and 300,000 tons in the 1985-1986 marketing year;

(9) the share of the Canadian corn market held by the United States has been steadily declining from 22.5 percent in the 1980-1981 marketing year to 11.22 percent in the 1982-1983 marketing year, 3.94 percent in the 1983-1984 marketing year, and 4.42 percent in the 1985-1986 marketing year;

(10) Canadian corn industry production has steadily expanded from 5,753,200 tons in the 1980-1981 marketing year to 7,393,400 tons in the 1985-1986 marketing year;

(11) Canadian corn exports rose from 180,300 tons in the 1976-1977 marketing year to a peak of 1,134,000 tons in the 1981-1982 marketing year, then dipped slightly before reaching 650,000 tons in the 1985-1986 marketing year;

(12) there appears to be no causal link between imports of corn from the United States and injury to the Canadian corn industry;

(13) the Canadian Import Tribunal has ruled that the Canadian corn industry has been injured by United States agricultural programs and has approved a tariff of 84.9 cents per bushel on United States exports of corn to Canada;

(14) the decision of the Canadian Import Tribunal appears to be arbitrary, capricious, and an abuse of discretion and to be inconsistent with the obligations of Canada under the General Agreement on Tariffs and Trade; and

(15) the President has broad authority under section 301 of the Trade Act of 1974 to retaliate against foreign acts, policies, or practices that are inconsistent with the provisions of any trade agreement to which the United States is a party or that are unjustifiable, discriminatory, or unreasonable and burden or restrict United States commerce, including authority to impose duties or other import restrictions on the products of such country, or to direct the Secretary of Commerce to initiate a countervailing duty investigation under section 701 of the Tariff Act of 1930.

(b) SENSE OF CONGRESS.—It is the sense of Congress that the United States Trade Representative should—

(1) immediately initiate an investigation under section 302(c) of the Trade Act of

1974 to determine whether the ruling of the Canadian Import Tribunal described in subsection (a) is inconsistent with the obligations of Canada under the General Agreement on Tariffs and Trade; and

(2) if the United States Trade Representative determines that such ruling by the Canadian Import Tribunal is unjustifiable or inconsistent with the obligations of Canada under the General Agreement on Tariffs and Trade (within the meaning of section 301 of the Trade Act of 1974) make recommendations to the President regarding such investigation and appropriate action.

SEC. 592. SENSE OF CONGRESS—ACTION IN RESPONSE TO FOREIGN IMPORT RESTRICTIONS ON UNITED STATES CITRUS FRUITS AND BEEF PRODUCTS.

(a) FINDINGS.—Congress finds that—

(1) trade partners of the United States are engaging in acts, policies, and practices, including the use of import quotas, that tend effectively to prohibit or unreasonably burden United States exports of—

(A) oranges, grapefruit, and other citrus fruits; and

(B) fresh, chilled, and frozen beef and other beef products; and

(2) such acts, policies, and practices deny access to such markets for United States producers of such exports, reduce agricultural exports and farm income, and contribute to the United States trade deficit and the Federal budget deficit.

(b) SENSE OF CONGRESS.—It is the sense of Congress that if a country is found to engage, in violation of the General Agreement on Tariffs and Trade, in any such acts, policies, and practices against any such United States exports, the President should take steps, including the imposition of import fees and duties, that will result in the exclusion of the importation of similar or other products from such country found to be in violation of the General Agreement on Tariffs and Trade into the United States until such acts, policies, and practices are eliminated.

TITLE VI—FOREIGN CORRUPT PRACTICES ACT AMENDMENTS AND OTHER REQUIREMENTS.

SEC. 601. FOREIGN CORRUPT PRACTICES ACT AMENDMENTS.

(a) PROHIBITED TRADE PRACTICES BY ISSUERS.—Section 30A of the Securities Exchange Act of 1934 (15 U.S.C. 78dd-1) is amended to read as follows:

"PROHIBITED FOREIGN TRADE PRACTICES BY ISSUERS

"SEC. 30A. (a) It shall be unlawful for any issuer which has a class of securities registered pursuant to section 12 of this title or which is required to file reports under section 15(d) of this title, or for any officer, director, employee, or agent of such issuer or any stockholder thereof acting on behalf of such issuer, to make use of the mails or any means or instrumentality of interstate commerce corruptly in furtherance of an offer, payment, promise to pay, or authorization of the payment of any money, or offer, gift, promise to give, or authorization of the giving of anything of value to—

"(1) any foreign official for purposes of—

"(A) influencing any act or decision of such foreign official in his official capacity, including a decision to fail to perform his official functions; or

"(B) inducing such foreign official to use his influence with a foreign government or instrumentality thereof to affect or influence any act or decision of such government or instrumentality,

in order to assist such issuer in obtaining or retaining business for or with, or directing business to, any person, including the procurement of legislative, judicial, regulatory, or other action in seeking more favorable treatment by a foreign government;

"(2) any foreign political party or official thereof or any candidate for foreign political office for purposes of—

"(A) influencing any act or decision of such party, official, or candidate in its or his official capacity, including a decision to fail to perform his or its official functions; or

"(B) inducing such party, official, or candidate to use its or his influence with a foreign government or instrumentality thereof to affect or influence any act or decision of such government or instrumentality,

in order to assist such issuer in obtaining or retaining business for or with, or directing business to, any person, including the procurement of legislative, judicial, regulatory, or other action in seeking more favorable treatment by a foreign government; or

"(3) any person, while knowing or recklessly disregarding that all or a portion of such money or thing of value will be offered, given, or promised, directly or indirectly, to any foreign official, to any foreign political party or official thereof, or to any candidate for foreign political office, for purposes of—

"(A) influencing any act or decision of such foreign official, political party, party official, or candidate in his or its official capacity, including a decision to fail to perform his or its official functions; or

"(B) inducing such foreign official, political party, party official, or candidate to use his or its influence with a foreign government or instrumentality thereof to affect or influence any act or decision of such government or instrumentality,

in order to assist such issuer in obtaining or retaining business for or with, or directing business to, any person, including the procurement of legislative, judicial, regulatory, or other action in seeking more favorable treatment by a foreign government.

"(b)(1) It shall be a defense to actions under subsection (a) that—

"(A) the payment was made for the purpose of expediting or securing the performance of a routine governmental action by a foreign official; or

"(B) the payment, gift, offer, or promise of anything of value that was made, was expressly permitted under a law or regulation of the government of the country involved.

"(2) For purposes of paragraph (1)(A), the term 'routine governmental action' means an action which is ordinarily and commonly performed by a foreign official and includes—

"(A) processing governmental papers, such as visas and work orders;

"(B) loading and unloading cargoes; and

"(C) scheduling inspections associated with contract performance,

and actions of a similar nature. 'Routine governmental action' does not include any decision by a foreign official whether, or on what terms, to award new business to or to continue business with a particular party, including the procurement of legislative, judicial, regulatory, or other action in seeking more favorable treatment by a foreign government.

"(c) An issuer may not be held vicariously liable, either civilly or criminally, for a violation of subsection (a) by its employee or agent, who is not an officer or director, if—

"(1) such issuer has established procedures which can reasonably be expected to prevent and detect, insofar as practicable, any such violation by such employee or agent, and

"(2) the officer and employee of the issuer with supervisory responsibility for the conduct of the employee or agent used due diligence to prevent the commission of the offense by that employee or agent.

Such issuer shall have the burden of proving by a preponderance of the evidence that it meets the requirements set forth in paragraphs (1) and (2).

"(d) Not later than one year after the date of the enactment of the Trade and International Economic Policy Reform Act of 1987, the Attorney General, after consultation with the Commission, the Secretary of Commerce, the United States Trade Representative, the Secretary of State, and the Secretary of the Treasury, and after obtaining the views of all interested persons through public notice and comment procedures, shall determine to what extent compliance with this section would be enhanced and the business community would be assisted by further clarification of the preceding provisions of this section and may, based on such determination and to the extent necessary and appropriate, issue—

"(1) guidelines describing specific types of conduct, associated with common types of export sales arrangements and business contracts, which for purposes of the Department's present enforcement policy, the Attorney General determines would be in conformance with the preceding provisions of this section; and

"(2) general precautionary procedures which issuers may use on a voluntary basis to conform their conduct to the Department's present enforcement policy regarding the preceding provisions of this section.

The Attorney General shall issue the guidelines and procedures referred to in the preceding sentence in accordance with the provisions of subchapter II of chapter 5 of title 5, United States Code, and those guidelines and procedures shall be subject to the provisions of chapter 7 of that title.

"(e)(1) The Attorney General, after consultation with appropriate departments and agencies of the United States and after obtaining the views of all interested persons through public notice and comment procedures, shall establish a procedure to provide responses to specific inquiries by issuers concerning conformance of their conduct with the Department's present enforcement policy regarding the preceding provisions of this section. The Attorney General shall, within 30 days after receiving such a request, made in accordance with that procedure, issue an opinion in response to that request. The opinion of the Attorney General shall state whether or not certain specified prospective conduct would, for purposes of the Department's present enforcement policy, violate the preceding provisions of this section. Additional requests for opinions may be filed with the Attorney General regarding other specified prospective conduct that is beyond the scope of conduct specified in previous requests. In any action brought under the applicable provisions of this section, there shall be a rebuttable presumption that conduct, which is specified in a request by an issuer and for which the Attorney General has issued an opinion that such conduct is in conformity with the Department's present enforcement policy, is in compliance with the preceding provisions of this section. Such a presumption of compliance may be rebutted by a preponderance of

the evidence. In considering the presumption of compliance for purposes of this paragraph, a court shall weigh all relevant factors, including but not limited to whether the information submitted to the Attorney General was accurate and complete and whether it was within the scope of the conduct specified in any request received by the Attorney General. The Attorney General shall establish the procedure required by this paragraph in accordance with the provisions of subchapter II of chapter 5 of title 5, United States Code, and that procedure shall be subject to the provisions of chapter 7 of that title.

"(2) Any document or other material which is provided to, received by, or prepared in the Department of Justice or any other department or agency of the United States in connection with a request by an issuer under the procedure established under paragraph (1), shall be exempt from disclosure under section 552 of title 5, United States Code, and shall not be made publicly available, regardless of whether the Attorney General responds to such a request or the issuer withdraws such request before receiving a response.

"(3) Any issuer who has made a request to the Attorney General under paragraph (1) may withdraw such request prior to the time the Attorney General issues an opinion in response to such request. Any request so withdrawn shall have no force or effect.

"(4) The Attorney General shall, to the maximum extent practicable, provide timely guidance concerning the Department's present enforcement policy with respect to the preceding provisions of this section to potential exporters and small businesses that are unable to obtain specialized counsel on issues pertaining to such provisions. Such guidance shall be limited to responses to requests under paragraph (1) concerning conformity of specified prospective conduct with the Department's present enforcement policy regarding the preceding provisions of this section and general explanations of compliance responsibilities and of potential liabilities under the preceding provisions of this section.

"(f) For purposes of this section—

"(1) the term 'foreign official' means any officer or employee of a foreign government or any department, agency, or instrumentality thereof, and any person acting in an official capacity for or on behalf of any such government or department, agency, or instrumentality;

"(2) a person meets the 'knowing' standard for purposes of subsection (a)(3) if—

"(A) that person is aware or substantially certain, or

"(B) that person is aware of a high probability, which he or she consciously disregards in order to avoid awareness or substantial certainty, and does not have an actual belief to the contrary,

that a third party will offer, pay, promise, or give anything of value to a foreign official, foreign political party or official thereof, or candidate for political office for purposes prohibited by subsection (a)(3);

"(3) a person meets the 'recklessly disregarding' standard of subsection (a)(3) if that person is aware of a substantial risk that a third party will offer, pay, promise, or give anything of value to a foreign official, foreign political party or official thereof, or candidate for political office for purposes prohibited by subsection (a)(3), but disregards that risk; and

"(4) the term 'substantial risk' means a risk that is of such a nature and degree that to disregard it constitutes a substantial deviation from the standard of care that a reasonable person would exercise in such a situation.".

(b) VIOLATIONS.—Section 32(c) of the Securities Exchange Act of 1934 (15 U.S.C. 78ff) is amended to read as follows:

"(c)(1)(A) Any issuer that—

"(i) violates section 30A(a)(1) or (2); or

"(ii) violates section 30A(a)(3) and meets the 'knowing' standards of that section (as defined by section 30A(f)(2)),

shall be fined not more than $2,000,000.

"(B) Any issuer that violates section 30A(a) shall be subject to a civil penalty of not more than $10,000 imposed in an action brought by the Commission.

"(2)(A) Any officer or director of an issuer, or stockholder acting on behalf of such issuer, who—

"(i) willfully violates section 30A(a)(1) or (2); or

"(ii) willfully violates section 30A(a)(3) and meets the 'knowing' standard of that section,

shall be fined not more than $100,000, or imprisoned not more than 5 years, or both.

"(B) Any employee or agent of an issuer who is a United States citizen, national, or resident or is otherwise subject to the jurisdiction of the United States (other than an officer, director, or stockholder acting on behalf of such issuer), and who—

"(i) willfully violates section 30A(a)(1) or (2); or

"(ii) willfully violates section 30A(a)(3) and meets the 'knowing' standard of that section,

shall be fined not more than $100,000, or imprisoned not more than 5 years, or both.

"(C) Any officer, director, employee, or agent of an issuer, or stockholder acting on behalf of such issuer, who violates section 30A(a) shall be subject to a civil penalty of not more than $10,000 imposed in an action brought by the Commission.

"(3) Whenever a fine is imposed under paragraph (2) upon any officer, director, employee, agent, or stockholder of an issuer, such fine may not be paid, directly or indirectly, by such issuer.".

(c) PROHIBITED TRADE PRACTICES BY DOMESTIC CONCERNS.—Section 104 of the Foreign Corrupt Practices Act of 1977 (15 U.S.C. 78dd-2) is amended to read as follows:

"PROHIBITED FOREIGN TRADE PRACTICES BY DOMESTIC CONCERNS

"SEC. 104. (a) PROHIBITION.—It shall be unlawful for any domestic concern, other than an issuer which is subject to section 30A of the Securities Exchange Act of 1934, or for any officer, director, employee, or agent of such domestic concern or any stockholder thereof acting on behalf of such domestic concern, to make use of the mails or any means or instrumentality of interstate commerce corruptly in furtherance of an offer, payment, promise to pay, or authorization o the payment of any money, or offer, gift, promise to give, or authorization of the gi ing of anything of value to—

"(1) any foreign official for purposes of—

"(A) influencing any act or decision of such foreign official in his official capacity, including a decision to fail to perform his official functions; or

"(B) inducing such foreign official to use his influence with a foreign government or instrumentality thereof to affect or influence any act or decision of such government or instrumentality,

in order to assist such domestic concern in obtaining or retaining business for or with, or directing business to, any person, including the procurement of legislative, judicial, regulatory, or other action in seeking more favorable treatment by a foreign government;

"(2) any foreign political party or official thereof or any candidate for foreign political office for purposes of—

"(A) influencing any act or decision of such party, official, or candidate in its or his official capacity, including a decision to fail to perform his official functions; or

"(B) inducing such party, official, or candidate to use its or his influence with a foreign government or instrumentality thereof to affect or influence any act or decision of such government or instrumentality,

in order to assist such domestic concern in obtaining or retaining business for or with, or directing business to, any person, including the procurement of legislative, judicial, regulatory, or other action in seeking more favorable treatment by a foreign government; or

"(3) any person, while knowing or recklessly disregarding that all or a portion of such money or thing of value will be offered, given, or promised, directly or indirectly, to any foreign official, to any foreign political party or official thereof, or to any candidate for foreign political office, for purposes of—

"(A) influencing any act or decision of such foreign official, political party, party official, or candidate in his or its official capacity, including a decision to fail to perform his or its official functions; or

"(B) inducing such foreign official, political party, party official, or candidate to use his or its influence with a foreign government or instrumentality thereof to affect or influence any act or decision of such government or instrumentality,

in order to assist such domestic concern in obtaining or retaining business for or with, or directing business to, any person, including the procurement of legislative, judicial, regulatory, or other action in seeking more favorable treatment by a foreign government.

"(b) DEFENSES.—(1) It shall be a defense to actions under subsection (a) that—

"(A) the payment was made for the purpose of expediting or securing the performance of a routine governmental action by a foreign official; or

"(B) the payment, gift, offer, or promise of anything of value that was made was expressly permitted under any law or regulation of the government of the country involved.

"(2) For purposes of paragraph (1)(A), the term 'routine governmental action' means an action which is ordinarily and commonly performed by a foreign official and includes—

"(A) processing governmental papers, such as visas and work orders;

"(B) loading and unloading cargoes; and

"(C) scheduling inspections associated with contract performance,

and actions of a similar nature. 'Routine governmental action' does not include any decision by a foreign official whether, or on what terms, to award new business to or to continue business with a particular party, including the procurement of legislative, judicial, regulatory, or other action in seeking more favorable treatment by a foreign government.

"(c) DUE DILIGENCE.—A domestic concern which is not an individual may not be held vicariously liable, either civilly or criminally, for a violation of subsection (a) by its employee or agent, who is not an officer or director, if—

"(1) such domestic concern has established procedures which can reasonably be expected to prevent and detect, insofar as practicable, any such violation by such employee or agent, and

"(2) the officer and employee of the domestic concern with supervisory responsibility for the conduct of the employee or agent used due diligence to prevent the commission of the offense by that employee or agent.

Such domestic concern shall have the burden of proving by a preponderance of the evidence that it meets the requirements set forth in paragraphs (1) and (2). The first sentence of this subsection shall be considered an affirmative defense to actions under subsection (a).

"(d) GUIDELINES BY THE ATTORNEY GENERAL.—Not later than 6 months after the date of the enactment of the Trade and International Economic Policy Reform Act of 1987, the Attorney General, after consultation with the Securities and Exchange Commission, the Secretary of Commerce, the United States Trade Representative, the Secretary of State, and the Secretary of the Treasury, and after obtaining the views of all interested persons through public notice and comment procedures, shall determine to what extent compliance with this section would be enhanced and the business community would be assisted by further clarification of the preceding provisions of this section and may, based on such determination and to the extent necessary and appropriate, issue—

"(1) guidelines describing specific types of conduct, associated with common types of export sales arrangements and business contracts, which for purposes of the Department's present enforcement policy, the Attorney General determines would be in conformance with the preceding provisions of this section; and

"(2) general precautionary procedures which domestic concerns may use on a voluntary basis to conform their conduct to the Department's present enforcement policy regarding the preceding provisions of this section.

The Attorney General shall issue the guidelines and procedures referred to in the preceding sentence in accordance with the provisions of subchapter II of chapter 5 of title 5, United States Code, and those guidelines and procedures shall be subject to the provisions of chapter 7 of that title.

"(e) OPINIONS OF THE ATTORNEY GENERAL.—(1) The Attorney General, after consultation with appropriate departments and agencies of the United States and after obtaining the views of all interested persons through public notice and comment procedures, shall establish a procedure to provide responses to specific inquiries by domestic concerns concerning conformance of their conduct with the Department's present enforcement policy regarding the preceding provisions of this section. The Attorney General shall, within 30 days after receiving such a request, made in accordance with that procedure, issue an opinion in response to that request. The opinion of the Attorney General shall state whether or not certain specified prospective conduct would, for purposes of the Department's present enforcement policy, violate the preceding provisions of this section. Additional requests for opinions may be filed with the Attorney General regarding other specified prospective conduct that is beyond the scope of conduct specified in previous requests. In any action brought under the applicable provisions of this section, there shall be a rebuttable presumption that conduct, which is specified in a request by a domestic concern and for which the Attorney General has issued an opinion that such conduct is in conformity with the Department's present enforcement policy, is in compliance with the preceding provisions of this section. Such a presumption of compliance may be rebutted by a preponderance of the evidence. In considering the presumption of compliance for purposes of this paragraph, a court shall weigh all relevant factors, including but not limited to whether the information submitted to the Attorney General was accurate and complete and whether it was within the scope of the conduct specified in any request received by the Attorney General. The Attorney General shall establish the procedure required by this paragraph in accordance with the provisions of subchapter II of chapter 5 of title 5, United States Code, and that procedure shall be subject to the provisions of chapter 7 of that title.

"(2) Any document or other material which is provided to, received by, or prepared in the Department of Justice or any other department or agency of the United States in connection with a request by a domestic concern under the procedure established under paragraph (1), shall be exempt from disclosure under section 552 of title 5, United States Code, and shall not be made publicly available, regardless of whether the Attorney General responds to such a request or the domestic concern withdraws such request before receiving a response.

"(3) Any domestic concern who has made a request to the Attorney General under paragraph (1) may withdraw such request prior to the time the Attorney General issues an opinion in response to such request. Any request so withdrawn shall have no force or effect.

"(4) The Attorney General shall, to the maximum extent practicable, provide timely guidance concerning the Department's present enforcement policy with respect to the preceding provisions of this section to potential exporters and small businesses that are unable to obtain specialized counsel on issues pertaining to such provisions. Such guidance shall be limited to responses to requests under paragraph (1) concerning conformity of specified prospective conduct with the Department's present enforcement policy regarding the preceding provisions of this section and general explanations of compliance responsibilities and of potential liabilities under the preceding provisions of this section.

"(f) VIOLATIONS.—(1)(A) Any domestic concern that—

"(i) violates subsection (a) (1) or (2); or

"(ii) violates subsection (a)(3) and meets the 'knowing' standards of that subsection (as defined by subsection (h)(4)),

shall be fined not more than $2,000,000.

"(B) Any domestic concern that violates subsection (a) shall be subject to a civil penalty of not more than $10,000 imposed in an action brought by the Attorney General.

"(2)(A) Any officer or director of a domestic concern, or stockholder acting on behalf of such domestic concern, who—

"(i) willfully violates subsection (a) (1) or (2); or

"(ii) willfully violates subsection (a)(3) and meets the 'knowing' standard of that subsection,

shall be fined not more than $100,000, or imprisoned not more than 5 years, or both.

"(B) Any employee or agent of a domestic concern who is a United States citizen, national, or resident or is otherwise subject to the jurisdiction of the United States (other than an officer, director, or stockholder acting on behalf of such domestic concern), and who—

"(i) willfully violates subsection (a) (1) or (2); or

"(ii) willfully violates subsection (a)(3) and meets the 'knowing' standard of that section,

shall be fined not more than $100,000, or imprisoned not more than 5 years, or both.

"(C) Any officer, director, employee, or agent of a domestic concern, or stockholder acting on behalf of such domestic concern, who violates subsection (a) shall be subject to a civil penalty of not more than $10,000 imposed in an action brought by the Attorney General.

"(3) Whenever a fine is imposed under paragraph (2) upon any officer, director, employee, agent, or stockholder of a domestic concern, such fine may not be paid, directly or indirectly, by such domestic concern.

"(g) INJUNCTIONS.—Whenever it appears to the Attorney General that any domestic concern or officer, director, employee, agent, or stockholder thereof is engaged, or is about to engage, in any act or practice constituting a violation of subsection (a), the Attorney General may bring a civil action in an appropriate district court of the United States to enjoin such act or practice, and upon a proper showing a permanent or temporary injunction or a temporary restraining order shall be granted without bond.

"(h) DEFINITIONS.—As used in this section—

"(1) the term 'domestic concern' means—

"(A) any individual who is a citizen, national, or resident of the United States; and

"(B) any corporation, partnership, association, joint-stock company, business trust, unincorporated organization, or sole proprietorship which has its principal place of business in the United States, or which is organized under the laws of a State of the United States or a territory, possession, or commonwealth of the United States;

"(2) the term 'foreign official' means any officer or employee of a foreign government or any department, agency, or instrumentality thereof, and any person acting in an official capacity for or on behalf of any such government or department, agency, or instrumentality;

"(3) the term 'interstate commerce' means trade, commerce, transportation, or communication among the several States, or between any foreign country and any State or between any State and any place or ship outside thereof, and such term includes the intrastate use of—

"(A) a telephone or other interstate means of communication, or

"(B) any other interstate instrumentality;

"(4) a person meets the 'knowing' standard for purposes of subsection (a)(3) if—

"(A) that person is aware or substantially certain, or

"(B) that person is aware of a high probability, which he or she consciously disregards in order to avoid awareness or sub-

stantial certainty, and does not have an actual belief to the contrary,

that a third party will offer, pay, promise, or give anything of value to a foreign official, foreign political party or official thereof, or candidate for political office for purposes prohibited by subsection (a)(3);

"(5) a person meets the 'recklessly disregarding' standard of subsection (a)(3) if that person is aware of a substantial risk that a third party will offer, pay, promise, or give anything of value to a foreign official, foreign political party or official thereof, or candidate for political office for purposes prohibited by subsection (a)(3), but disregards that risk; and

"(6) the term 'substantial risk' means a risk that is of such a nature and degree that to disregard it constitutes a substantial deviation from the standard of care that a reasonable person would exercise in such a situation.".

(d) INTERNATIONAL AGREEMENT.—

(1) NEGOTIATIONS.—It is the sense of the Congress that the President should pursue the negotiation of an international agreement, among the largest possible number of countries, to govern persons from those countries concerning acts prohibited with respect to issuers and domestic concerns by the amendments made by this section. Such international agreement should include a process by which problems and conflicts associated with such acts could be resolved.

(2) REPORT TO CONGRESS.—(A) Within 1 year after the date of the enactment of this Act, the President shall submit to the Congress a report on—

(i) the progress of the negotiations referred to in paragraph (1),

(ii) those steps which the executive branch and the Congress should consider taking in the event that these negotiations do not successfully eliminate the competitive disadvantage of United States businesses that results when persons from other countries commit the acts described in paragraph (1); and

(iii) possible actions that could be taken to promote cooperation by other countries in international efforts to prevent bribery of foreign officials, candidates, or parties in third countries.

(B) The President shall include in the report submitted under subparagraph (A)—

(i) any legislative recommendations necessary to give the President the authority to take appropriate action to carry out clauses (ii) and (iii) of subparagraph (A);

(ii) an analysis of the potential effect on the interests of the United States, including United States national security, when persons from other countries commit the acts described in paragraph (1); and

(iii) an assessment of the current and future role of private initiatives in curtailing such acts.

SEC. 602. FINANCIAL SERVICES STUDY.

(a) STUDY REQUIRED.—

(1) The Secretary of Commerce and the Secretary of the Treasury, in consultation and coordination with the United States Trade Representative and the Securities and Exchange Commission, shall conduct an investigation to determine—

(A) the foreign countries from which foreign financial services institutions have entered, directly or indirectly, into the business of providing financial services in the United States,

(B) the kinds of financial services which are being offered, and

(C) the extent to which United States financial services institutions are permitted to offer the same services in each of those foreign countries.

(2) The Secretary of Commerce and the Secretary of the Treasury shall each transmit a report on the results of the investigation under paragraph (1) within 120 days after the date of enactment of this Act to the President, the Congress, the United States Trade Representative, and the Securities and Exchange Commission.

(b) DEFINITIONS.—As used in this section—

(1) The term "foreign country" means a foreign country or a political subdivision, a dependent territory, or a possession of a foreign country, and includes an association of two or more foreign countries, political subdivisions, dependent territories, or possessions of foreign countries forming a customs union outside the United States.

(2) The term "foreign financial services institution" means—

(A) any legal entity the headquarters, or the primary control or operations, of which are located or based in a foreign country,

(B) any citizen or national of a foreign country, or

(C) any department, agency, or other government-operated or government-controlled organization of a foreign country,

that is directly or indirectly engaged, in whole or part, in business as a financial services institution.

(3) The term "United States financial services institution" mean a financial services institution—

(A) the headquarters, and the primary control and operations of which, are located in the United States, and

(B) that is not owned or controlled, directly or indirectly, by any company whose headquarters, or primary control or operations, are located outside the United States.

(4) The term "financial services institution" means—

(A) a broker, dealer, underwriter, clearing agency, transfer agent, or information processor with respect to securities, including government and municipal securities,

(B) an investment company, investment manager, investment adviser, indenture trustee, or any depository institution, insurance company, or other organization operating as a fiduciary, trustee, underwriter, or other financial service provider, and

(C) any other entity providing financial services.

SEC. 603. ENTRY PROCESSING FOR TEXTILES AND APPAREL.

The Congress determines that it is vital to the purposes of the Multi-Fiber Arrangement that bilateral limitations on shipments of textiles and apparel, and periodic adjustments to those limitations, be carried out on a timely basis in order to respond to the changing United States market for textiles and apparel. The Secretary of Commerce shall, within 90 days after the date of the enactment of this Act, institute procedures to expedite the interagency process for recommending and approving the issuance of notices requesting consultations and negotiations on such limitations and periodic adjustments.

TITLE VII—TARIFF AND CUSTOMS PROVISIONS

Subtitle A—Permanent Changes in Tariff Treatment

SEC. 700. REFERENCE.

Whenever in this subtitle, subtitle B, or subtitle D an amendment or repeal is expressed in terms of an amendment to, or repeal of, a schedule, headnote, item, or other provision, the reference shall be considered to be made to a schedule, headnote, item, or other provision of the Tariff Schedules of the United States (19 U.S.C. 1202).

SEC. 701. CASEIN.

(a) HUMAN FOOD AND ANIMAL FEED USE.—Subpart D of part 4 of schedule 1 is amended by striking out item 118.45 and inserting the following:

	"Casein, caseinates, and milk protein concentrate:			
118.50	Casein	Free		Free
118.55	Dried milk (described in items 115.45, 115.50, 115.55, and 118.05) which contains not over 5.5 percent by weight of butterfat and which is mixed with other ingredients, including but not limited to sugar, if such mixtures contain over 16 percent milk solids by weight, are capable of being further processed or mixed with similar or other ingredients and are not prepared for marketing to the retail consumers in the identical form and package in which imported	1.3¢ per lb.		5.5¢ per lb.
118.60	Other	0.2¢ per lb.		5.5¢ per lb.".

(b) INDUSTRIAL USE.—Subpart B of part 13 of schedule 4 is amended by striking out items 493.12, 493.14, and 493.17 and the superior heading thereto.

SEC. 702. SALTED AND DRIED PLUMS.

Subpart B of part 9 of schedule 1 is amended—

(1) by amending the article description for item 149.26 to read as follows: "Dried, salted, or not salted but not otherwise further prepared or preserved"; and

(2) by striking out item 149.28 and inserting the following:

	"Otherwise prepared or preserved:			
149.30	Plums, soaked in brine and dried	2¢ per lb.		2¢ per lb.
149.31	Other	17.5% ad val.		35% ad val.".

SEC. 703. GRAPEFRUIT.

Subpart A of part 12 of schedule 1 is amended by—

(1) inserting after item 165.29 the following new items and the superior heading thereto, with the superior heading at the same indentation level as the superior heading "Orange" to items 165.27 and 165.29:

	"Grapefruit:			
165.31	Not concentrated and not made from a juice having a degree of concentration of 1.5 or more (as determined before correction to the nearest 0.5 degree)	20¢ per gal.		70¢ per gal.
165.34	Other	35¢ per gal.		70¢ per gal.",

and

(2) by redesignating items 165.32 and 165.36 as items 165.37 and 165.38, respectively.

SEC. 704. HATTERS' FUR.

Subpart D of part 15 of schedule 1 is amended—

(1) by amending item 186.20—

(A) by striking out "use, and carroted furskins" in the article description and inserting "use", and

(B) by striking out "15% ad val." in column 1 and inserting "Free"; and

(2) by inserting after item 186.20 the following new item:

"186.22	Carroted furskins	15% ad val.		35% ad val.".

SEC. 705. TARIFF TREATMENT OF CERTAIN TYPES OF PLYWOOD.

Headnote 1 of part 3 of schedule 2 is amended—

(1) in paragraph (b) by inserting immediately before the semicolon at the end thereof the following: "or any edge of which has been tongued, grooved, lapped, or otherwise worked";

(2) in paragraph (c) by inserting immediately before the semicolon at the end thereof the following: "or any edge of which has been tongued, grooved, lapped, or otherwise worked"; and

(3) in paragraph (e) by inserting before "chiefly" the following: "other than plywood, wood-veneer panels, or cellular panels,".

SEC. 706. WORK GLOVES.

The schedules are amended as follows:

(1) Headnote 5(a) of schedule 3 is amended by striking out "(except subpart A)" and inserting in lieu thereof "(except subparts A and C)".

(2) Headnote 1 of subpart C of part 1 of schedule 7 is amended by inserting immediately after subdivision (c) the following new subdivision:

"(d) gloves—

"(i) without fourchettes; and

"(ii) constructed of a textile fabric coated, filled, impregnated, or laminated, in whole or in part, with rubber or plastics and cut-and-sewn;

shall be regarded as gloves of textile materials.".

SEC. 707. BROADWOVEN FABRICS OF MAN-MADE FIBERS.

(a) AMENDMENT.—Subpart E of part 3 of schedule 3 is amended by striking out item 338.50 and inserting the following new items with the article description for item 338.60 at the same indentation level as the article description for item 338.40:

"338.60	Containing 85% or more by weight of continuous man-made fibers	2¢ per lb. + 17.9% ad val.		81% ad val.
	Other:			
338.70	Weighing not more than 5 oz. per square yard	2¢ per lb. + 17.9% ad val.		81% ad val.
338.80	Other	2¢ per lb. + 17.9% ad val.		81% ad val.".

(b) STAGING.—The rate of duty in column numbered 1 for each of items 338.60, 338.70, and 338.80 (as added by subsection (a)) shall be subject to all staged rate reductions for item 338.50 which were proclaimed by the President before the date on which the amendments made by subsection (a) take effect.

SEC. 708. SILICONE RESINS AND MATERIALS.

Part 4 of schedule 4 is amended—

(1) by amending subpart A—

(A) by striking out "provided for in part 1C" in headnote 1 and inserting ", other than silicones, provided for in part 1", and

(B) by amending headnote 2 to read as follows:

"2. (a) The term 'synthetic plastics materials' in this subpart—

"(i) embraces products formed by the condensation, polymerization, or copolymerization of organic chemicals and to which an antioxidant, color, dispersing agent, emulsifier, extender, filler, pesticide, plasticizer, or stabilizer may have been added; and

"(ii) includes silicones (including fluids, resins, elastomers, and copolymers) whether or not such materials are solid in the finished articles.

"(b) The products referred to in (a) contain as an essential ingredient an organic substance of high molecular weight; and, except as provided in (a)(ii) of this headnote, are capable, at some stage during processing into finished articles, of being molded or shaped by flow and are solid in the finished article. The term includes, but is not limited to, such products derived from esters of acrylic or methacrylic acid; vinyl acetate, vinyl chloride resins, polyvinyl alcohol, acetals, butyral, formal resins, polyvinyl ether and ester resins, and polyvinylidene chloride resins; urea and amino resins; polyethylene, polypropylene, and other polyalkene resins; siloxanes, silicones, and other organo-silicon resins; alkyd, acrylonitrile, allyl, and formaldehyde resins, and cellulosic plastics materials. These synthetic plastics materials may be in solid, semi-solid, or liquid condition such as flakes, powders, pellets, granules, solutions, emulsions, and other basic crude forms not further processed.",

(C) by inserting after item 445.54 the following new item with the article description at the same indentation level as the article description for item 445.54:

"445.55	Silicone resins and materials	3.7% ad val.		25% ad val.",

and

(D) by redesignating item 445.56 as item 445.60; and

(2) by amending headnote 2 to subpart B by adding at the end thereof the following:

"(c) For the purpose of the tariff schedules, the term 'rubber' does not include silicones.".

SEC. 709. CLASSIFICATION OF NAPHTHA AND MOTOR FUEL BLENDING STOCKS.

Part 10 of schedule 4 is amended—

(1) by amending headnote 1 by inserting "motor fuel blending stocks," immediately after "except";

(2) by amending headnote 2—

(A) by striking out "and" at the end of subdivision (a);

(B) by striking out the period at the end of subdivision (b) and inserting "; and"; and

(C) by adding at the end thereof the following:

"(c) 'Motor fuel blending stock' (item 475.27) means any product (except naphthas provided for in item 475.35) derived primarily from petroleum, shale oil, or natural gas, whether or not containing additives, to be used for direct blending in the manufacture of motor fuel.";

(3) by inserting in numerical sequence the following new item:

"475.27	Motor fuel blending stocks	1.25¢ per gal.		2.5¢ per gal.";

and

(4) by amending 475.30 by striking out "fuel)" and inserting "fuel or motor fuel blending stocks)".

SEC. 710. IRON OR STEEL SLABS.

Headnote 3(c) of subpart B of part 2 of schedule 6 is amended by striking out "and not over 6 inches".

SEC. 711. TELEVISION APPARATUS AND PARTS.

(a) PERMANENT TREATMENT.—The headnotes to part 5 of schedule 6 are amended—

(1) by amending headnote 3 by striking out "assembled," in subparagraph (a) and inserting "assembled in its cabinet,";

(2) by redesignating headnotes 4, 5, and 6 as headnotes 5, 6, and 7, respectively; and

(3) by inserting after headnote 3 the following new headnote:

"4. Picture tubes imported in combination with, or incorporated into, other articles are to be classified in items 687.35 through 687.44, inclusive, unless they are—

"(i) incorporated into complete television receivers, as defined in headnote 3;

"(ii) incorporated into fully assembled units such as word processors, ADP terminals, or similar articles;

"(iii) put up in kits containing all the parts necessary for assembly into complete television receivers, as defined in headnote 3; or

"(iv) put up in kits containing all the parts necessary for assembly into fully assembled units such as word processors, ADP terminals, or similar articles.".

(b) TEMPORARY TREATMENT.—Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new items:

"912.14	Television picture tubes which would be included in assemblies provided for in item 684.96 but for headnote 4 to part 5, and not provided in item 912.16 or 912.19	11% ad val.	No change	On or before 10/31/87
"912.16	Television picture tubes, color, having a video display diagonal of less than 12 inches (provided for in item 687.35, part 5, schedule 6)	Free	No change	On or before 12/31/90";

and

"912.19	Television picture tubes, color, having a video diagonal of 30 inches and over (provided for in item 687.35, part 5, schedule 6)	Free	No change	On or before 9/30/88".

SEC. 712. LITHOTRIPTERS.

Item 709.15 is amended by inserting "other than extracorporeal shock wave lithotripters," before "and".

SEC. 713. URANIUM HEXAFLUORIDE (UF6).

(a) AMENDMENT.—Subpart C of part 2 of schedule 4 is amended by redesignating item 422.52 as item 422.54, and by inserting after item 422.50 the following new items and the

superior heading thereto, with the superior heading at the same indentation level as the article description for item 422.50:

	"Hexafluoride (UF_6):			
422.51	If imported for use in reactors in the United States and a product of a country that requires that uranium mined in that country be converted or upgraded into uranium hexafluoride (UF_6) before export	$3 per lb.		$3. per lb.
422.53	Other	Free		Free."

(b) TERMINATION.—Items 422.51 and 422.53 (as added by subsection (a)) shall cease to have force and effect, and the President shall by proclamation eliminate such items, and the superior heading thereto, when the President finds that no foreign country requires the conversion or upgrading of uranium mined in that country into uranium hexafluoride (UF6) before export from that country.

SEC. 714. MARKING OF WATCHES AND WATCH COMPONENTS.

Headnote 4 of subpart E of part 2 of schedule 7 is amended to read as follows:

"4. Special Marking Requirements: Any movement or case provided for in this subpart, whether imported separately or attached to any article provided for in this subpart, shall not be permitted to be entered unless legibly and indelibly marked by cutting, die-sinking, engraving, stamping, or mold-marking (either indented or raised), as specified below:

"(a) Watch movements shall be marked on one or more of the bridges or top plates to show—

"(i) the name of the country of manufacture;

"(ii) the name of the manufacturer or purchaser; and

"(iii) in words, the number of jewels, if any, serving a mechanical purpose as frictional bearings.

"(b) Clock movements shall be marked on the most visible part of the front or back plate to show—

"(i) the name of the country of manufacture;

"(ii) the name of the manufacturer or purchaser; and

"(iii) the number of jewels, if any.

"(c) Watch cases shall be marked on the inside or outside of the back case, or, at the option of the manufacturer, bezels shall be marked, to show—

"(i) the name of the country of manufacture; and

"(ii) the name of the manufacturer or purchaser.

If the manufacturer chooses to mark the bezels, it shall be entitled to use an alphanumeric code to designate the name of the country of manufacture and the name of the manufacturer or purchaser, so long as each such code and its referent are not duplicative of any other code and referent and are subject to inspection by the public.

"(d) Clock cases provided for in this subpart shall be marked on the most visible part of the outside of the back to show the name of the country of manufacture.".

SEC. 715. IMPORTATION OF FURSKINS.

Headnote 4 to subpart B of part 5 of schedule 1 is repealed.

SEC. 716. EFFECTIVE DATES.

(a) IN GENERAL.—

(1) Except as provided in paragraph (2) and in subsection (b), the amendments made by this subtitle apply with respect to articles entered on or after the 15th day after the date of the enactment of this Act.

(2) Section 714 applies to articles entered on or after the 30th day after the date of the enactment of this Act.

(b) RETROACTIVE APPLICATION.—

(1) Notwithstanding section 514 of the Tariff Act of 1930 or any other provision of law, upon proper request filed with the customs officer concerned on or before the 180th day after the date of the enactment of this Act the entry of any article described in paragraph (2) shall be treated as provided in such paragraph.

(2) In the case of the application of any amendment made by sections 704 and 712 to any entry—

(A) after the applicable date and before the 15th day after the date of the enactment of this Act; and

(B) with respect to which there would have been no duty or a lower duty if the amendment made by such section applied to such entry;

such entry shall be liquidated or reliquidated as though such entry had been made on the 15th day after the date of the enactment of this Act.

(3) For purposes of subparagraph (A), the term "applicable date" means—

(A) in the case of item 712, December 31, 1982; and

(B) in the case of item 704, December 31, 1985.

(c) DEFINITIONS.—For purposes of this section—

(1) The term "entered" means entered, or withdrawn from warehouse for consumption, in the customs territory of the United States.

(2) The term "entry" includes any withdrawal from warehouse.

Subtitle B—Temporary Changes in Tariff Treatment

SEC. 721. COLOR COUPLERS AND COUPLER INTERMEDIATES.

Subpart B of part 1 of the Appendix is amended—

(1) by inserting ", but excluding 6,7-dihydroxy-2- naphthalene sulfonic acid sodium salt provided for in item 403.57," after "schedule 4" and before the parenthesis in item 907.10; and

(2) by striking out "9/30/85" in each of items 907.10 and 907.12 and inserting in lieu thereof "12/31/90".

SEC. 722. POTASSIUM 4-SULFOBENZOATE.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"906.26	p-Sulfobenzoic acid, potassium salt (provided for in item 404.28, part 1B, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 723. 2,2'-OXAMIDOBIS[ETHYL 3-(3,5-DI-TERT-BUTYL-4-HYDROXYPHENYL)PROPIONATE].

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following item:

"907.09	2,2'-Oxamidobis-[ethyl 3-(3,5-di-tert-butyl-4-hydroxyphenyl)propionate] (provided for in item 405.34, part 1B, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 724. DICYCLOHEXYLBENZOTHIAZYLSULFENAMIDE.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"906.45	Dicyclohexylbenzothiazylsulfenamide (provided for in item 406.39, part 1B, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 725. 2,4-DICHLORO-5-SULFAMOYLBENZOIC ACID.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"906.48	2,4-Dichloro-5-sulfamoylbenzoic acid (provided for in item 406.56, part 1B, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 726. DERIVATIVES OF N-[4-(2-HYDROXY-3-PHENOXY-PROPOXY)PHENYL]ACETAMIDE.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"907.11	Mixtures containing derivatives of N-[4-(2-hydroxy-3-phenoxypropoxy)phenyl] acetamide (provided for in item 407.19, part 1B, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 727. 1,2-DIMETHYL-3,5-DIPHENYLPYRAZOLIUM METHYL SULFATE (DIFENZOQUAT METHYL SULFATE).

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"907.24	1,2-Dimethyl-3,5-diphenylpyrazolium methyl sulfate (difenzoquat methyl sulfate) (provided for in item 408.19, part 1C, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 728. DICOFOL.

Item 907.15 of the Appendix is amended to read as follows:

"907.15	1,1-Bis(4-chlorophenyl)-2,2,2-trichloroethanol (Dicofol) (provided for in item 408.28, part 1C, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 729. CERTAIN KNITWEAR FABRICATED IN GUAM.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"905.45	Sweaters that— (i) do not contain foreign materials in excess of the percentage of total value limitation contained in general headnote 3(a), and (ii) are assembled in Guam, exclusively by United States citizens, nationals, or resident aliens, by joining together (by completely sewing, looping, linking, or other means of attaching) at least 5 otherwise completed major knit-to-shape component parts of foreign origin, if entered before the aggregate quantity of sweaters described in (i) and (ii) that is entered during any 12-month period after October 31, 1985 exceeds the duty-free quantity for that period. The duty-free quantity— (I) for the 12-month period ending October 31, 1986 is 161,600 dozen; and (II) for any 12-month period thereafter is an amount equal to 101 percent of the duty-free quantity for the preceding 12-month period	Free		On or before 10/31/92".

SEC. 730. 3,7-BIS (DIMETHYLAMINO) PHENAZATHIONIUM CHLORIDE.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"907.43	3,7-Bis(dimethylamino)-phenazathionium chloride (methylene blue) (provided for in item 409.74, part 1C, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 731. 3,5-DINITRO-O-TOLUAMIDE.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"906.42	3,5-Dinitro-o-toluamide (provided for in item 411.93, part 1C, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 732. SECONDARY-BUTYL CHLORIDE.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"907.55	Secondary-butyl chloride (provided for in item 429.47, part 2D, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 733. CERTAIN NONBENZENOID VINYL ACETATE-VINYL CHLORIDE-ETHYLENE TERPOLYMERS.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following item:

"907.83	Nonbenzenoid vinyl acetate-vinyl chloride-ethylene terpolymers, containing by weight less than 50 percent derivatives of vinyl acetate (provided for in item 445.48, part 4A, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 734. TUNGSTEN ORE.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"910.95	Tungsten ore (provided for in item 601.54, part 1, schedule 6)	Free	No change	On or before 12/31/90".

SEC. 735. CERTAIN STUFFED OR FILLED TOY FIGURES.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"912.32	Stuffed or filled toy figures of animate objects (except dolls) not having a spring mechanism and not exceeding 25 inches in either length, width, or height (provided for in item 737.30 or 737.40, Part 5E, Schedule 7)	Free	No change	On or before 12/31/90".

SEC. 736. DUTY-FREE ENTRY OF PERSONAL EFFECTS AND EQUIPMENT OF PARTICIPANTS AND OFFICIALS INVOLVED IN THE 10TH PAN AMERICAN GAMES.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"915.20	Personal effects of aliens who are participants in or officials of the Tenth Pan American Games, or who are accredited members of delegations thereto, or who are members of the immediate families of any of the foregoing persons, or who are their servants; equipment for use in connection with such games; and other related articles as prescribed in regulations issued by the Secretary of the Treasury	Free	Free	On or before 9/30/87".

SEC. 737. CARDING AND SPINNING MACHINES.

(a) IN GENERAL.—Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"912.03	Carding and spinning machines specially designed for wool, other than machines specially designed for the manufacture of combed wool (worsted) yarns (provided for in item 670.04, part 4E, schedule 6)	Free	No change	On or before 12/31/90".

(b) PARTS.—The headnote to Subpart E of part 4 of schedule 6 is amended by striking out "item 912.04" each place it appears and inserting in lieu thereof "item 912.03 or 912.04".

SEC. 738. CERTAIN BICYCLE PARTS.

(a) IN GENERAL.—

(1) BICYCLE TIRES AND TUBES.—Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"912.01	Bicycle tires and tubes and rim strips, of rubber or plastics (provided for in items 732.42, 772.48 and 772.57, part 12C, schedule 7)	Free	No change	On or before 12/31/90".

(2) GENERATOR LIGHTING SETS.—Item 912.05 of the Appendix is amended by striking out "6/30/86" and inserting in lieu thereof "12/31/90".

(3) BICYCLE CHAINS.—Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"912.06	Bicycle chains (provided for in items 652.13 and 652.15, part 3F, schedule 6)	Free	No change	On or before 12/31/90".

(1) OTHER BICYCLE PARTS.—Item 912.10 of the Appendix is amended—

(A) by striking out "multiple free wheel sprockets" and inserting in lieu thereof "free wheel sprockets";

(B) by inserting "front and rear derailleurs, shift levers, cables and casings for derailleurs" immediately after "drum brakes";

(C) by inserting "and" after "frame lugs,";

(D) by striking out ", and parts of bicycles consisting of sets of steel tubing cut to exact length and each set having the number of tubes needed for the assembly (with other parts) into the frame and fork of one bicycle"; and

(E) by striking out "6/30/86" and inserting in lieu thereof "12/31/90".

(b) EXCEPTION TO CUSTOMS EXEMPTION APPLICABLE TO FOREIGN TRADE ZONES.—Section 3(b) of the Act of June 18, 1934 (commonly known as the Foreign Trade Zones Act, 19 U.S.C. 81c(b)), is amended by striking out "June 30, 1986" and inserting in lieu thereof "January 1, 1991".

SEC. 739. 1-(3-SULFOPROPYL)PYRIDINIUM HYDROXIDE.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following item:

"906.46	1-(3-Sulfopropyl)pyridinium hydroxide (provided for in item 406.42, part 1B, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 740. d-6-METHOXY-α-METHYL-2-NAPHTHALENEACETIC ACID AND ITS SODIUM SALT.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"907.39	d-6-Methoxy-α-methyl-2-naphthaleneacetic acid and its sodium salt (provided for in item 412.22, part 1C, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 741. CERTAIN PESTICIDES.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new items:

"907.26	Dinocap (provided for in item 408.16, part 1C, schedule 4)	Free	No change	On or before 12/31/90
907.27	Mixtures of 1,1-bis(4-chlorophenyl)-2,2,2-trichloroethanol (dicofol) and application adjuvants (provided for in item 408.36, part 1C, schedule 4)	Free	No change	On or before 12/31/90
907.28	Mixtures of mancozeb and dinocap (provided for in item 408.38, part 1C, schedule 4)	Free	No change	On or before 12/31/90
907.29	Dinocap (provided for in item 408.38, part 1C, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 742. CHOLESTYRAMINE RESIN USP.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"907.30	Cross-linked polyvinylbenzyltrimethyl-ammonium chloride (cholestyramine resin USP) (provided for in item 412.70, part 1C, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 743. 3-AMINO-3-METHYL-1-BUTYNE.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"907.53	3-Amino-3-methyl-1-butyne (provided for in item 425.52, part 2D, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 744. MANEB, ZINEB, MANCOZEB, AND METIRAM.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"907.60	Maneb, zineb, mancozeb and metiram (provided for in item 432.15, part 2E, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 745. NICOTINE RESINS.

Item 907.63 is amended—

(1) by amending the article description to read as follows: "Nicotine resin complex put up in measured doses in chewing gum form (provided for in item 438.02, part 3B, schedule 4)"; and

(2) by striking out "12/31/87" and inserting "12/31/90".

SEC. 746. HOSIERY KNITTING MACHINES AND NEEDLES.

(a) IN GENERAL.—Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new items:

"912.28	Needles for knitting machines (provided for in items 670.58 and 670.62, part 4E, schedule 6)	Free	No change	On or before 12/31/90
"912.29	Hosiery knitting machines, single cylinder fine gauge and all double cylinder (provided for in items 670.16 and 670.18, part 4E, schedule 6)	Free	No change	On or before 12/31/90".

(b) REPEAL.—Items 912.08 and 912.09 are repealed.

SEC. 747. SILK YARN.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"905.25	Yarns of silk (provided for in item 308.51, part 1D, schedule 3)	Free	No change	On or before 12/31/90".

SEC. 748. 3-ETHYLAMINO-p-CRESOL.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"906.34	3-Ethylamino-p-cresol (provided for in item 404.96, part 1B, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 749. CHLOR AMINO BASE.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"907.07	4-Chloro-2,5-dimethoxyaniline (CAS No. 6358-64-1) (provided for in item 405.01, part 1B, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 750. 2,2-BIS(4-CYANATOPHENYL).

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"907.44	2,2-Bis(4-cyanatophenyl (provided for in item 405.76, part 1B, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 751. NITRO SULFON B.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"907.46	2-[(3-Nitrophenyl) sulfonyl] ethanol (CAS No. 41687-30-3) (provided for in item 406.00, part 1B, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 752. PHENYLMETHYLAMINOPYRAZOLE.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"907.47	Aminoethylphenylpyrazole (Phenylmethylaminopyrazole) (provided for in item 406.36, part 1B schedule 4)	Free	No change	On or before 12/31/90".

SEC. 753. TERFENADONE.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"907.48	1-(4-(1,1-Dimethylethyl) phenyl-4-(hydroxydiphenylmethyl-1-piperidinyl)-1-butanone (provided for in item 405.42, part 1B, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 754. FLUAZIFOP-P-BUTYL.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"907.49	Butyl 2-[4-(5-trifluoromethyl-2-pryidinyloxy)phenoxy] propanoate (as provided for in item 405.23, part 1C, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 755. BENZETHONIUM CHLORIDE.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"907.52	Benzethonium chloride (provided for in item 408.32, part 1C, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 756. MALONONITRILE.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"907.54	Malononitrile (provided for in item 425.42, part 2D, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 757. SETHOXYDIM.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"906.36 Mixtures of 2-[1-(Ethoxyimino)butyl]-5-[2-(ethylthio)propyl]-3-hydroxy-2-cyclohexen-1-one (Sethoxydim) and one or more organic solvents (provided for in item 407.19, part 1B, or item 430.20, part 2D of schedule 4)	Free	No change	On or before 12/31/90".

SEC. 758. METALDEHYDE.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"907.61 Metaldehyde (provided for in item 427.58, part 2D, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 759. MIXTURES OF CROSS-LINKED SODIUM POLYACRYLATE POLYMERS.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"907.72 Absorbent chemical material of one or more cross-linked sodium polyacrylate polymers (provided for in item 430.20, part 2D, schedule 4)	Free	No change	On or before 10/31/87".

SEC. 760. CYCLOSPORINE.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"907.78 Cyclosporine (provided for in item 439.30, part 3C, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 761. PARALDEHYDE.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"907.57 Paraldehyde (provided for in item 439.50, part 3C, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 762. GLASS INNERS FOR VACUUM FLASKS.

(a) AMENDMENT.—Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"909.35 Glass inners designed for vacuum flasks or for other vacuum vessels (however provided for in items 545.31, 545.34, 545.35, and 545.37, part 3C, schedule 5)	9% ad val.	3.6% ad val. (I) Free (A) (E).	55% ad val.	On or before 12/31/90".

(b) CONSEQUENTIAL AMENDMENT.—Whenever the rate of duty specified in the Special column in item 790.59 is lowered with respect to any country, rate of duty in the Special column of item 909.35 applicable to the same country shall be lowered to the same rate.

SEC. 763. CERTAIN OFFSET PRINTING PRESSES.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"911.93 Offset printing presses of the sheet-fed type weighing 3,500 pounds or more (provided for in item 668.21, part 4D, schedule 6)	No change	10% ad val.	On or before 12/31/90".

SEC. 764. JACQUARD CARDS.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"912.46 Jacquard cards (provided for in item 670.56, part 4E, schedule 6)	Free	No change	On or before 12/31/90".

SEC. 765. PARTS OF INDIRECT PROCESS ELECTROSTATIC COPYING MACHINES.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"912.18 Parts of indirect process electrostatic copying machines, which machines reproduce the original image onto the copy material by electrostatic transference to and from an intermediate (provided for in item 676.56, part 4G, schedule 6)	Free	No change	On or before 12/31/90".

SEC. 766. EXTRACORPOREAL SHOCK WAVE LITHOTRIPTERS IMPORTED BY NONPROFIT INSTITUTIONS.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"912.24 Extracorporeal shock wave lithotripters imported by nonprofit hospitals and research or educational institutions (provided for in item 709.15 or 709.17, part 2, schedule 7)	Free	No change	On or before 12/31/87".

SEC. 767. CERTAIN PLASTIC SHEETING.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"915.10 Transparent plastic sheeting containing 30% or more of lead, by weight (provided for in item 774.55, part 12B, schedule 7)	Free	No change	On or after 12/31/90".

SEC. 768. DOLL WIG YARNS.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"905.30 Grouped filaments and yarns, not textured, in continuous form, colored, of nylon or modacrylic, whether or not curled of not less than 20 denier per filament, to be used in the manufacture of wigs for dolls (provided for in item 309.32 and 309.33, part 1E, schedule 3, or item 389.62, part 7B, schedule 3)	Free	No change	On or before 12/31/90".

SEC. 769. EXTENSION OF CERTAIN EXISTING SUSPENSIONS.

Each of the following items is amended by striking out the date in the effective date column and inserting "12/31/90":

(1) Item 903.60 (relating to mixtures of mashed or macerated hot red peppers and salt).

(2) Item 903.65 (relating to cantaloupes).

(3) Items 905.10 and 905.11 (relating to certain wools).

(4) Items 906.10 and 906.12 (relating to needlecraft display models).

(5) Item 907.01 (relating to triphenyl phosphate).

(6) Item 907.13 (relating to menthol feedstocks).

(7) Item 907.14 (relating to isometric mixtures of ethylbiphenyl).

(8) Item 907.17 (relating to sulfapyridine).

(9) Item 911.25 (relating to synthetic rutile).

(10) Item 911.95 (relating to certain clock radios).

(11) Item 912.07 (relating to machines designed for heat-set, stretch texturing of continuous man-made fibers).

(12) Item 912.20 (relating to certain small toys).

(13) Items 912.30, 912.34, and 912.36 (relating to stuffed dolls, certain toy figures, and skins thereof).

(14) Item 912.45 (relating to umbrella frames).

(15) Items 903.70 and 903.80 (relating to crude feathers and down).

SEC. 770. EFFECTIVE DATES.

(a) IN GENERAL.—

(1) Except as provided in subsection (b), the amendments made by this subtitle apply with respect to articles entered on or after the 15th day after the date of the enactment of this Act.

(2) The amendment made by section 738(a)(1) applies with respect to articles entered after December 31, 1987.

(b) RETROACTIVE APPLICATION.—

(1) Notwithstanding section 514 of the Tariff Act of 1930 or any other provision of law, upon proper request filed with the customs officer concerned on or before the 180th day after the date of the enactment of this Act the entry of any article described in paragraph (2) or (3) shall be treated as provided in such paragraph.

(2)(A) In the case of the application of any amendment made by sections 721, 728, 729, 736, 738(a)(2) and (4), 745, 759, and 766 and by paragraphs (1) through (5), (7), (8), (10), (11), (12), (13), and (14) of section 769 to any entry—

(i) which was made after the applicable date and before the 15th day after the date of the enactment of this Act; and

(ii) with respect to which there would have been no duty if the amendment made by such section applied to such entry;

such entry shall be liquidated or reliquidated as though such entry had been made on the 15th day after the date of the enactment of this Act.

(B) For purposes of subparagraph (A), the term "applicable date" means—

(i) in the case of section 766, December 31, 1982;

(ii) in the case of section 745, November 14, 1984;

(iii) in the case of section 769(2), May 15, 1985;

(iv) in the case of section 769(1), (3), (4), and (7), June 30, 1985;

(v) in the case of section 759, July 1, 1985;

(vi) in the case of sections 721, 728, and 769(5), September 30, 1985;

(vii) in the case of section 729, October 31, 1985;

(viii) in the case of section 769, (8), (11), and (13), December 31, 1985;

(ix) in the case of section 736, May 31, 1986;

(x) in the case of section 738(a)(2) and (4), June 30, 1986; and

(xi) in the case of section 769(10), (12), and (14); December 31, 1986.

(3) In the case of any article—

(A) described in item 912.08 of the Tariff Schedules of the United States as in effect on September 30, 1985, that was entered on or after such date and before the date of the enactment of this Act, such entry shall be treated as having been made on September 30, 1985; or

(B) described in item 912.09 of such Schedules as in effect on June 30, 1985, that was entered on or after such date and before the date of the enactment of this Act, such entry shall be treated as having been made on June 30, 1985.

(c) DEFINITIONS.—For purposes of this section—

(1) The term "entered" means entered, or withdrawn from warehouse for consumption, in the customs territory of the United States.

(2) The term "entry" includes any withdrawal from warehouse.

Subchapter C—Other Customs Provisions

SEC. 771. CUSTOMS BOND CANCELLATION STANDARDS.

Section 623(c) of the Tariff Act of 1930 (19 U.S.C. 1623(c)) is amended by adding at the end thereof the following new sentence: "In order to assure uniform, reasonable, and equitable decisions, the Secretary of the Treasury shall publish guidelines establishing standards for setting the terms and conditions for cancellation of bonds or charges thereunder.".

SEC. 772. SCOFFLAW PENALTIES FOR MULTIPLE CUSTOMS LAW OFFENDERS.

(a) ORDERS BY SECRETARY OF THE TREASURY.—

(1) The Secretary of the Treasury (hereinafter in this section referred to as the "Secretary") shall by order prohibit any person who is a multiple customs law offender from—

(A) introducing, or attempting to introduce, foreign goods into the customs territory of the United States; and

(B) engaging, or attempting to engage, any other person for the purpose of introducing, on behalf of the multiple customs law offender, foreign goods into such customs territory.

If the multiple customs law offender is a firm, corporation, or other legal entity, the order shall apply to all officers and principals of the entity. The order shall also apply to any employee or agent of the entity if that employee or agent was directly involved in the violations of the customs laws concerned.

(2) The prohibition contained in an order issued under paragraph (1) shall apply during the period which begins on the 60th day after the date on which the order is issued and ends on the third anniversary of that 60th day.

(b) IDENTIFICATION OF MULTIPLE CUSTOMS LAW OFFENDERS.—Each Federal agency shall notify the Secretary of all final convictions and assessments made incident to the enforcement of the customs laws under jurisdiction of that agency.

(c) PENALTY.—Whoever violates, or knowingly aids or abets the violation of, an order issued by the Secretary under this section shall be fined not more than $250,000 or imprisoned not more than 10 years, or both.

(d) RULES.—The Secretary shall prescribe rules to carry out this section, including rules governing the procedures to be used in issuance of orders under subsection (a). Such rules shall also include a list of the customs laws.

(e) DEFINITIONS.—For purposes of this section:

(1) The term "multiple customs law offender" means a person that, during any period of 7 consecutive years occurring after the date of the enactment of this Act, was either convicted of, or assessed a civil penalty for, 3 separate violations of one or more customs laws finally determined to involve fraud or criminal culpability.

(2) The term "customs law" means any Federal law providing a criminal or civil penalty for an act, or failure to act, regarding the introduction of, or the attempt to introduce, foreign goods into the customs territory of the United States; including, but not limited to, sections 496 and 1001 (but only with respect to customs matters), and any section of chapter 27, of title 18, United States Code, and section 592 of the Tariff Act of 1930.

SEC. 773. IMPORT MARKING PROVISIONS.

(a) INCREASE IN PENALTY FOR VIOLATIONS OF COUNTRY-OF-ORIGIN MARKING REQUIREMENTS.—

(1) Section 304(h) of the Tariff Act of 1930 (19 U.S.C. 1304(h)) is amended to read as follows:

"(h) PENALTIES.—Any person who, with intent to conceal the information given thereby or contained therein, defaces, destroys, removes, alters, covers, obscures, or obliterates any mark required under the provisions of this Act shall—

"(1) upon conviction for the first violation of this subsection, be fined not more than $100,000, or imprisoned for not more than 1 year, or both; and

"(2) upon conviction for the second or any subsequent violation of this subsection, be fined not more than $250,000, or imprisoned for not more than 1 year, or both.".

(2)(A) The amendment made by paragraph (1) applies with respect to acts committed on or after the date of the enactment of this Act.

(B) The conviction of a person under section 304(h) of the Tariff Act of 1930 for an act committed before the date of the enactment of this Act shall be disregarded for purposes of applying paragraph (2) of such subsection (as added by the amendment made by paragraph (1) of this subsection.

(b) MARKING OF CONTAINERS OF IMPORTED MUSHROOMS.—Imported preserved mushrooms shall not be considered to be in compliance with section 304 of the Tariff Act of 1930 (19 U.S.C. 1304) or any other law relating to the marking of imported articles unless the containers thereof indicate in English the country in which the mushrooms were grown.

SEC. 774. TECHNICAL PROVISION REGARDING CUSTOMS FORFEITURE.

Section 1152(b) of the Anti-Drug Abuse Act of 1986 (P.L. 99-570) is repealed and the amendment contained in such section shall be treated as not having been enacted.

SEC. 775. DRAWBACK REGARDING CERTAIN IMPORTATIONS OF RAW CANE SUGAR.

(a) IN GENERAL.—For purposes of section 313 of the Tariff Act of 1930 (19 U.S.C. 1313), if the exported article is, or is manufactured or produced from, refined cane sugar drawback shall be allowed with respect to imported raw cane sugar that is entered, or withdrawn from warehouse, for consumption after October 31, 1977, and before April 1, 1985—

(1) without regard to the 3-year limitation on manufacture or production provided in subsection (b) of such section, and

(2) without regard to the 5-year limitation on exportation provided in subsection (i) of such section, if exportation occurs prior to October 1, 1991.

(b) REPORT.—The Secretary of Agriculture, in conjunction with the Commissioner of Customs, shall study and report back to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate by June 30, 1988, with respect to circumvention of the United States sugar quota through the importation of refined sugar in the form of blended products. The report shall address the severity of the problem, or lack thereof, and suggest concrete steps, as necessary, to prevent such circumvention.

SEC. 776. ENFORCEMENT OF THE RESTRICTIONS AGAINST IMPORTED PORNOGRAPHY.

(a) AMENDMENT.—Section 305 of the Tariff Act of 1930 (19 U.S.C. 1305) is amended as follows:

(1) The second paragraph of subsection (a) is designated as subsection (b) and the following side heading, appropriately indented, is inserted before "Upon" at the beginning of the paragraph: "(b) ENFORCEMENT PROCEDURES.—".

(2) The second sentence of subsection (b) (as redesignated by paragraph (1)) is amended to read as follows: "Upon the seizure of such book or matter, such customs officer shall transmit information thereof to the United States attorney of the district in which is situated either—

"(1) the office at which such seizure took place; or

"(2) the place to which such book or matter is addressed;

and the United States attorney shall institute proceedings in the district court for the forfeiture, confiscation, and destruction of the book or matter seized.".

(3) The following new subsections are added at the end thereof:

"(c) Notwithstanding the provisions of subsections (a) and (b), whenever a customs officer discovers any obscene material after such material has been imported or brought into the United States, or attempted to be imported or brought into the United States, he may refer the matter to the United States attorney for the institution of forfeiture proceedings under this section. Such proceedings shall begin no more than 30 days after the time the material is seized; except that no seizure or forfeiture shall be invalidated for delay if the claimant is responsible for extending the action beyond the allowable time limits or if proceedings

are postponed pending the consideration of constitutional issues.

"(d) Upon motion of the United States, a court shall stay such civil forfeiture proceedings commenced under this section pending the completion of any related criminal matter.".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) apply with respect to articles entered, or withdrawn from warehouse for consumption, on or after the 15th day after the date of the enactment of this Act.

SEC. 777. RELIEF OF CERTAIN PERSONS.

(a) W.M. KECK OBSERVATORY PROJECT, MAUNA KEA, HAWAII.—The Secretary of the Treasury is authorized and directed to admit free of duty the following articles for the use of the California Association for Research in Astronomy in the construction of the optical telescope for the W.M. Keck Observatory Project, Mauna Kea, Hawaii:

(1) The telescope structure.

(2) The observatory domes, produced by Brittain Steel, Ltd., of Vancouver, British Columbia, Canada.

(3) The primary mirror blanks, produced by the Schott Glassworks, Frankfurt, Federal Republic of Germany.

If the liquidation of the entry of any such article has become final, the entry shall be reliquidated and the appropriate refund of duty made.

(b) RUKERT MARINE CORPORATION OF BALTIMORE, MARYLAND.—

(1) Notwithstanding section 514 of the Tariff Act of 1930 (19 U.S.C. 1514) or any other provision of law, the entries listed in subsection (b) shall be reliquidated without liability of the importer of record for antidumping duties; and if any such duty has been paid, either through liquidation or compromise under section 617 of the Tariff Act of 1930 (19 U.S.C. 1617), refund thereof shall be made.

(2) The entries referred to in paragraph (1) are as follows:

Entry Number	Date of Entry
144549	March 26, 1976
150297	April 27, 1976
152729	May 11, 1976
156068	May 26, 1976
161653	June 23, 1976
168759	July 30, 1976
173393	August 25, 1976
175173	September 3, 1976
178811	September 23, 1976
108842	November 18, 1976
113000	December 9, 1976
115229	December 21, 1976
120070	January 17, 1977
120908	January 20, 1977
121403	January 24, 1977
130005	March 10, 1977.

(c) MINEMET, INC., NEW YORK.—Notwithstanding any provision of the Tariff Act of 1930 or any other provision of the law to the contrary, the Secretary of the Treasury shall reliquidate, as free of duty under item 911.12 of the Appendix to the Tariff Schedules of the United States, as in effect at the time of entry, the entries numbered 00329493 (dated March 16, 1979), 00329494 (dated March 13, 1979), 00329495 (dated March 28, 1979), and 00330003 (dated March 21, 1979), made at New York, New York, and covering tubular tin products, if a certificate of actual use (remelt certificate) for the articles covered by the four entries is submitted to the United States Customs Service at the port of entry within 120 days from the date of enactment of this Act.

SEC. 778. CUSTOMS SERVICES AT PONTIAC/OAKLAND, MICHIGAN, AIRPORT.

Section 236 of the Trade and Tariff Act of 1984 (19 U.S.C. 58b) is amended—

(1) by striking out "and" at the end of subsection (a)(1);

(2) by redesignating paragraph (2) of subsection (a) as paragraph (3); and

(3) by inserting after paragraph (1) of subsection (a) the following new paragraph:

"(2) the airport located at Pontiac/Oakland, Michigan, and"; and

(4) by striking out "20" in subsection (c).

SEC. 779. IMPORTED NATIVE AMERICAN-STYLE JEWELRY.

Immediately after the date of enactment of this Act, the United States Customs Service shall implement the proposed rule published in the Federal Register on July 15, 1986, concerning the country-of-origin marking of imported Native American-style jewelry, unless such rule is implemented before that date.

Subtitle D—Implementation of Nairobi Protocol

SEC. 781. SHORT TITLE.

This subtitle may be cited as the "Educational, Scientific, and Cultural Materials Importation Act of 1987".

SEC. 782. PURPOSE.

The purpose of this subtitle is—

(1) to provide for the implementation by the United States of the Protocol (S. Treaty Doc. 97-2, 9; hereinafter referred to in this Act as the "Nairobi Protocol") to the Agreement on the Importation of Educational, Scientific, and Cultural Materials (17 UST (pt. 2) 1835; commonly known as the "Florence Agreement");

(2) to clarify or modify the duty-free treatment accorded under the Educational, Scientific, and Cultural Materials Importation Act of 1982 (Public Law 97-446, 96 Stat. 2346-2349; hereinafter referred to in this title as the "1982 Act"), the Educational, Scientific, and Cultural Materials Importation Act of 1966 (Public Law 89-65, 80 Stat. 897 et seq.), and Public Law 89-634 (80 Stat. 879); and

(3) to continue the safeguard provisions concerning certain imported articles provided for in the 1982 Act.

SEC. 783. REFERENCE.

Whenever an amendment or repeal in this subtitle is expressed in terms of an amendment to, or repeal of, an item, headnote, or other provision, the reference shall be considered to be made to an item, headnote, or other provision of the Tariff Schedules of the United States (19 U.S.C. 1202; hereinafter in this subtitle referred to as the "TSUS").

SEC. 784. REPEAL OF 1982 ACT.

The 1982 Act is repealed.

SEC. 785. TREATMENT OF PRINTED MATTER AND CERTAIN OTHER ARTICLES.

(a) Items 270.45 and 270.50 are redesignated as 270.46 and 270.48, respectively.

(b) Part 5 of schedule 2 is amended as follows:

(1) The following new item is inserted in numerical sequence:

"270.90	Catalogs of films, recordings, or other visual and auditory material of an educational, scientific, or cultural character.	Free		Free".

(2) Items 273.45 through 273.55 and the superior heading thereto are stricken and the following new item is inserted in lieu thereof:

"273.52	Architectural, engineering, industrial, or commercial drawings and plans, whether originals or reproductions.	Free		Free".

(3)(A) The superior heading to items 274.50 through 274.70, inclusive, is amended by inserting "(including developed photographic film; photographic slides; transparencies; holograms for laser projection; and microfilm, microfiches and similar articles except those provided for in item 737.52)" after "Photographs".

(B) The following new items are inserted in numerical sequence under the superior heading "Printed not over 20 years at time of importation:", and before and at the same hierarchical level as "Lithographs on paper:":

"274.55	Loose illustrations, reproduction proofs or reproduction films used for the production of books.	Free		Free"
274.56	Articles provided for in items 270.05, 270.10, 270.25, 270.55, 270.63, 270.70, and 273.60 in the form of microfilm, microfiches, and similar film media.	Free		Free".

(C) Item 735.20 is stricken out and the following new items and superior heading thereto are inserted in lieu thereof:

	"Puzzles; game, sport, gymnastic, athletic, or playground equipment; all the foregoing, and parts thereof, not specially provided for:			
735.21	Crossword puzzle books, whether or not in the form of microfilm, microfiches, or similar film media.	Free		Free
735.24	Other	5.52% ad val.		40% ad val.".

(D) Item 737.52 is amended by inserting "(whether or not in the form of microfilm, microfiches, or similar film media)" after "Toy books".

(E) Item 830.00 is amended by inserting "; official government publications in the form of microfilm, microfiches, or similar film media" at the end of the article description thereof.

(F) Item 840.00 is amended by inserting ", whether or not in the form of microfilm, microfiches, or similar film media" after "documents".

SEC. 786. VISUAL AND AUDITORY MATERIAL.

(a) Headnote 1 of part 7 of schedule 8 is amended to read as follows:

"1. (a) No article shall be exempted from duty under item 870.30 unless either:

"(i) a Federal agency or agencies designated by the President determines that such article is visual or auditory material of an educational, scientific, or cultural character within the meaning of the Agreement for Facilitating the International Circulation of Visual and Auditory Materials of an Educational, Scientific, or Cultural Character (17 UST (pt. 2) 1578; Beirut Agreement), or

"(ii) such article—

"(A) is imported by, or certified by the importer to be for the use of, any public or pri-

vate institution or association approved as educational, scientific, or cultural by a Federal agency or agencies designated by the President for the purpose of duty-free admission pursuant to the Nairobi Protocol to the Florence Agreement, and

"(B) is certified by the importer to be visual or auditory material of an educational, scientific, or cultural character or to have been produced by the United Nations or any of its specialized agencies.

For purposes of subparagraph (i), whenever the President determines that there is or may be profitmaking exhibition or use of articles described in item 870.30 which interferes significantly (or threatens to interfere significantly) with domestic production of similar articles, he may prescribe regulations imposing restrictions on the entry under that item of such foreign articles to insure that they will be exhibited or used only for nonprofitmaking purposes.

"(b) For purposes of items 870.32 through 870.35, inclusive, no article shall be exempted from duty unless it meets the criteria set forth in subparagraphs (a)(ii) (A) and (B) of this headnote.".

(b) Item 870.30 is amended by inserting "(except toy models)" after "models", and by striking out "headnote 1" and inserting in lieu thereof "headnote 1(a)".

(c) The following new items and superior heading are inserted in numerical sequence in part 7 of schedule 8:

	"Articles determined to be visual or auditory materials in accordance with headnote 1 of this part:			
870.32	Holograms for laser projection; microfilm, microfiches, and similar articles.	Free		Free
870.33	Motion-picture films in any form on which pictures, or sound and pictures, have been recorded, whether or not developed	Free		Free
870.34	Sound recordings, combination sound and visual recordings, and magnetic recordings; video discs, video tapes, and similar articles.	Free		Free
870.35	Patterns and wall charts; globes; mock-ups or visualizations of abstract concepts such as molecular structures or mathematical formulae; materials for programmed instruction; and kits containing printed materials and audio materials and visual materials or any combination of two or more of the foregoing.	Free		Free".

SEC. 787. TOOLS FOR SCIENTIFIC INSTRUMENTS OR APPARATUS.

Part 4 of schedule 8 is amended by adding in numerical sequence the following new item:

"851.67	Tools specially designed to be used for the maintenance, checking, gauging or repair of scientific instruments or apparatus admitted under item 851.60.	Free		Free".

SEC. 788. ARTICLES FOR THE BLIND AND FOR OTHER HANDICAPPED PERSONS.

(a) Items 825.00, 826.10, and 826.20 are repealed.

(b) Part 7 of schedule 8 is amended—

(1) by adding the following new headnote after headnote 2:

"3. For the purposes of items 870.65, 870.66, and 870.67—

"(a) The term 'blind or other physically or mentally handicapped persons' includes any person suffering from a permanent or chronic physical or mental impairment which substantially limits one or more major life activities, such as caring for one's self, performing manual tasks, walking, seeing, hearing, speaking, breathing, learning, and working.

"(b) These items do not cover—

"(i) articles for acute or transient disability;

"(ii) spectacles, dentures, and cosmetic articles for individuals not substantially disabled;

"(iii) therapeutic and diagnostic articles; or

"(iv) medicine or drugs."; and

(2) by inserting, in numerical sequence, the following new items:

	"Articles specially designed or adapted for the use or benefit of the blind or other physically or mentally handicapped persons:			
	Articles for the blind:			
870.65	Books, music, and pamphlets, in raised print, used exclusively by or for them.	Free		Free
870.66	Braille tablets, cubarithms, and special apparatus, machines, presses, and types for their use or benefit exclusively.	Free		Free
870.67	Other	Free		Free".

SEC. 789. AUTHORITY TO LIMIT CERTAIN DUTY-FREE TREATMENT.

(a) AUTHORITY TO LIMIT.—

(1) The President may proclaim changes in the TSUS to narrow the scope of, place conditions upon, or otherwise eliminate the duty-free treatment accorded under sections 787 and 788 with respect to any type of article the duty-free treatment of which has significant adverse impact on a domestic industry (or portion thereof) manufacturing or producing a like or directly competitive article, and provided the effect of such change is not inconsistent with the provisions of the relevant annexes of the Florence Agreement or the Nairobi Protocol.

(2) If the President proclaims changes to the TSUS under paragraph (1), the rate of duty thereafter applicable to any article which is—

(A) affected by such action, and

(B) imported from any source,

shall be the rate determined and proclaimed by the President as the rate which would then be applicable to such article from such source if this title had not been enacted.

(b) RESTORATION OF TREATMENT.—If the President determines that any duty-free treatment which is no longer in effect because of action taken under subsection (a) could be restored, in whole or in part, without a resumption of significant adverse impact on a domestic industry or portion thereof, the President may proclaim changes to the TSUS to resume such duty-free treatment.

(c) OPPORTUNITY TO PRESENT VIEWS.—Before taking an action under subsection (a) or (b), the President shall afford an opportunity for interested Government agencies and private persons to present their views concerning the proposed action.

(d) CONTINUATION OF PROCEEDINGS UNDER 1982 ACT.—Any action in effect or any proceeding in progress under section 166 of the 1982 Act on the day that Act is repealed shall be considered as an action or proceeding, and shall be continued or resumed, under this section.

SEC. 790. AUTHORITY TO EXPAND CERTAIN DUTY-FREE TREATMENT ACCORDED UNDER SECTION 886.

(a) EXPANSION OF DUTY-FREE TREATMENT.—If the President determines such action to be in the interest of the United States, he may proclaim changes to the TSUS in order to remove or modify any condition or restriction imposed under headnote 1 of part 7 of schedule 8 (as amended by section 886), on the importation of articles provided for in items 870.30 through 870.35, inclusive (except as to articles entered under the terms of headnote 1(a)(i) of part 7 of schedule 8), in order to implement the provisions of annex C-1 of the Nairobi Protocol.

(b) EFFECTIVE DATE OF CHANGES.—Any change to the TSUS proclaimed under subsection (a) shall be effective with respect to articles entered, or withdrawn from warehouse for consumption, on or after the 15th day after the date on which the President proclaims such change.

SEC. 791. CHANGES TO TSUS TO IMPLEMENT FLORENCE AGREEMENT PROVISION.

(a) AMENDMENT OF ITEM 851.60.—Item 851.60 is amended by striking out "Instruments" and inserting in lieu thereof "Scientific instruments".

(b) HEADNOTE CHANGE.—Headnote 6 of part 4 of schedule 8 is amended—

(1) by amending subdivisions (a) and (b) to read as follows:

"6. (a) For purposes of item 851.60—

"(i) the term 'scientific instruments and apparatus' means scientific instruments and apparatus for deriving information from, or generating data necessary to, scientific experimentation by means of sensing, analyzing, measuring, classifying, recording, or similar operations; and

"(ii) the term 'scientific' means pertaining to the physical or life sciences and, under certain circumstances, to applied sciences. Such instruments and apparatus do not include materials or supplies, or ordinary equipment for use in building construction or maintenance or in supporting activities (such as administration or operating residential or dining facilities) of the institution seeking their entry under this item.

"(b) An institution desiring to enter an article under this item shall make an application therefor to the Secretary of Commerce, including therein (in addition to such other information as may be prescribed by regulation) a description of the article, the purposes for which the instrument or apparatus is intended to be used, the basis for the institution's belief that no instrument or apparatus of equivalent scientific value for such purposes is being manufactured in the United States (as to which the applicant shall have the burden of proof), and a statement that the institution either has already placed a bona fide order for such instrument or apparatus or has a firm intention to place an order therefor on or before the final day specified in paragraph (d) of this

headnote. If the Secretary finds that the application is in accordance with pertinent regulations, he shall promptly forward copies thereof to the Secretary of Health and Human Services. If, at any time while its application is under consideration by the Secretary of Commerce or on appeal from a finding by him before the United States Court of Appeals for the Federal Circuit, the institution cancels an order for the instrument or apparatus covered by its application, or if it no longer has a firm intention to order such article, it shall promptly so notify the Secretary of Commerce or the Court, as the case may be.";

(2) by amending subdivision (c) by—

(A) striking out "Health, Education, and Welfare" and inserting in lieu thereof "Health and Human Services"; and

(B) by striking out, in the third sentence, "the Secretary of the Treasury and", and by striking out, in the last sentence, "the Treasury" and inserting in lieu thereof "Commerce";

(3) Subdivision (e) is amended by striking out "Court of Customs and Patent Appeals" and inserting in lieu thereof "Court of Appeals for the Federal Circuit"; and

(4) Subdivision (f) is amended to read as follows:

"(f) The Secretary of Commerce may prescribe regulations to carry out his functions under this headnote.".

SEC. 792. STATISTICAL INFORMATION.

In order to implement effectively the provisions of section 789, the Secretary of the Treasury, in conjunction with the Secretary of Commerce, shall take such actions as are necessary to obtain adequate statistical information with respect to articles to which amendments made by section 785 apply, in such detail and for such period as the Secretaries consider necessary.

SEC. 793. EFFECTIVE DATE.

This subtitle takes effect on, and the amendments to the TSUS made by it apply with respect to articles entered, or withdrawn from warehouse for consumption, on or after the latest of—

(1) the 15th day after the date of the enactment of this Act; or

(2) the 15th day after the deposit of the United States ratification of the Nairobi Protocol.

SEC. 794. RETROACTIVE APPLICATION.

Notwithstanding section 514 of the Tariff Act of 1930 or any other provision of law, upon proper request filed with the customs officer concerned on or before the 90th day after the effective date of this subtitle, in the application of the relevant provisions of this subtitle to the entry of any article—

(1) which was made on or after August 12, 1985, and before the effective date of this subtitle; and

(2) with respect to which there would have been no duty if the relevant provisions of this subtitle applied to such entry;

such entry shall be liquidated or reliquidated as though such entry had been made on or after the effective date of this subtitle.

TITLE VIII—UNITED STATES TRADE AND COMPETITIVENESS PROVISIONS

SEC. 801. COMPETITIVENESS IMPACT STATEMENTS.

The head of each department and agency of the Federal Government shall include with any reports, statements of position, or recommendations made to the Congress regarding proposed legislation, a detailed statement of the impact of such legislation on—

(1) the international trade of the United States, and

(2) the ability of United States firms engaged in the manufacture, sale, distribution, or providing of goods or services to compete in foreign or domestic markets.

SEC. 802. NATIONAL TRADE DATA BANK.

(a) TRADE DATA FUNCTIONS.—

(1) The Secretary of Commerce shall—

(A) establish and maintain a National Trade Data Bank,

(B) provide for the analysis of information in the National Trade Data Bank,

(C) disseminate such information in a timely manner to business firms in the private sector that are engaged in export related activities, and

(D) coordinate the gathering and dissemination of commercial information relating to international trade by the Federal Government.

(2) The National Trade Data Bank which is required to be established under paragraph (1) may consist of economic and trade data collected by the Federal Government, including—

(A) information on each foreign country such as—

(i) the general economic conditions and demographics, and

(ii) common business practices,

(B) information on specific industrial sectors within each foreign country such as—

(i) size of the market,

(ii) distribution of products,

(iii) competition,

(iv) applicable laws, regulations, specifications, and standards,

(v) consultants,

(vi) appropriate government officials, and

(vii) trade associations,

(C) information on specific business opportunities in each foreign country,

(D) general import and export data for the United States and for each foreign country,

(E) industry specific import and export data for each foreign country,

(F) product and service specific import and export data for the United States,

(G) market penetration ratios for imports to the United States and country of origin for imports to the United States,

(H) rank ordered national destinations for exports of the United States,

(I) exchange rates of all foreign currencies,

(J) market research, including industry and demographic trends for each foreign country with lists of marketing contacts and lists of foreign firms,

(K) product and process patent, copyright, trademark, and mask work (within the meaning of section 901 of title 17, United States Code) information for each nation for at least the 2 most recent years,

(L) general labor market information,

(M) internationally comparable wage rates,

(N) foreign and domestic—

(i) unemployment rates,

(ii) availability of skilled and professional workers,

(iii) hiring and firing restrictions, and

(iv) labor productivity trends,

(O) comparative international tax rate information,

(P) export financing information, including the availability of funds for United States exporters and foreign competitors,

(Q) information concerning capital markets, interest rates, and the cost and availability of capital,

(R) National Input and Output Tables compiled by the Department of Commerce for the United States and other nations, and

(S) any other information that the Secretary of Commerce determines to be useful in carrying out the purposes of this section other than information which may be contained in the annual report on foreign trade barriers required to be prepared under section 181 of the Trade Act of 1974 or the report required under section 141 or 306 of such Act.

(3) The National Trade Data Bank which is required to be established under paragraph (1) shall—

(A) be designed to utilize state-of-the-art data processing and retrieval equipment in monitoring, organizing, analyzing, and disseminating the information described in paragraph (2),

(B) use the most effective and meaningful means of organizing and making such information available to—

(i) United States business firms,

(ii) United States workers,

(iii) United States industry associations,

(iv) United States agricultural interests,

(v) State and local economic development agencies, and

(vi) other interested United States persons who could benefit from such information, and

(C) be of such quality and in such form as to assist coordinated trade strategies for the United States.

(4) The National Trade Data Bank established pursuant to paragraph (1) shall—

(A) collect and disseminate—

(i) information on service sector economic activity that is at least as complete and timely as information on economic activity in the merchandise sector, and

(ii) a broad base of monthly information on the service sector of the economy, and

(B) provide—

(i) a new benchmark survey of unaffiliated service transactions, including—

(I) banking services,

(II) computer software services,

(III) brokerage services,

(IV) transportation services,

(V) travel services,

(VI) engineering services,

(VII) health services, and

(VIII) construction services, and

(ii) an index of leading indicators which includes measurement of service sector activity in direct proportion to the contribution of the service sector to the gross national product of the United States.

(5) The National Trade Data Bank established pursuant to paragraph (1) shall not include any information—

(A) which is collected by the Federal Government in connection with any investigation, and

(B) the disclosure of which to the public is prohibited under any other provision of law.

(6) In carrying out this section, the Secretary of Commerce shall consult with—

(A) advisory committees established under section 135 of the Trade Act of 1974 (19 U.S.C. 2155),

(B) other representatives of the private sector, and

(C) other departments and agencies of the Federal Government.

(7) The Secretary of Commerce shall (A) ensure that information systems created or developed pursuant to this subsection do not unnecessarily duplicate information systems available from other agencies of the Government or from the private sector, and (B) disseminate information in the manner most cost effective for the Government.

(b) COOPERATION.—

(1) Each Federal department and agency shall cooperate with the Secretary of Commerce by making information available for assimilation into the National Trade Data Bank.

(2) The Secretary of Commerce shall make information collected by the National Trade Data Bank available to appropriate Federal departments or agencies on a regular basis.

(c) REPORTS.—By no later than December 31 of each calendar year, the Secretary of Commerce shall submit a report to Congress—

(1) assessing the current quality, comprehensiveness, and public and private accessibility of trade data,

(2) describing actions taken pursuant to this section, particularly—

(A) actions taken during the 3-month period beginning on the date of enactment of this Act to provide the new benchmark survey described in subsection (a)(4)(B)(i), and

(B) action taken during the 1-year period beginning on the date of enactment of this Act to provide the information on services described in subparagraphs (A) and (B)(ii) of subsection (a)(4).

(3) describing actions planned to be taken pursuant to this section,

(4) recommending executive and legislative actions which would ensure that United States citizens and firms obtain access to the data banks of foreign countries that is similar to the access provided foreign citizens and firms to the National Trade Data Bank established pursuant to subsection (a)(1), and

(5) recommending other legislative actions which further the purposes of this section.

SEC. 803. COMPETITIVENESS DEVELOPMENT PROGRAM.

(a) ESTABLISHMENT.—The Secretary of Commerce (hereinafter in this section referred to as the "Secretary") shall establish, using existing personnel, in the Department of Commerce the Competitiveness Development Program. The Secretary, as part of the Program, shall, on a continuous basis—

(1) undertake an analysis of Federal, State, and local regulations of both foreign firms and United States firms and their actual or potential effect on interstate and foreign commerce, and

(2) undertake a comprehensive and continuing evaluation of the potential competitiveness of United States goods and services in markets within the United States (hereinafter in this section referred to as the "domestic markets"), based upon—

(A) an inventory of those domestic market conditions, opportunities, structures and factors which offer potential for growth and development, and

(B) an analysis of those factors which significantly affect the competitiveness of those domestic firms that have a high potential for growth, including applicable Federal and State policies and practices (particularly macroeconomic, regulatory, and sectorial policies) and the conditions in, and the structure of, the markets that supply, or distribute the products or services of, such firms.

(b) STRATEGIES AND POLICIES.—On the basis of the analyses and evaluation described in the subsection (a), the Secretary shall formulate strategies and policies designed to increase the competitiveness of United States industries in interstate and foreign commerce. The Secretary shall take such action as may be necessary or appropriate consistent with such powers as are granted to the Secretary under law to implement the competitiveness strategies and other recommendations developed under this section and section 804.

(c) REPORTS.—On an annual basis commencing with 1988, the Secretary shall prepare a report (which shall be submitted to Congress and to the President no later than 120 days after the close of the period covered by the report) containing—

(1) a summary of the analyses and evaluation described in subsection (a),

(2) a description of all strategies and policies developed pursuant to subsection (b) and recommendations for legislation, based on such analyses and information, designed to increase the international competitiveness of United States industries in interstate and foreign commerce,

(3) an evaluation of actual or foreseeable economic and technological developments, in the United States and abroad, which have affected or will affect the competitive position of United States industry or of particular United States industry sectors,

(4) an identification and description, with particularity, of actual or foreseeable economic and technological developments in the United States and abroad which—

(A) present significant opportunities for United States industries to compete in new geographical markets or product markets or to expand their position in established markets, or

(B) create a significant risk that United States industries will be unable to compete successfully in significant future markets, and

(5) a specification, with particularity, of the industry sectors affected by the developments described in paragraph (4).

(d) PROGRAM PRIORITIES.—In implementing the program described in subsection (a), the Secretary shall give priority to those product sectors in which the United States has significant economic and commercial interests. The Secretary shall consult with appropriate Federal agencies and private sector advisory groups in determining such priorities.

(e) COLLECTION.—The Secretary may collect such information, and seek the advice of such persons representing United States industries, labor, consumers, and members of the academic community, as the Secretary considers necessary to carry out this section.

SEC. 804. RELATED INITIATIVES TO SUPPORT THE PROGRAM OF ENHANCED COMPETITIVENESS.

In connection with the functions specified in section 803, the Secretary shall carry out the following actions in order to achieve the purposes of this section and section 803:

(1) ASSISTANCE REGARDING RESEARCH AND DEVELOPMENT.—After taking into account all relevant information obtained in carrying out section 803(a) (1) and (2), and other available appropriate data, regarding the research and development needs (including commercialization of research and development) of United States industries, the Secretary shall prepare, and thereafter periodically revise—

(A) an inventory of the research and development that (i) is relevant to the maintenance or expansion of the competitiveness of United States industry, and (ii) is being, or is planned to be, undertaken by United States producers, and

(B) a listing of those new areas of research and development not covered under subparagraph (A) that should be engaged in if such competitiveness is to be maintained or expanded.

(2) IMPROVEMENTS IN TRAINING AND EDUCATION.—On the basis of the most recent information derived under section 803, and from other available appropriate data regarding the labor needs of United States industries, the Secretary shall periodically consult with the Secretary of Labor, the Secretary of Education, and the heads of appropriate State agencies regarding actions that may be taken within their respective jurisdictions to improve the quality and availability of labor market information, training (including teacher training), retraining, and education, in those skills and disciplines which will be required by United States industries for purposes of maintaining or expanding their competitiveness.

(3) REDUCTION AND ELIMINATION OF REGULATORY AND BUREAUCRATIC OBSTACLES.—The Secretary shall undertake periodic consultation with appropriate Federal and State officials and representatives of United States industry and business for purposes of identifying those regulations, policies, and procedures that inhibit or delay the development, commercialization, or marketing of goods or services and shall, giving due consideration to the various purposes of such regulations, policies and procedures, make recommendations to the Congress, and to the appropriate Federal and State agencies, regarding those statutory and administrative changes that would, if implemented, eliminate or reduce such obstacles.

SEC. 805. NATIONAL SECURITY AND ESSENTIAL COMMERCE.

(a) INVESTIGATIONS BY SECRETARY OF COMMERCE.—Upon request of the head of any department or agency or upon the motion of the Secretary of Commerce (hereinafter in this section referred to as the "Secretary"), the Secretary shall immediately make an appropriate investigation to determine the effects on national security, essential commerce, and economic welfare of mergers, acquisitions, joint ventures, licensing, and takeovers by or with foreign persons which involve persons engaged in interstate commerce in the United States and of efforts by or with foreign persons to gain control of persons engaged in interstate commerce in the United States. In the course of the investigation, the Secretary shall seek information and advice from, and shall consult with, the Secretary of Defense and other appropriate officers of the United States. The Secretary shall, if it is appropriate and after reasonable notice, hold public hearings or otherwise afford interested parties an opportunity to present information and advice relevant to such investigation. The Secretary shall report—

(1) the findings of the investigation under this subsection with respect to the effect of the control of such persons by foreign persons upon the national security and essential commerce, and

(2) based on such findings, the recommendation of the Secretary for action or inaction under this section to the President within 45 days after beginning an investigation under this subsection.

If the Secretary finds that the control of such persons by foreign persons threatens to impair the national security and essential commerce, the Secretary shall so advise the President. The President shall take such action, and for such time, as the President deems appropriate to restrict, suspend, or prohibit any effort made by a foreign citizen to merge, acquire, take over, or otherwise gain control of a person engaged in interstate commerce in the United States so

that such control will not threaten to impair the national security and essential commerce unless the President determines that such effort by foreign citizens do not threaten to impair the national security and essential commerce.

(b) DOMESTIC PRODUCTION FOR NATIONAL DEFENSE.—For the purposes of this section, the Secretary and the President shall, in the light of the requirements of national security and essential commerce and without excluding other relevant factors, give consideration to domestic production needed for projected national defense requirements, the capacity of domestic industries to meet such requirements, existing and anticipated availabilities of the human resources, products, raw materials, and other supplies and services essential to the national defense and essential commerce, the requirements of growth of such industries and such supplies and services including the investment, exploration, and development necessary to assure such growth, and the control of such industries by foreign citizens as it affects such industries and the capacity of the United States to meet requirements of national security and essential commerce. In the administration of this section, the Secretary and the President shall further recognize the close relation of the economic welfare of the Nation to our national security and essential commerce, and shall take into consideration the impact of foreign control on the economic welfare of individual domestic industries, and any substantial unemployment, decrease in revenues of government, loss of skills or investment, or other serious effects resulting from the control of such industries by foreign citizens shall be considered, without excluding other factors, in determining whether such weakening of our internal economy may impair the national security and essential commerce.

SEC. 806. UNREASONABLE PRACTICES.

Section 301(e)(3) of the Trade Act of 1974 (19 U.S.C. 2411(e)(5)) is amended by inserting before the period "or denies access to foreign government-sponsored technology, research, or development".

SEC. 807. BILATERAL TRADE BETWEEN THE UNITED STATES AND MEXICO.

The Secretary of Commerce shall prepare and submit to the Congress, within 1 year after the date of the enactment of this Act, a report on bilateral trade issues between the United States and Mexico. In the report, the Secretary shall—

(1) identify and analyze the tariff and nontariff barriers that inhibit trade between the United States and Mexico,

(2) identify and analyze unilateral and bilateral actions that might be taken by the Governments of the United States and Mexico to reduce or eliminate such trade barriers, including, for example—

(A) the stimulation of joint investment and coproduction by United States and Mexico joint ventures in those areas in both countries that are adjacent to the international border and the provision of duty-free treatment to articles produced by such ventures, and

(B) the eventual establishment of a free trade area between the United States and Mexico, and

(3) identify and analyze the potential effects on bilateral trade of a United States-Mexico development bank the purpose of which would be to encourage and coordinate economic development between the two countries.

SEC. 808. INVESTIGATION OF CERTAIN BARRIERS PERTAINING TO TRADE AND SERVICES.

The United States Trade Representative shall, within 90 days of the date of the enactment of this Act, initiate an investigation under section 302 of the Trade Act of 1974 regarding the acts, policies, and practices of the Government of Japan and of entities which are owned, financed, or otherwise controlled by the Government of Japan with respect to barriers in Japan to the offering by United States persons of architectural, engineering, construction, and consulting services in such country.

SEC. 809. EFFECT OF IMPORTS ON CRUDE OIL PRODUCTION AND REFINING CAPACITY IN THE UNITED STATES.

The Secretary of Energy shall send to the Secretary of Commerce the results of the study conducted under section 3102 of the Omnibus Budget Reconciliation Act of 1986. Within 180 days of the receipt of the results of such study, the Secretary of Commerce shall report to the President and the Congress recommendations for actions which may be appropriate to address any impact of imports of crude oil and petroleum products on domestic crude oil exploration and production and the domestic petroleum refining capacity.

SEC. 810. IMPACT OF NATIONAL DEFENSE EXPENDITURES ON INTERNATIONAL COMPETITIVENESS.

(a) FINDINGS.—The Congress finds that the ability of United States industries to compete in world markets may be adversely affected by the following factors:

(1) The allocation of intellectual resources between the private and public sectors.

(2) The distribution of innovative research and development between commercial and noncommercial applications.

(3) The number of scientific advances which are ultimately commercialized.

(4) The cost of capital which is affected by many factors including the budget deficit and defense spending.

(b) SENSE OF CONGRESS.—It is the sense of Congress that the President should evaluate the impact on United States competitiveness of—

(1) the defense spending by foreign countries, particularly Japan's expenditure of 1 percent of its gross national product for defense compared to the expenditure of the United States of 6 percent of its gross national product, and

(2) the other factors listed in subsection (a).

SEC. 811. DEVELOPMENT OF SEMICONDUCTOR MANUFACTURING TECHNOLOGY.

(a) AUTHORIZATION.—There is authorized to be appropriated $100,000,000 for each of the fiscal years 1988, 1989, 1990, 1991, and 1992 to enable the Secretary of Commerce, in order to preserve essential commerce, to make grants to a consortium of United States persons engaged in the manufacture in the United States of semiconductors to pay not more than one-half the cost of undertaking projects to stimulate the development of semiconductor manufacturing technology and its application in a variety of industries.

(b) GRANT AUTHORITY.—

(1) Not later than 60 days after the date of enactment of this Act, the Secretary of Commerce shall submit to the Congress a plan which will specify what consortium will be established to receive grants under subsection (a) and what will be the function of such consortium.

(2) No grant may be made under subsection (a) unless a law specifically authorizing such grants is enacted after the date of enactment of this Act.

(c) REPORTS.—The Secretary of Commerce shall report annually to the Congress on the activities undertaken under grants made under subsection (a).

SEC. 812. REPORTS ON COUNTERTRADE AND OFFSETS.

(a) GENERAL RULE.—Each United States person shall report to the Secretary of Commerce on each contract to export United States goods or services which was entered into by such person with a foreign person and which—

(1) involves at least $2,000,000,

(2) requires countertrade or offsets as a condition to such contract, and

(3) is entered into with the government of a foreign country or otherwise could not be entered into without the authorization or approval of a government other than the United States Government.

(b) REPORT CONTENT.—Each report required by subsection (a) shall identify—

(1) the United States and foreign persons involved in the contract reported on,

(2) the goods or services to be provided by the United States person under the contract,

(3) the countertrade or offset referred to in subsection (a)(2) which was imposed on the contract, and

(4) the government of the foreign country with which such contract was entered into or the requirement for government authorization or approval otherwise required before such contract could be entered into.

An identification of a countertrade or offset under paragraph (3) shall include (if a part of the countertrade or offset) the technology to be transferred, the goods or services to be purchased, the amount of goods or services to originate outside the United States, and the persons involved.

(c) DISCLOSURE.—

(1) In addition to the annual report on offsets and countertrade required to be submitted to the Congress by the President under section 309 of the Defense Production Act of 1950, the Secretary shall make an annual public report to the Congress by the time provided in such section 309 for reports under such section. Each report shall include—

(A) a summary of the transactions included in the reports filed with the Secretary,

(B) an analysis of such transactions, including an analysis of the levels of goods and services imported and exported under such transactions, the effect of such transactions on industries and employment in the United States, and such other factors as the Secretary determines are significant,

(C) an identification of the countries which impose countertrades or offsets described in subsection (a)(2) and an identification of the countertrades or offsets imposed, and

(D) the status of negotiations between the United States and other countries to remove such countertrades or offsets.

(2) Except as provided in paragraph (1), the public disclosure of information filed with the Secretary under subsection (a) shall be subject to section 552 of title 5, United States Code.

(d) REPORTING REQUIREMENTS.—Reports required by subsection (a) shall be filed—

(1) in accordance with regulations of the Secretary promulgated under subsection (e), and

(2) at such time as the Secretary may prescribe in such regulations but not less often than annually.

(e) REGULATIONS.—The Secretary shall promulgate regulations to implement this section not later than the expiration of 270 days after the date of the enactment of this Act.

(f) PENALTIES.—Any person who—

(1) fails to file, in accordance with subsection (d), a report required by subsection (a), or

(2) willfully files a report that includes an untrue statement of a material fact or omits to state a material fact necessary to prevent the report from being false or misleading, shall be subject to a civil penalty of $10,000 for each week during which such person takes the action described in paragraph (1) or (2).

(g) DEFINITIONS.—For purposes of this section:

(1) UNITED STATES PERSON.—The term "United States person" means any person which is organized under the laws of the United States or of a State or which has its principal place of business in the United States.

(2) FOREIGN PERSON.—The term "foreign person" means—

(A) any individual other than an individual who is a citizen only of the United States,

(B) any person, other than an individual or a government, that is organized under the laws of a foreign government or which has its principal place of business outside of the United States, and

(C) any foreign government or any agency or instrumentality of a foreign government.

(3) SECRETARY.—The term "Secretary" means the Secretary of Commerce.

(4) COUNTERTRADE OR OFFSET.—The term "countertrade or offset" when used to describe a condition for an export contract entered into by a United States person means—

(A) a condition under which the United States person will transfer technology to a foreign person,

(B) a condition under which the United States person will, as a condition to the contract, purchase or arrange for the purchase of goods or services from a foreign person,

(C) a condition under which a percentage of the goods or services to be provided by the United States person will be produced outside the United States or be provided by foreign persons, or

(D) a condition under which the United States person will be required to make investments in a foreign country.

TITLE IX—OCEAN TRANSPORTATION

Subtitle A—Ocean Transportation Practices

SEC. 901. SHORT TITLE.

This subtitle may be cited as the "Ocean Transportation Practices Act of 1987".

SEC. 902. DEFINITIONS.

In this subtitle:

(1) The term "class of goods" means goods as classified by a data classification system prescribed by regulation by the Commission.

(2) The term "Commission" means the Federal Maritime Commission.

(3) The term "conference" has the same meaning as in section 3 of the Shipping Act of 1984 (46 App. U.S.C. 1702).

(4) The term "documented vessel" means a vessel documented under chapter 121 of title 46, United States Code.

(5) The term "goods" means articles of any kind.

(6) The term "vessel of a foreign country" includes a vessel—

(A) documented under the laws of a foreign country;

(B) on which at least 4 citizens, at least one of whom is an officer, of the foreign country are employed; or

(C) effectively controlled by a citizen of the foreign country.

SEC. 903. INVESTIGATION BY THE COMMISSION.

(a) The Commission shall investigate whether unfair practices are used that directly affect the ability of operators to engage in transportation in the foreign waterborne commerce of the United States—

(1) on the Commission's own initiative;

(2) on a complaint by—

(A) an operator of an affected documented vessel; or

(B) a representative of the crew of an affected documented vessel; or

(3) when, during a period of not more than 12 months (as determined by the Commission), at least 25 percent of any class of goods are transported by common carrier—

(A) from a foreign country to the United States by the vessels of the foreign country; or

(B) from the United States to a foreign country by the vessels of the foreign country.

(b) After beginning an investigation under subsection (a) of this section, the Commission may conduct a preliminary review, not to exceed 3 months. The Commission shall begin an adjudicatory proceeding under subsection (c) of this section if the Commission reasonably believes an unfair practice will be found. A determination not to proceed under subsection (c) must be acompanied by an order setting out the Commission's reasons.

(c) After notice and opportunity for a hearing, the Commission shall find an unfair practice when the acts, policies, or practices of a foreign country unreasonably impair the transportation of goods in the foreign commerce of the United States by documented vessels. In making the finding under this subsection, the Commission shall consider the market share of documented vessels in transporting the goods investigated. In addition, the Commission shall determine whether the acts, policies, and practices of the foreign country—

(1) permit restraint of trade in transportation services, including—

(A) unregulated common management between the shipper and carrier of goods;

(B) special arrangements between the government of the foreign country and the carriers or shippers of that country favoring the use of the vessels of that foreign country; and

(C) any other arrangement unreasonably favoring the vessels of the foreign country in the transport of goods in the foreign commerce of the United States;

(2) deny fair and equitable market opportunities for documented vessels by—

(A) being party to a cargo sharing or reservation agreement to which the United States is not a party;

(B) violating section 13(b)(5) of the Shipping Act of 1984 (46 App. U.S.C. 1712(b)(5)); or

(C) any other agreement or arrangement impairing the access of a documented vessel to the transportation of goods in the foreign commerce of the United States;

(3) deny internationally recognized seafarer's rights, including—

(A) a prohibition on the use of any form of forced or compulsory labor;

(B) a minimum age for the employment of children; and

(C) acceptable conditions, taking into account a country's level of economic development, of work with respect to minimum wages, hours of work, and occupational safety and health.

(d) Unless a foreign government or operator of a vessel of the foreign country, by a preponderance of the evidence, proves otherwise, an unfair practice is deemed to exist when market domination by vessels of the foreign country is found to exist under subsection (a)(3) of this section and—

(1) vessels of the foreign country transport at least 15 percent more of that class of goods being imported or exported than documented vessels; or

(2) a finding has been made under subsection (c)(1) or (2) of this section.

(e)(1) In an investigation or proceeding under this subtitle, the Commission may issue subpoenas to compel the attendance and testimony of witnesses and the production of records or other evidence.

(2) In an investigation or proceeding under this subtitle, a person not complying with a regulation, order, or subpoena is liable to the United States Government for a civil penalty of not more than $5,000 for each day the violation continues.

(3)(A) After notice and opportunity for a hearing, the Commission also may suspend any tariff of a foreign commerce common carrier, or that carrier's right to use a tariff of any conference of which the carrier is a member, when the carrier does not provide evidence required to be provided under a subpoena issued under this subsection in an investigation or proceeding under this subtitle.

(B) On notification by the Commission that a carrier has not provided evidence required to be provided under a subpoena issued under this subsection in an investigation or proceeding under this subtitle, the Secretary of the department in which the Coast Guard is operating shall prohibit that carrier's vessels from entering the United States.

(C) The Commission shall submit immediately to the President an order issued under this paragraph. Within 10 days after receiving the order, the President may disapprove it if the President finds that disapproval is required for reasons of national defense or foreign policy of the United States. If not disapproved, the order of the Commission may be effective only after the end of the 10-day period.

(f) When the Commission makes a finding of an unfair practice under this section, the Commission shall calculate the benefit to the vessels of the foreign country (using the amount of goods in the class) attributable to the unfair practice.

(g) The Commission shall enter its finding under subsection (c) of this section within 6 months of initiating the proceeding. An unfair practice is deemed to exist if the Commission is unable to complete the proceeding within that time because the Commission cannot get the necessary witnesses or records from a foreign country.

(h) The Commission and any other agency of the United States Government having any information necessary to carry out this subtitle shall enter into a joint agreement providing for the sharing of that information.

SEC. 904. NEGOTIATIONS.

(a) If the Commission finds an unfair practice under this subtitle, the Secretary of

Transportation, in consultation with the Secretary of State and the Commission, shall enter into negotiations that makes goods unfairly transported available to vessels of all countries serving that trade by—

(1) removing the unfair practice; or

(2) reducing the level of transportation by vessels of the foreign country by the amount of the benefit those vessels derive from the unfair practice that the Commission has calculated under section 903(f) of this subtitle.

(b) The Secretary of Transportation shall complete the negotiations within 180 days after the Commission finds an unfair practice. If the Secretary considers that further negotiations with a foreign country are necessary under subsection (a) of this section, the Secretary may extend the 180-day period by not more than 60 days.

SEC. 905. PENALTIES.

(a) Unless the negotiations under section 904 of this subtitle have been completed within the time period specified—

(1) the owner of the vessel of a foreign country is liable to the United States Government for a civil penalty equal to the value of the freight on the benefit the vessel derived from the unfair practice that the Commission has calculated under section 903(f) of this subtitle from the date the finding was made under section 903 of this subtitle; or

(2) the Commission may limit or prohibit specific operations of the owner or operator of vessels of a foreign country in the same manner and to the same extent that owners or operators of documented vessels are restricted in that foreign country.

(b) Subsection (a) of this section may be suspended—

(1) in any single case for not more than one year at a time if the President requests the suspension for reasons of national defense or foreign policy; or

(2) temporarily if the Commission finds that documented vessels are not available to transport a class of goods in the foreign commerce of the United States.

(c) Any action taken under this section shall be reported to Congress in writing within 60 days.

SEC. 906. AUTHORIZATION OF APPROPRIATIONS.

(a) In fiscal year 1987, $5,000,000 are authorized to be appropriated to the Federal Maritime Commission to carry out this subtitle.

(b) Civil penalties collected under section 905 of this subtitle shall be credited to the appropriation of the Federal Maritime Commission. The Commission may use the amounts credited under this subsection only to enforce this subtitle.

SEC. 907. EFFECTIVE DATE.

Sections 903(a)(3) and (d) of this subtitle are effective 6 months after the date of enactment of this subtitle.

Subtitle B—Mobile Trade Fairs

SEC. 1110. MOBILE TRADE FAIRS REAUTHORIZATION.

Section 212(B) of the Merchant Marine Act, 1936 (46 U.S.C. App. 1122b) is amended—

(1) by striking out "Secretary of Commerce" each place it appears and inserting in lieu thereof "Secretary of Transportation", and

(2) in the first sentence of subsection (c), by striking out all after "beginning" and inserting in lieu thereof "October 1, 1987.".

TITLE X—INTERNATIONAL AIR TRANSPORTATION FAIR COMPETITIVE PRACTICES

SEC. 1001. MAXIMUM PERIOD FOR TAKING ACTION WITH RESPECT TO COMPLAINTS.

Section 2(b)(2) of the International Air Transportation Fair Competitive Practices Act of 1974 (49 U.S.C. App. 1159b(b)(2)) is amended—

(1) in the third sentence by striking out "but in no event may" and all that follows through "180 days" and inserting in lieu thereof "but the aggregate period for taking action under this subsection may not exceed 90 days"; and

(2) by inserting after the third sentence the following new sentence: "However, if on the last day of such 90-day period, the Secretary finds that—

"(A) negotiations with the foreign government have progressed to a point that a satisfactory resolution of the complaint appears imminent;

"(B) no United States air carrier has been subject to economic injury by the foreign government or an instrumentality of the foreign government (including a foreign air carrier) as a result of the filing of the complaint; and

"(C) public interest requires additional time before the taking of action with respect to the complaint;

the Secretary may extend such 90-day period for not to exceed an additional 90 days.".

SEC. 1002. VIEWS OF THE DEPARTMENT OF COMMERCE AND OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE.

Section 2(b) of the International Air Transportation Fair Competitive Practices Act of 1974 (49 U.S.C. App. 1159b(b)) is amended—

(1) by redesignating paragraph (3), and any references thereto, as paragraph (4);

(2) by striking out the last sentence of paragraph (2); and

(3) by inserting after paragraph (2) the following new paragraph:

"(3) In considering any complaint, or in any proceedings under its own initiative, under this subsection, the Secretary shall—

"(A) solicit the views of the Department of State, the Department of Commerce, and the Office of the United States Trade Representative; and

"(B) provide any affected air carrier or foreign air carrier with reasonable notice and such opportunity to file written evidence and argument as is consistent with acting on the complaint within the time limits set forth in this subsection.".

SEC. 1003. REPORTING ON ACTIONS TAKEN WITH RESPECT TO COMPLAINTS.

Section 2 of the International Air Transportation Fair Competitive Practices Act of 1974 (49 U.S.C. App. 1159b) is amended by adding at the end thereof the following new subsection:

"(e) Not later than the 30th day after taking action with respect to a complaint under this section, the Secretary of Transportation shall report to the Committee on Public Works and Transportation of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate on actions that have been taken under this section with respect to the complaint.".

TITLE XI—SMALL BUSINESS

SEC. 1101. SHORT TITLE.

This title may be cited as the "Small Business Trade Competitiveness and Innovation Act".

SEC. 1102. DECLARATION OF POLICY.

Section 2 of the Small Business Act (15 U.S.C. 631) is amended by adding the following new subsection (b) and redesignating subsections (b) through (e) as subsections (c) through (f), respectively:

"(b) It is the declared policy of the Congress that the Federal Government, through the Small Business Administration, acting in cooperation with the Department of Commerce and other relevant Federal agencies, should aid or assist small businesses, as defined under this Act, to improve their ability to compete in international markets by—

"(1) enhancing their ability to export;

"(2) facilitating technology transfers;

"(3) enhancing their ability to compete effectively and efficiently against imports; and

"(4) increasing the access of small businesses to long-term capital for the purchase of new plant and equipment used in the production of goods and services involved in international trade.".

SEC. 1103. CHANGES IN EXISTING SMALL BUSINESS ADMINISTRATION INTERNATIONAL TRADE OFFICE.

Section 22 of the Small Business Act (15 U.S.C. 649) is amended—

(1) by redesignating subsection (b) as subsection (c) and inserting the following new subsection (b):

"(b) The Office shall work in close cooperation with the Department of Commerce and other relevant Federal agencies, Small Business Development Centers engaged in export promotion efforts, regional and local Administration offices, the small business community, and relevant State and local export promotion programs to—

"(1) assist in developing a distribution network for existing trade promotion, trade finance, trade adjustment, and trade data collection programs through use of the Administration's regional and local offices and the Small Business Development Center network; and

"(2) assist in the aggressive marketing of these programs and the dissemination of marketing information, including computerized marketing data, to the small business community.";

(2) in subsection (c), as redesignated, by adding the following new paragraphs and redesignating the existing paragraphs (1) through (3) as paragraphs (6) through (8), respectively:

"(1) in cooperation with the Department of Commerce, other relevant agencies, regional and local Administration offices, the Small Business Development Center network, and State programs, develop a mechanism for (A) identifying sub-sectors of the small business community with strong export potential; (B) identifying areas of demand in foreign markets; (C) prescreening foreign buyers for commercial and credit purposes; and (D) assisting in increasing international marketing by disseminating relevant information regarding market leads, linking potential sellers and buyers, and catalyzing the information of joint ventures, where appropriate;

"(2) in cooperation with the Department of Commerce, actively assist small businesses in the development and formation of export trading companies, export management companies and research and development pools authorized under section 9 of this Act;

"(3) work in conjunction with other Federal agencies, regional and local offices of the Administration, the Small Business De-

velopment Center network, and the private sector to establish a pilot program which must include, but need not be limited to, the following:

"(A) the identification and publication of existing translation services, including such services available through colleges and universities participating in the Small Business Development Center Program;

"(B) the identification by name and language of each multilingual employee of the Administration in each Administration office and collection and publication of a list of such employees within each office;

"(C) the establishment of a full-time position for one Administration regional office of a translator fluent in a language to be designated by the Administration who—

"(i) shall be available to translate any document submitted by any small business through any Administration office or Small Business Development Center office;

"(ii) shall be available to accompany any trade mission to a country whose population speaks the selected language; and

"(iii) shall report within one year of selection for this duty to the Administrator and the Committees on Small Business of the House of Representatives and the Senate regarding the utility and necessity of creating a permanent function of this nature within the Administration;

"(4) work closely with the Department of Commerce to—

"(A) develop a mechanism for collecting, analyzing, and periodically updating relevant data regarding the small business share of United States exports and the nature of State exports (including the production of Gross State Product figures) and disseminating that data to the small business community;

"(B) make recommendations to the Secretary of Commerce regarding revision of the SIC code to encompass industries currently overlooked and to create SIC codes for export trading companies and export management companies;

"(C) improve the utility and accessibility of existing export promotion programs for small businesses; and

"(D) increase the accessibility of the Export Trading Company contact facilitating service;

"(5) make available to the small business community information regarding conferences on small business issues, including international conferences, sponsored by the public and private sector;"; and

(3) by adding after subsection (c), as redesignated, the following new subsections:

"(d) The Office shall work in cooperation with the Export-Import Bank of the United States, the Department of Commerce, other relevant Federal agencies, and the States to develop a program through which export specialists in the regional offices of the Administration, regional and local loan officers, and Small Business Development Center personnel can facilitate the access of small businesses to relevant export financing programs of the Export-Import Bank of the United States and to export and preexport financing programs available from the Administration. To accomplish this goal, the Office shall work in cooperation with the Export-Import Bank and the small business community, including small business trade associations, to—

"(1) aggressively market existing Administration export financing and preexport financing programs;

"(2) identify financing available under various Export-Import Bank programs, and aggressively market those programs to small businesses;

"(3) assist in the development of financial intermediaries and other multipliers and facilitate the access of those intermediaries to existing financing programs;

"(4) promote greater participation by private financial institutions, particularly those institutions already participating in loan programs under this Act, in export finance; and

"(5) provide for the participation of appropriate Administration personnel in training programs conducted by the Export-Import Bank.

"(e) The Office shall establish a Trade Assistance Division which shall—

"(1) work in cooperation with other Federal agencies to assist small businesses in initiating, preparing for, and participating in any proceedings relating to the administration of the United States trade laws;

"(2) assist small businesses in collecting appropriate data necessary to continue trade remedy proceedings; and

"(3) work with the Department of Commerce, the Office of the United States Trade Representative, and the International Trade Commission to facilitate access to trade remedy procedures for small businesses.

"(f) The Office shall report to the Committees on Small Business of the House of Representatives and the Senate on a semiannual basis as to its progress in implementing the requirements under this section.".

SEC. 1104. SPECIFIC REPORTS REQUIRED.

The Office of International Trade in cooperation, where appropriate, with the Division of Economic Research of the Office of Advocacy, and with other Federal agencies shall undertake studies regarding the following issues and shall report to the Committees on Small Business of the House of Representatives and the Senate within six months after the date of enactment of this title with specific recommendations on—

(1) the viability and cost of establishing an annual, competitive small business export incentive program similar to the Small Business Innovation Research Program and alternative methods of structuring such a program;

(2) methods of streamlining trade remedy proceedings to increase access for, and reduce expenses incurred by, smaller firms;

(3) methods of improving the current small business foreign sales corporation tax incentives and providing small businesses with greater benefits from this initiative;

(4) the effects of State tax systems on the international competitiveness and export potential of smaller firms and recommended policy changes;

(5) methods of ensuring greater representation of the perspective of the small business community in GATT negotiations, including the advisability of having a Small Business Advisor within the Office of the United States Trade Representative;

(6) the volume and dollar amount of goods and services, identified by type, imported by United States trading partners over the past ten years, with recommendations regarding methods of identifying potential export markets for United States small businesses; maintaining and disseminating current foreign market data; and devising a comprehensive export marketing strategy for United States small business goods and services; and

(7) a survey of major United States trading partners to identify the domestic policies, programs and incentives, and the private sector initiatives, which exist to encourage the formation and growth of small business.

SEC. 1105. EXPORT FINANCING PROVIDED BY THE ADMINISTRATION.

Section 7(a)(14) of the Small Business Act (15 U.S.C. 636(a)(14)) is amended to read as follows:

"(14)(A) The Administration under this subsection may provide extensions and revolving lines of credit for export purposes and for preexport financing to enable small business concerns, including small business export trading companies and small business export management companies, to develop foreign markets: *Provided, however,* That no such extension or revolving line of credit may be made for a period or periods exceeding three years. A bank or participating lending institution may establish the rate of interest on extensions and revolving lines of credit as may be legal and reasonable; and

"(B) When considering loan or guarantee applications, the Administration shall give weight to export-related benefits, including opening new markets for United States goods and services abroad and encouraging the involvement of small businesses, including agricultural concerns, in the export market.".

SEC. 1106. SMALL BUSINESS DEVELOPMENT CENTERS.

(a) AUTHORIZATION OF APPROPRIATIONS.—Section 20 of the Small Business Act is amended by adding the following at the end of subsection (z): "There are hereby authorized to be appropriated to the Administration for fiscal year 1988, $5,000,000 to carry out the provisions of section 21(a)(6).";

(b) SBDC INFORMATION DISSEMINATION AND SERVICE DELIVERY.—Section 21 of the Small Business Act (15 U.S.C. 648) is amended—

(1) in subsection (a)(1), by inserting after "enterprises;" the following: "management and technical assistance regarding export promotion and technology transfer;";

(2) in subsection (a), by inserting the following new paragraph (2) and redesignating paragraphs (2) through (4) as paragraphs (3) through (5), respectively:

"(2) The Small Business Development Centers shall work in close cooperation with the Administration's regional and local offices, the Department of Commerce, other appropriate Federal, State, and local agencies, and the small business community to serve as an active information dissemination and service delivery mechanism for existing trade promotion, trade finance, trade adjustment and trade data collection programs of particular utility for small businesses. Such Centers are encouraged to use funds provided under this Act to establish a toll-free telephone number to provide access for small businesses to the assistance provided for under this Act.";

(3) by adding at the end of such subsection the following new paragraph:

"(6) Any applicant which is funded by the Administration as a Small Business Development Center may apply for an additional grant to be used solely to assist—

"(A) with the development and enhancement of exports by small business concerns; and

"(B) to assist in technology transfer,

as provided under subparagraphs (B) through (G) of subsection (c)(3). Applicants for such additional grants shall comply with all of the provisions of this section, including providing matching funds, except that

funding under this paragraph shall be effective for any fiscal year to the extent provided in advance in appropriations Acts and shall be in addition to the dollar program limitations specified in paragraphs (4) and (5): *Provided*, That no recipient of funds under this paragraph shall receive a grant which would exceed its pro rata share of a $15,000,000 program based upon the populations to be served by the Small Business Development Center as compared to the total population of the United States, or $100,000, whichever is greater.";

(4) in subsection (c)(3), by striking subparagraph (B) and inserting the following new subparagraph (B):

"(B) assisting in technology transfer, research and development, including applied research, and coupling from existing sources to small businesses, including—

"(i) working to increase the access of small businesses to the capabilities of automated flexible manufacturing systems;

"(ii) working through existing networks and developing new networks for technology transfer that encourage partnership between the small business and academic communities to help commercialize university-based research and development and introduce university-based engineers and scientists to their counterparts in small technology-based firms; and

"(iii) exploring the viability of developing shared production facilities, under appropriate circumstances;";

(5) in subsection (c)(3), by adding the following new subparagraphs (C) through (F) and redesignating the existing subparagraphs (C) through (H) as subparagraphs (G) through (L), respectively:

"(C) in cooperation with the Department of Commerce and other relevant Federal agencies, actively assisting small businesses in exporting by identifying and developing potential export markets, facilitating export transactions, developing linkages between United States small business firms and prescreened foreign buyers, assisting small businesses to participate in international trade shows, assisting small businesses in obtaining export financing, and facilitating the development or reorientation of marketing and production strategies; where appropriate, the Small Business Development Center may work in cooperation with the State to establish a State international trade center for these purposes;

"(D) assisting small businesses in developing and implementing marketing and production strategies that will enable them to better compete within the domestic market;

"(E) developing a program in conjunction with the Export-Import Bank and local and regional Administration offices that will enable Small Business Development Centers to serve as a distribution network and service delivery mechanism for Bank financing programs, and otherwise identify and help to make available export financing to small businesses;

"(F) working closely with the small business community, small business consultants, State agencies, universities and other appropriate groups to make translation services more readily available to small business firms doing business, or attempting to develop business, in foreign markets;";

(6) in subsection (c), by adding the following new paragraphs:

"(5) In performing the services identified in paragraph (3), the Small Business Development Centers shall work in close cooperation with the Administration's regional and local offices, the local small business community, and appropriate State and local agencies.

"(6) The Deputy Associate Administrator of the Small Business Development Center Program shall develop and implement mechanisms for the sharing of information between Small Business Development Centers or between existing Small Business Development Centers and program applicants."; and

(7) by inserting the following new subsection (d) and redesignating subsections (d) through (k) as subsections (e) through (l), respectively:

"(d) Where appropriate, the Small Business Development Centers shall work in conjunction with the relevant State agency to develop a comprehensive plan for enhancing the export potential of small businesses located within the State. This plan may involve the cofunding and staffing of a State Office of International Trade within the State Small Business Development Center, using joint State and Federal funding, and any other appropriate measures directed at improving the export performance of small businesses within the State.".

SEC. 1107. CAPITAL FORMATION.

(a) LIMITATIONS.—Section 7(a) of the Small Business Act (15 U.S.C. 636(a)) is amended—

(1) by striking "and" at the end of clause (i) of paragraph (2)(B) and by adding after clause (ii) the following new clauses:

"(iii) not less than 85 per centum of the financing outstanding at the time of disbursement if such financing is an industrial mortgage loan under paragraph (16) and is less than $1,176,470, and

"(iv) less than 85 per centum of the financing outstanding at the time of disbursement if such financing is an industrial mortgage loan under paragraph (16) and exceeds $1,176,470:";

(2) by amending paragraph (3) to read as follows:

"(3) No loan shall be made under this subsection—

"(A) if the total amount outstanding and committed (by participation or otherwise) to the borrower from the business loan and investment fund established by this Act would exceed $500,000, except as provided in subparagraph (B);

"(B) if the total amount outstanding and committed (on a deferred basis) solely for the purposes provided in paragraph (16) to the borrower from the business loan and investment fund established by this Act would exceed $1,000,000, such amount to be in addition to any financing solely for working capital, supplies, or revolving lines of credit for export purposes up to a maximum of $500,000 as provided in subparagraph (A); and

"(C) if effected either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate basis if the amount would exceed $350,000.";

(3) by adding the following new paragraphs after paragraph (15):

"(16) The Administration may guarantee industrial mortgage loans under this paragraph to assist any small business concern, including start-ups, in the financing of the acquisition, construction, conversion or expansion of plant or equipment to be used in the United States in the production of goods and services involved in international trade: *Provided*, That such loans are secured by a first lien position or first mortgage on the property financed by such loans: *Provided further*, That the lender agrees to sell the loan in the secondary market as authorized in sections 5(f) and 5(g) of this Act within one hundred and eighty days of the date of disbursement.

"(17) The Administration shall authorize lending institutions in addition to banks to make loans authorized under this subsection."; and

(4) by redesignating the existing paragraph (16) as paragraph (18).

(b) REPORT.—The Administrator of the Small Business Administration shall report to the Committees on Small Business of the House of Representatives and the Senate within six months after the date of enactment of this title as to the viability of creating cooperative Federal-State guarantee programs, particularly for purposes of export financing, to encourage States to coinsure Federal loans, thus permitting the Federal Government to reduce its exposure.

SEC. 1108. SMALL BUSINESS INNOVATION RESEARCH.

The Administrator of the Small Business Administration shall report to the Committees on Small Business of the House of Representatives and the Senate within six months after the date of enactment of this title as to the advisability of amending the Small Business Innovation Research program to—

(1) increase each agency's share of research and development expenditures devoted to it by 0.25 per centum per year, until it is 3 per centum of the total extramural research and development funds, and targeting a portion of the increment at products with commercialization or export potential;

(2) make the Small Business Innovation Research Program permanent with a formal congressional review every ten years, beginning in 1993;

(3) allocate a modest but appropriate share of each agency's Small Business Innovation Research fund for administrative purposes for effective management, quality maintenance, and the elimination of program delays;

(4) determine annually that each agency is clearly in full compliance with the law and that Small Business Innovation Research Program funding is not being accompanied by parallel reductions in other small business programs; and

(5) create pooled solicitations once or twice a year of subjects submitted by agencies expending $20,000,000 to $100,000,000 in extramural research and development funds, to facilitate their involvement in the Small Business Innovation Research Program.

SEC. 1109. GLOBALIZATION OF PRODUCTION.

Within one year after the date of enactment of this title, the Administrator of the Small Business Administration shall submit a written report to the Committees on Small Business of the House of Representatives and the Senate, prepared by the Administration in cooperation with other relevant agencies, that would—

(1) analyze the effect of increased outsourcing and other shifts in production arrangements on small firms, particularly manufacturing firms, within the United States subcontractor tier;

(2) assess the impact of specific economic policies, including, but not limited to, procurement, tax and trade policies, in facilitating outsourcing and other internationalized production arrangements; and

(3) make recommendations as to changes in government policy that would improve the competitive position of small United

States subcontractors, including recommendations as to incentives which could be provided to larger corporations to maximize their use of United States subcontractors and assist these subcontractors in changing production and marketing strategies and in obtaining new business in domestic and foreign markets.

SEC. 1110. NATIONAL CONFERENCE ON SMALL BUSINESS EXPORTS.

(a) CONFERENCE.—The Administration shall conduct a National Conference on Small Business Exports during 1988 in order to develop recommendations designed to stimulate exports from small companies. The Speaker of the House of Representatives (in consultation with the minority leader of the House) and the majority leader of the Senate (in consultation with the minority leader of the Senate) each shall appoint 15 percent of the delegates to the Conference.

(b) ASSISTANCE BY EXPERTS.—For the purpose of ascertaining facts and developing policy recommendations concerning the expansion of United States exports from small companies, the Conference shall bring together individuals who are experts in the fields of international trade and small business development and representatives of small businesses, associations, the labor community, academic institutions, and Federal, State, and local governments.

(c) RECOMMENDATIONS CONCERNING UTILITY OF INTERNATIONAL SUMMIT.—The Conference shall specifically consider the utility of, and make recommendations regarding, a subsequent International Summit on Small Business and Trade that would—

(1) help develop a consensus regarding international and national institutional and policy changes necessary to build an international small business sector capable of long-term growth;

(2) help establish linkages between United States small business owners and small business owners in foreign countries;

(3) enable United States small business owners to learn how others organize themselves for exporting;

(4) permit others to learn how United States small businesses operate in the United States economic environment;

(5) provide small business participants the opportunity to better understand the development of international trade policy; and

(6) foster greater consideration of small business concerns in the GATT.

SEC. 1111. PROMULGATION OF REGULATIONS.

Notwithstanding any law, rule, or regulation, the Small Business Administration shall promulgate final regulations to carry out the provisions of sections 1106 and 1107 within six months after the date of the enactment of this title.

SEC. 1112. EFFECTIVE DATE.

Sections 1106 and 1107 shall become effective on October 1, 1987.

TITLE XII—PATENTED PROCESSES

SEC. 1201. SHORT TITLE.

This title may be cited as the "Process Patent Amendments Act of 1987".

SEC. 1202. RIGHTS OF OWNERS OF PATENTED PROCESSES.

Section 154 of title 35, United States Code, is amended by inserting after "United States", the following: "and, if the invention is a process, of the right to exclude others from using or selling throughout the United States, or importing into the United States, products made by that process".

SEC. 1203. INFRINGEMENT FOR IMPORTATION OR SALE.

Section 271 of title 35, United States Code, is amended by adding at the end the following new subsection:

"(g) Whoever without authority imports into the United States or sells or uses within the United States a product which is made by a process patented in the United States shall be liable as an infringer, if the importation, sale, or use of the product occurs during the term of such process patent. In an action for infringement of a process patent, no remedy may be granted for infringement on account of the use or retail sale of a product unless there is no adequate remedy under this title for infringement on account of the importation or other sale of that product. A product which is made by a patented process will, for purposes of this title, not be considered to be so made after—

"(1) it is materially changed by subsequent processes; or

"(2) it becomes a minor or nonessential component of another product.".

SEC. 1204. DAMAGES FOR INFRINGEMENT.

(a) LIMITATIONS AND OTHER REMEDIES.—Section 287 of title 35, United States Code, is amended—

(1) in the section heading by striking "Limitation on damages" and inserting "Limitation on damages and other remedies";

(2) by inserting "(a)" before "Patentees"; and

(3) by adding at the end the following:

"(b)(1) An infringer under section 271(g) shall be subject to all the provisions of this title relating to damages and injunctions except to the extent those remedies are modified by this subsection or section 06 of the Process Patent Amendments Act of 1987. The modifications of remedies provided in this subsection shall not be available to any person who—

"(A) practiced the patented process;

"(B) owns or controls, or is owned or controlled by, the person who practiced the patented process; or

"(C) had knowledge before the infringement that a patented process was used to make the product the importation, use, or sale of which constitutes the infringement.

"(2) No remedies for infringement under section 271(g) of this title shall be available with respect to any product in the possession of, or in transit to, the infringer before the infringer had notice that the product was made by a process patented in the United States.

"(3) In an action brought for infringement under section 271(g), the court shall take into consideration the good faith and reasonable business practices demonstrated by the infringer and the need to restore the exclusive rights of the patentee.

"(4) For the purposes of this subsection, notice of infringement means actual knowledge, or receipt of notification, that a product was made by a patented process without authorization of the patentee. A notification shall constitute notice of infringement only if it is in writing and sets forth facts which are sufficient to establish that there is a substantial likelihood that the product was made by the infringing process. Filing an action for infringement shall constitute notice of infringement only if the pleadings or other papers filed in the action meet the requirements of a notification set forth in the preceding sentence. For the purposes of this subsection, a person who obtains a product made by a process patented in the United States in a quantity which is abnormally large in relation to the volume of business of such person or an efficient inventory level shall be rebuttably presumed to have actual knowledge that the product was made by such patented process.".

(b) TECHNICAL AMENDMENT.—The item relating to section 287 of title 35, United States Code, in the table of sections for chapter 29 of such title is amended to read as follows:

"287. Limitations on damages and other remedies; marking and notice.".

SEC. 1205. PRESUMPTION IN CERTAIN INFRINGEMENT ACTIONS.

(a) PRESUMPTION THAT PRODUCT MADE BY PATENTED PROCESS.—Chapter 29 of title 35, United States Code, is amended by adding at the end the following:

"§ 295. Presumption: Product made by patented process

"In actions alleging infringement of a process patent based on the importation, sale, or use of a product which is made from a process patented in the United States, if the court finds—

"(1) that a substantial likelihood exists that the product was made by the patented process, and

"(2) that the claimant has made a reasonable effort to determine the process actually used in the production of the product and was unable so to determine,

the product shall be presumed to have been so made, and the burden of establishing that the product was not made by the process shall be on the party asserting that it was not so made.".

(b) CONFORMING AMENDMENT.—The table of sections for chapter 29 of title 35, United States Code, is amended by adding after the item relating to section 294 the following:

"295. Presumption: Product made by patented process.".

SEC. 1206. EFFECTIVE DATE.

(a) IN GENERAL.—The amendments made by this title shall apply only to products made or imported after the date of the enactment of this Act, but shall not abridge or affect the right of any person or any successor in business of such person to continue to use, sell, or import any specific product already in substantial and continuous sale or use by such person in the United States on January 1, 1987, or for which substantial preparation by such person for such sale or use was made before such date, to the extent equitable for the protection of commercial investments made or business commenced in the United States before such date.

(b) RETENTION OF OTHER REMEDIES.—The amendments made by this title shall not deprive a patent owner of any remedies available under subsections (a) through (f) of section 271 of title 35, United States Code, under section 337 of the Tariff Act of 1930, or under any other provision of law.

SEC. 1207. REPORTS TO CONGRESS.

(a) CONTENTS.—The Secretary of Commerce shall, not later than the end of each 1-year period described in subsection (b), report to the Congress on the effect of the amendments made by this title on the importation of ingredients to be used for manufacturing products in the United States in those domestic industries that submit complaints to the Department of Commerce, during that 1-year period, alleging that their legitimate sources of supply have been adversely affected by the amendments made by this title.

(b) WHEN SUBMITTED.—A report described in subsection (a) shall be submitted with respect to each of the five 1-year periods which occur successively beginning on the date of the enactment of this Act and ending five years after that date.

The CHAIRMAN. Under the rule, the gentleman from Illinois [Mr. MICHEL] will be recognized for 30 minutes and a Member opposed will be recognized for 30 minutes.

The Chair recognizes the distinguished gentleman from Illinois [Mr. MICHEL].

Mr. MICHEL. Mr. Chairman, I yield myself 4 minutes.

Let me begin by praising the work of those who put together the bill that emerged from the various committees. I made mention earlier on when the Speaker and I met, the Speaker indicated that one of the primary pieces of legislation he would like to have the House adopt would be a trade bill and asked us to participate in the process. That has taken place, and in good faith.

I am very pleased and happy, particularly with the Flagship Committee, the Ways and Means Committee, that came out with what truly was a bipartisan approach during the course of the deliberations of the Ways and Means Committee.

We also had considerable agreement on several of the other committees; however, there are some objectionable items in the overall measure that I seek in my substitute to delete.

No. 1, of course, is the fact that now having adopted the Gephardt amendment in its purest form makes it an ideal target for the administration or the President certainly to veto the legislation.

I have been proceeding under the proposition all along that what we were aiming for here was something that would ultimately be signed into law, because it is one thing to fence and hem and haw and yell at our trading partners, but it is another thing to rationally sit down with Members on both sides of the aisle and come to some agreement that frankly not only was agreed upon by the two parties here, but after consideration on the other side of the Capitol, ultimately to pass muster at the Presidential level.

Aside from the Gephardt amendment which, of course, our substitute does not include, we do include, the very positive parts of that amendment as incorporated in the Ways and Means Committee proposal.

Second, the Bryant amendment from the Commerce Committee has been deleted from our substitute. We have also deleted the entire banking section of the bill as being far too onerous to pass muster. Finally, the Buy America provision from the Government Operations Committee has also been deleted in our substitute.

So if I might in capsule simply say that what we have here now is a package put together in a very bipartisan way that, in my opinion, does not have the automatic support of the administration downtown, because frankly several of the provisions that we have incorporated in our measure are somewhat objectionable to the folks downtown. Maybe between now and the time of an ultimate decision we can persuade the folks in the administration that some of these provisions are not all that bad.

Frankly, when you take the whole measure into account, there ought to be some bending here and a little more conciliatory attitude on their part to accept some of the things we have done; but on balance, I have to commend those who worked so hard in putting our substitute package together.

So, Mr. Chairman, I am going to yield to other Members who might like to speak both for and against our substitute, and reserve the balance of our time.

The CHAIRMAN. The Chair will inquire whether any Member opposed to the gentleman's amendment seeks to control time in opposition to the amendment.

Mr. FOLEY. Mr. Chairman, I would reserve time on this side. I rise in opposition to the amendment.

The CHAIRMAN. The gentleman from Washington is recognized for 30 minutes.

Mr. FOLEY. Mr. Chairman, I think there are more speakers waiting on the other side.

Mr. MICHEL. Mr. Chairman, I yield 2 minutes to the gentleman from New York [Mr. LENT].

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Mr. LENT. I thank the gentleman for yielding time to me.

Mr. Chairman, I rise in support of the Republican substitute that has been offered to H.R. 3, the Trade and International Policy Reform Act of 1987.

I must admit, it is with much disappointment that I am supporting the Republican substitute. It was stated during general debate on H.R. 3 that a substitute would only be offered if the bipartisan effort broke down. I was hopeful that the bipartisan process would flow completely through the consideration of this trade legislation.

The United States is facing a serious trade problem. U.S. industries face closed markets overseas while imports enter the United States unfairly. As a result, the United States faced a $164 billion trade deficit last year. This situation shows no sign of improvement. Almost every month the United States sets a new record trade deficit. These figures are not abstract—they represent industries which are stagnating or shrinking, jobs which are lost, and investments in new plants and equipment which are made overseas rather than at home.

Congress can no longer stand by and watch American jobs being lost as U.S. manufacturers move overseas or go out of business. Effective action must be taken. That is why I joined both last Congress and this Congress a bipartisan effort by the Energy and Commerce Committee in reporting effective legislation. Last Congress, however, we all are aware that during consideration of the legislation on the floor the bipartisan process broke down. The result was no meaningful assistance to struggling U.S. industries and workers. I would hate to see history repeat itself.

That is why I am supporting the Republican substitute. The substitute contains only the true bipartisan agreements that have been reached. Therefore, it strikes the Banking Committee title; the Government Operations Buy American Act title, and section 703—the Bryant amendment. The substitute contains the bipartisan trade surplus provision that was contained in the original committee print.

The only way effective, strong, well balanced trade legislation will pass this year is through bipartisan efforts. That is what this substitute represents.

I urge my colleagues to return to cooperation and compromise and provide relief to American businesses and workers by supporting the Republican substitute.

Mr. MICHEL. Mr. Chairman, I yield 3 minutes to the gentleman from Iowa [Mr. GRANDY].

Mr. GRANDY. Mr. Chairman, yesterday in this body the gentleman from Missouri rose and eloquently asked us to support his amendment to H.R. 3, and he said, "What I want to ask you to do is think about the interests of the people that live in your district."

Mr. Chairman, I did that, and today I rise in full support of the Michel substitute, because the predominant interest of the people in northern and northwest Iowa is agriculture, and thus far the voice of agriculture has not been heard in this debate.

Let me be a little more specific. Right now this bill primarily targets four countries—Taiwan, Korea, Japan, and West Germany—which accounted in 1985 and 1986 for over 32 percent of all the U.S. farm export sales.

What we are doing with this bill is pitting one sector of the economy against the other—pitting the farmers against the laborers. The supposed purpose of the Gephardt provision is to open up foreign markets. However, what it will do is force hostile retaliation from our trading partners.

The Gephardt amendment puts U.S. trade on a one-way street going in the

wrong direction. We do need a tough trade policy, but with the Ways and Means provisions, we already have it. With this amendment we are asking for disastrous results.

The Gephardt provisions are not going to open up foreign markets, they are going to send a hidden messsage to Americans saying that we are going to stop agriculture exports.

Let me be a little bit more specific about this right now, Mr. Chairman. Currently people who are representing interests that produce and process soybeans in this country are very worried about an arrangement that the European Common Market is currently entering into that would make a 90-percent tariff and tax against U.S. soybean products. The only country that has not participated in that agreement is Germany. The Economic Minister of Germany has publicly stated that with the Gephardt amendment, the Germans are inclined to enter into this agreement and consequently reduce the amount of soybean exports to the United States.

The Gephardt amendment forces U.S. agriculture exports to be stopped, to force this Congress to adopt—the only choice it will have will be to adopt a mandatory supply management policy for American agriculture.

Now there is a lot of talk in this body about this not being a trade bill, this being a jobs bill, and I would agree with every Member who feels that way. But it has been calculated by the U.S. Department of Agriculture that for every billion dollars of retaliation, 30,000 jobs are lost. I would argue that a job saved in the city versus a job lost in the country is still a net gain of zero.

Finally, just let me say, to reiterate something that Mr. GEPHARDT said yesterday, and again very eloquently, he said that 80 percent of our problem is our own failing, it is our own inability to make good products, it is our own inability to produce goods of high enough quality and low enough price.

Mr. Chairman, the quality of our agriculture products is high, and we all know that the price is low. The time is right to sell; the legislation is wrong.

I urge my colleagues to support the Michel substitute.

Mr. MICHEL. Mr. Chairman, I yield 3 minutes to the gentleman from Tennessee [Mr. SUNDQUIST].

Mr. SUNDQUIST. Mr. Chairman, today we have before this body a very special and historical opportunity to pass a bipartisan trade bill. H.R. 2150 is a bipartisan substitute to the Gephardt-amended H.R. 3—it is not a Republican substitute. H.R. 2150 simply strikes the partisan elements of H.R. 3 and makes the trade bill neutral of all politics.

Yesterday's vote on the Gephardt amendment only proved one thing: That there is clear divisiveness on this amendment—which only passed by four votes. This divisiveness transcends political parties—look at the number of Democrats that voted against Gephardt: 55.

We have before us an opportunity to strike the divisive elements of H.R. 3—an opportunity to pass a politics-neutral trade bill—an opportunity to prove to the citizens of this great land that this body has the courage to overcome politics for a much higher goal—the good of our Nation.

Let's put our priorities straight this one time and report out a bill that puts politics aside. Let's think first of preserving American industry, agriculture, jobs—and American lives. Let's guarantee a trade bill this year—a trade bill that is so desperately needed—by voting to strike the political elements of H.R. 3.

Please don't forget that when the Ways and Means Committee, and all the other committees, began the process of putting H.R. 3 together—the intent was bipartisanship. Truly, H.R. 2150 is the bipartisan substitute. H.R. 2150 represents the very best of H.R. 3—and merely takes out the divisive elements.

Mr. Chairman, let us take advantage of this great and unique opportunity to have unity on a policy issue. Let us go to the American people with a clear conscience that we have passed honestly good and responsible legislation.

Further, let us go to our trading partners—not as a group of divided policy makers—but a strong, unified front against unfair foreign trade practices—as a unified front representing the greatest country, the greatest ingenuity and the greatest industrial power in the world.

I invite you to vote for this bipartisan substitute—to stand united—and not divided over a few politically motivated amendments. Vote for a bill we can all stand behind—a bill that will show our trading partners the greatest strength of all—unity.

Mr. FOLEY. Mr. Chairman, I yield 3 minutes to the gentleman from Ohio [Mr. TRAFICANT].

Mr. TRAFICANT. Mr. Chairman, I would like to start out by saying that in my opinion this vote may be the most important vote that we cast this year.

For some Members—although they look back and forth at each other now—for some Members and their districts this may be the most important vote that they cast in their entire careers. In fact, I liken the United States today to Dodge City, and the U.S. House of Representatives to the OK Corral. The fight is on today on the budget deficits, because the budget deficits cannot be separated from America's great trade deficits.

□ 1410

And the trade deficit can be dealt with today by affirming the position of this House that we will not be the weak sisters on the block internationally any longer.

Probably no Member has more respect in this House than the gentleman from Illinois [Mr. MICHEL], the minority leader. I am a Democrat, that is true, and I may not support the gentleman on many occasions. But I would say that most of the Members on this side of the aisle have the greatest and overwhelming respect for maybe one of the greatest minority leaders ever in this House. But maybe the gentleman from Illinois is taking the battle of his side of the aisle too much on his own shoulders today.

To pass the gentleman's amendment would be to weaken a bill that has met the scrutiny and tremendous debate of this House. It would weaken the legislative remedy that the House is fashioning. Let there be no mistake about that.

Any attempt to denigrate the legislation that has been formed through hours of great debate, maybe the greatest hour this House has had, would be foolish.

So I am saying we do not work for the railroad, but let us send a signal. Let us send a message today, and let us send it to the Nation. Even though Members on our side of the aisle may disagree, America will not be ripped off any longer and we are not going to water down a bill that we have debated here so eloquently.

Let us defeat the Michel amendment. Let us let stand a legislative act in this body that will help America and help our children, and for those of my colleagues who talked about lost jobs, I have the patent on it.

The trade policies of America are an indictment not only to your President, our President now, Mr. Reagan, but to others that preceded him. Let us stand together today and let us defeat the Michel amendment. Let us continue to support the Gephardt amendment in conference, and let us help our country turn around these trade deficits.

Mr. MICHEL. Mr. Chairman, I yield 3 minutes to the gentleman from New York [Mr. HOUGHTON].

Mr. HOUGHTON. Mr. Chairman, I thank the gentleman from Illinois for yielding me this time.

Mr. Chairman, I have done a little figuring and we have had 13 amendments since we started the discussion on Tuesday. We have had 20 hours of debate, and we have had over 300 speeches, so it seems to me that we probably do not need another speech on the philosophy of trade from this Member from New York. We know the United States is not an island. We know we live in a world which exists on an exchange of goods, $2 trillion to

be exact at the last count, so let me focus on the Republican alternative not because it is a Republican bill but because it really echoes the essence of the bill that came out of the Committee on Ways and Means.

I speak as a Member of this House, but what I say really comes from my background as a former businessman. The previous speaker may indicate that this is a weakening of the bill. It may be a weakening from a legislative and a legal standpoint, but it is not from an economic standpoint.

I have lived and breathed in the world of international trade for 35 years, and it seems to me that we are facing three broad themes which have been the subject of much reflection, and also has been through the House once last year.

The first is the transfer of authority to the USTR. Trade is not given proper emphasis. It has not been since World War II.

A Cabinet officer should be accountable and should not be a figurehead.

The second is in terms of the import relief provisions, commonly known as section 201, the escape clause. This is to help industry help itself and be more competitive. It is important; it is timely, and it is practical.

The third is to stop targeting. There is a section called 301 which needs to be made mandatory rather than optional. It is extremely important.

Those are the things which are critical, as far as I am concerned, vis-a-vis the trade issue.

Is our law going to cure the trade deficit? No, but it will help

What we produce today should not only be a signal to the rest of the world, but a positive document, not a vice on foreign trade. It is an enabling document to those who want to increase the $220 billion we already have in exports today.

Our job is not to threaten; no one gets business by threatening its customers. Our job is to tell our customers, We want your business. We want to sell in your country, but we must have reasonable, fair rules—if you sell here.

If that is the case, then the great competitive spirit of this country is going to take over, and we will win the day.

Mr. MICHEL. Mr. Chairman, I yield 1 minute to the gentleman from California [Mr. LAGOMARSINO].

Mr. LAGOMARSINO. Mr. Chairman, I thank the gentleman for yielding time to me.

Mr. Chairman, I urge my colleagues to support the Michel substitute which will expand U.S. exports and lower our trade deficit. The Michel substitute incorporates the best provisions of H.R. 3 but deletes those sections of the bill that are likely to reduce international trade and invoke a Presidential veto. H.R. 2150 imposes strict negotiating objectives on the administration but protects Presidential prerogatives in negotiating to lower our trade deficit. The Michel substitute contains the Ways and Means Committee compromise but rejects the Gephardt amendment which would severely damage our economy, reduce our international competitiveness, and embroil us in trade conflicts with our trading partners.

Mr. Chairman, the Michel substitute excludes the Bryant provision which imposes inflexible and burdensome reporting requirements on foreign investors in the United States. This provision has the potential to discourage foreign investment, jobs, and new technology that such added capital investments bring. The Michel substitute excludes the provision in H.R. 3 which would establish an industry adjustment advisory group to make industrial policy recommendations as part of section 201 cases. In this time of fiscal restraint we do not need a new bureaucracy with a large budget to gather and disseminate information. That is already performed by many advisory bodies.

I strongly encourage my colleagues on both sides of the aisle to support the Michel substitute.

Mr. FOLEY. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from New Jersey [Mr. HUGHES].

Mr. HUGHES. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, yesterday's debate was one of the finest I have seen in my some 12½ years I have been in Congress. While I did not support the Gephardt amendment, I thought he probably made one of the most eloquent speeches that I had heard since serving in this body, and I regret that I was on the other side of my good friend and eloquent colleague from Missouri.

I oppose the Michel amendment, because I view Michel really as much more of the same. It does much more than eliminate Gephardt. While I regretted that Gephardt carried, I am going to support the bill in final passage, because there are so many good things in this legislation, so many things that are needed, and I have lost many industries in my district, like my colleague from Illinois has.

I think that the status quo, what we have seen for so many years, is just today unacceptable. We see our industries destroyed one after another by dumping and all kinds of unfair trade practices, and a bill that came out of the committee was a finely tuned, well-balanced piece of legislation.

We have to send a very strong signal to our trading partners that we in fact do want to work on a level playing field, that we want them to treat us as a trading partner like we have treated them. We do not always receive that kind of treatment in the the world. Unfortunately, I think that the Michel amendment represents a retreat. It takes out important banking sections in the bill, Government procurement sections, and in essence it does a great deal of damage.

I would urge my colleagues not to support Michel and support the bill on final passage.

Whether you voted for Gephardt or not, I have no doubt that in the other body we are going to get something that is a lot more balanced, in any event, and that is the approach we should take.

It is a strong signal by supporting the legislation we have before us in defeating Michel.

Mr. FOLEY. Mr. Chairman, may I inquire how much time we have remaining?

The CHAIRMAN. The gentleman from Washington [Mr. FOLEY] has 25 minutes remaining; the gentleman from Illinois [Mr. MICHEL] has 15 minutes remaining.

Mr. FOLEY. Mr. Chairman, I reserve the balance of my time.

Mr. MICHEL. Mr. Chairman, I yield 3 minutes to the gentleman from Ohio [Mr. WYLIE].

Mr. WYLIE. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I rise in strong support of the Michel substitute. Because of the $170 billion trade deficit last year, and the impact of certain trade practices by other countries on our industries, there is a lot of public pressure for trading legislation.

The problem is more acute in other districts than it is in my own, and yet I get a lot of mail and a lot of talk about quotas, tariffs, in favor of mandatory retaliation.

□ 1420

The Committee on Ways and Means came up with a good bipartisan approach which I supported. I think the Gephardt amendment politically polarized the issue.

Other committees came up with a reasonable bipartisan approach. The Banking Committee did not.

Chairman Volcker, Treasury Secretary Jim Baker, Deputy Secretary of State John Whitehead all said to the Speaker that the international debt facility to buy bad bank loans from other countries and remarket them in an international secondary market is not a good idea. The proposal left more questions than it answered.

Who is going to put up the money for this new international bank? And how much? Also included in the banking title is the Competitive Council. It started out as a council to centrally manage trade practices, to pick prospective winners and losers in the international trade market.

Now it calls for an advisory council to be appointed by the President which is duplicative and costs money.

Another provision mandates a competitive exchange rate for the dollar indexed to all appropriate currencies. The dollar is still the reserve currency of most countries. Why should its value be tied to the currency of other countries?

As I said, the banking title leaves more questions than it answers.

Some of these questions are, how much is the international debt facility going to cost? Who is going to pay for it? Do we want the U.S. taxpayer to put up money for bailing out not only U.S. banks but European banks and Japanese banks? Why should the U.S. Congress be asking the taxpayers of the United States to bail out the profligate countries and banks which have borrowed and lent beyond sound limits? There are simply too many questions, Mr. Chairman, to be answered about this internationl debt bail-out facility to make it a requirement in this bill. I urge support of the Michel substitute which gets rid of this new international bureaucracy.

Mr. MICHEL. Mr. Chairman, I yield 2 minutes to the gentleman from Indiana [Mr. COATS].

Mr. COATS. Mr. Chairman, I am one of those Members who had deeply hoped that we would have a bipartisan trade bill with which we could send not only a signal, but a bill that had every chance of achieving Senate support and Executive support and would become law so that we could bring about the needed trade reforms that are necessary in our country's policies.

I am disappointed that I am even here talking about the need to support the Michel amendment because had the amendment process worked in this past day and a half we would have before us a truly bipartisan bill.

The inclusion of the banking provision and inclusion of the Gephardt amendment destroys that bipartisanship, jeopardizes the nature of the trade bill and makes it one that is much more of a political document than an effective document designed to bring about needed trade reforms, and improve the balance of trade and bring jobs to American workers.

Now, many have said, "Well, the Senate will hopefully clean it up." And I hope that is the case. I hope when this process is done we can have a piece of legislation which we can support in a bipartisan way which will bring about those trade reforms so important to the American economy and to the American worker.

But I deeply regret that this body has chosen not to bring about those reforms on this floor and not to send forth a document that has clear support from both sides of the aisle.

The gentleman from Illinois [Mr. ROSTENKOWSKI], Democrat, presented an eloquent defense and argument in favor of the committee position as opposed to the Gephardt position.

I think the arguments that he made testifies to where we ought to be going with this bill. The closeness of that vote, failing by only 4 votes, hopefully will bode well for us bringing back a package here that we can all support. I urge my colleagues not to support the Michel amendment which brings about that piece of legislation that we can all stand behind and would hope that we could have a favorable vote on that in the minutes ahead.

Mr. MICHEL. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Texas [Mr. DELAY].

Mr. DELAY. Mr. Speaker, most of the arguments have been made for and against the committee bill with the Gephardt amendment in it. I just say to my Members that if you will not listen to economic law or economic history or even common sense, then maybe you will listen to news from the real world. I would like to give you a preview of what happened yesterday as a result, at the same time this House passed the Gephardt amendment. I quote from the Wall Street Journal, headline: "Stocks Give Up Half Their Gains After Gephardt Measure Is Passed." Headline: "Dollar Declines On House Vote On Trade Bill."

I would like to take a couple of quotes from these articles:

The narrow passage of the House of an amendment to a trade bill, which mandates reduction of other nations' large trade surpluses with the United States sent a shudder through all the financial markets. The bond market and the dollar reacted even more violently to passage of the bill, crumbling after news of the amendment, sponsored by Represenative Richard A. Gephardt (D. MO)—

Circulated through the markets.

The dollar fell sharply late yesterday afternoon after the House approved a trade provision widely viewed as protectionist. Trading was listless yesterday until the House vote. Then "it got wild and hectic."

For those of you who voted for the Gephardt amendment just to send a message, your message has been received. Now, let us bring a little reasonableness back to this House. Let us send a message to the world that Gephardt is an insane amendment, that this House can pass commonsense type legislation.

Let us support the substitute by the minority leader, Mr. MICHEL.

Mr. MICHEL. Mr. Chairman, I yield 1 minute to the gentleman from New Hampshire [Mr. GREGG].

Mr. GREGG. I thank the gentleman. I would just point out trade legislation is not a game of dressup. This is real politics. Members should make a distinction here as to whether or not they wish to pass a political bill or whether they wish to pass a substantive bill.

The question is whether or not we are going to move forward in an attempt to address trade in a manner which is constructive or in a manner which is elective.

In my opinion we have a reasonable choice here. This is a bipartisan amendment proposed by the Congressman, Mr. MICHEL, and an amendment which sees great opportunity for redressing the very serious trade deficit which we now face.

Mr. MICHEL. Mr. Chairman, I yield such time as he may consume to the gentleman from Pennsylvania [Mr. SCHULZE].

Mr. SCHULZE. I thank the gentleman for yielding time to me, I would like to pay tribute to his leadership in the effort to craft this substitute.

Mr. Chairman, I rise in support of the Republican substitute.

The Republican substitute is similar to H.R. 3 except in key areas where it makes improvements.

The most important difference in the Republican substitute is that it excludes the Gephardt amendment. Yesterday's debate outlined very clearly the serious problems that the Gephardt amendment will create. Outside of the faulty reasoning behind the amendment and the economic harm it will cause overall, the worst part about it is that it may mean we will fail to pass a trade bill this year and if we do, it will likely be vetoed.

The Republican substitute keeps intact the original Ways and Means titles, which demonstrates the wide bipartisanship for them. However, other committees did not craft their sections of H.R. 3 in the same responsible spirit that Ways and Means did.

For example, the Banking Committee's section of the H.R. 3 was not supported by most of the minority members on the committee and includes provisions that will be detrimental to our economic well-being. This section, which would bail out banks that made loans to Third World countries would only end up costing the taxpayer billions and fueling our already highly gassed budget deficit. The exchange rate provisions would cause dangerous speculation in capital markets and unrealistically rely on exchange rates to remedy the trade deficit. The Republican substitute has deleted such irrational provisions.

The substitute has also deleted a section of H.R. 3 that would erect barriers to foreign investment. The timing and reasoning behind such a provision is unwise, especially at a time when we are actively going after these exact barriers overseas. We have long urged for national treatment in the area of foreign investment and we should not now be making an about face.

The guiding force behind these and other changes made to H.R. 3 as contained in the Republican substitute only attempt to improve the trade bill in a bipartisan and responsible fashion. Let's pass a trade bill which will knock down trade barriers everywhere and demonstrate our heightened capacity to be the No. 1 economic leader worldwide.

I urge my colleagues to support the Republican substitute.

Mr. MICHEL. Mr. Chairman, I yield 2 minutes to the gentleman from Illinois [Mr. CRANE].

Mr. CRANE. Mr. Chairman, I think we are at the moment of truth when we are going to decide whether this body indeed wants any kind of trade reform. The fact of the matter is the Michel substitute preserves the most bipartisan input in this bill and that is what was achieved by our distinguished chairman of the Committee on Ways and Means, DAN ROSTENKOWSKI. That portion of the bill remains intact in the Michel substitute. The more partisan consideration, whether it is the Gephardt amendment, the Buy American provision, or the banking provision. Our colleague, the ranking Republican on the Banking Committee noted, "Do we want, at some future time, American taxpayers bailing out European banks as well as American banks?"

With regard to the Gephardt amendment, we know that this is calculated to trigger mirror legislation because our trading partners have already informed us thus. Thus we are condemning ourselves in perpetuity to running trade deficits. We must anticipate the time will come when we will be producing trade surpluses again and we can get the same treatment. We have asked for it if we include that Gephardt sledgehammer in the bill.

In addition, the banking provision is probably the most protectionist, jingoistic feature of this bill. It is an unconscionable thing, especially when there are so many Members in this body concerned with military procurement, trying to hold down the defense costs as a percentage of our budget.

So I would urge all of my colleagues to recognize that unless we support the Michel amendment as a reasonable kind of compromise, you can forget about trade legislation this year because the fact is the votes are here to sustain a veto, and a veto has been promised if the Gephardt amendment remains in it.

Mr. FOLEY. Mr. Chairman, I yield 3 minutes to the gentleman from Missouri [Mr. VOLKMER].

□ 1430

Mr. VOLKMER. Mr. Chairman, I rise in strong opposition to the substitute from my good friend, the gentleman from Illinois [Mr. MICHEL]. If we follow the lead of the gentleman from Illinois, who has seen detrimental effects in his district to imports, we would just be carrying on the same thing that we have been doing for the last 4 and 5 years.

We continue to see both our manufacturing concerns and our agriculture producers being impeded by restrictions in other countries to their products being sold in other countries that now come into this country and sell freely, but will not permit our products to be sold in their countries.

I have heard here that the Gephardt amendment would have dire effects on the economy. No, it is just the opposite. What it says is that you, whatever country you are that are presently freely trading in this country, but will not permit our products to be sold in your country, you have to make a decision, and that decision is yours, not this country's. That decision is that if you want to continue to sell freely in this country, you are going to have to open up your borders to our products.

That is all that it basically says. It is a decision that they have to make. Why should they not make it? Why should a plant in my district that 3 years ago had 600 people working for it, making the best silicon in the world, and they tried to sell in other countries better product than they have, cheaper than they have, but they could not sell because the other country said no. Today, that plant only has about 300 people working for it.

Why do the other countries not open their borders to our products? Yes, and it is agricultural products.

I have heard that this bill is bad for agriculture. Why do not other countries let us sell beef in their country? Why do they not let us sell plywood in their country? We can make plywoods cheaper and better than many other countries, but they will not let us sell it there.

We can produce, freeze, ship our choice beef to these other countries, but they say they will not let it within their borders. But they will sell billions of dollars worth of products in this country.

The Gephardt amendment stops that. It says, you open up your borders to our products if you want to sell in this country. You make the decision. It imposes no restrictions on other countries selling into this country as long as they abide by the same rules of fair play that we do.

All we are asking for is a plain, level playing field. Everybody play by the same rules. Everybody open up their borders and we will see who can compete.

My farmers can compete with any farmer in the world. My manufacturing concerns, in most instances, can compete, but they cannot compete if the other country will not let them sell. They stop it right at the border and say, "You do not even have a chance. No sense in sending any salesmen in here, we are not going to buy."

Secretary Lyng just returned from one of those countries, spent a week there. That country said, "We are not going to buy any more of your agricultural products. We are not going to open up our borders to your products because it will hurt our farmers. We are not going to let you sell any more beef here; we are not going to let you sell one grain of rice, no plywood, no more citrus," but they sell billions and billions and billions of dollars worth of products in this country.

I say let us defeat the Michel amendment; let us adopt the trade bill and let us get on with fair trade.

Mr. FOLEY. Mr. Chairman, I yield such time as he may consume to the gentleman from Pennsylvania [Mr. COYNE].

Mr. COYNE. Mr. Chairman, I rise in support of H.R. 3.

Mr. Chairman, who among us today would deny that this is a critical time for U.S. trade. We have a staggering trade deficit and so far it has resisted our best attempts to reverse this trend. We have, however, a great opportunity this week to take a giant step in the right direction. We have before us a bill that provides real solutions to seemingly impossible problems.

How bad is the problem? Well, consider some of the following facts about U.S. trade:

In 1950, the United States produced about 40 percent of the world's goods and services. By 1980, that percentage had fallen by nearly half to 22 percent.

In 1986, the United States lost its log-held position as the world's largest exporter to West Germany. And, now our hold on second place is precarious as well.

In 1980 when this administration took office, the U.S. trade deficit stood at $40 billion. In 1986, the trade deficit topped out at $170 billion. The trade deficit now represents a staggering and unprecedented 4 percent of the country's GNP.

In 1986, the United States ran a trade deficit in high technology products and services for the first time. High technology had long been expected to be the anchor of our economic future, but our leadership in that area is threatened.

Between 1979 and 1982, U.S. exports to Latin America slumped by more than $3 billion, while imports from that region shot up by more than $9 billion.

Clearly, the numbers provide a sobering, almost depressing, assessment of this Nation's dramatic fall from prominence in the international marketplace. The experts say that this year we can expect to trim some $30 billion to $40 billion from last year's record trade deficit. I am not at all convinced that under the present trade policies we can achieve that goal.

In dealing with our major trading partners we have tried gentle persuasion. We have tried negotiation. We have tried sanctions and we have tried public pressure. Still the problems persist.

In dealing with American industry we have tried revamping the tax system. We have provided incentives to industry to spur innovation. We have devoted millions of dollars to industrial research and development. And, further this administration has gone the extra mile to ease what they perceive to be restrictive regulations on business. And yet the trade deficit continues to grow. Many of my constituents want to know what else is left for us to do.

My answer is that we should pass this trade bill. The provisions in the bill would provide all of the tools we need to strengthen America's hand against unfair trade practices and start on the road toward reducing this enormous trade deficit. The bill establishes new procedures that will ensure fair and consistent enforcement of our trade laws without erecting protectionist barriers against any products from any nation.

One of the most important steps mandated by this legislation is the transfer of authority from the President to the Trade Representative for determining whether a foreign trade practice is unfair, and to determine and implement any remedial actions deemed appropriate. By enhancing the role of the Trade Representative as a Cabinet-level official, this provision would not weaken the hand of the President in setting trade policy, but rather it would strengthen the negotiating ability and the credibility of the Trade Representative. In any event, the President would always retain the power to direct the Trade Representative on what, if any, remedial actions to take.

This bill would also attempt to place the United States on more equal footing with those nations which do not have minimum wage and labor standards for their workers. Any nation failing to permit collective bargaining, set a minimum age for child workers or that engages in compulsory or forced practices would be considered as using unfair trade practices and subject to some type of U.S. sanction. Thousands of American workers have been displaced by products produced in nations where workers are paid a fraction of the wage earned by U.S. workers.

In cases where workers are displaced by the types of unfair trade practices I have just mentioned, the bill takes a giant step toward ensuring we keep our best workers on the job. The bill sets up a system that would give workers displaced by imports a $4,000 voucher they could use for retaining and, if necessary, relocation, to areas with jobs. This is a sensible approach to the problem of displaced workers and gives them short-term income assistance at a small cost to the Government. In exchange we will retain our best workers and build a workforce for tomorrow's industries.

With this bill we are drawing a comprehensive road map for trade policy well into the next decade; a policy that recognizes the obligation and responsibility of the Federal Government to protect the rights of its workers and its industries against unfair foreign competition. This bill, is not, as many are changing, protectionist legislation. On the contrary H.R. 3 is a blueprint for expansion, and it will create far more opportunities for growth, economic prosperity and guarantee a stable industrial and agricultural base while promoting a competitive international economy. I urge my colleagues to approve this historic trade legislation.

Mr. FOLEY. Mr. Chairman, I rise again in opposition to the Michel amendment, and I yield back the balance of my time.

Mr. MICHEL. Mr. Chairman, I yield 4 minutes to the gentleman from California [Mr. LEWIS], the cochairman of our Task Force on Trade, who developed, in no small measure, the ingredients of our substitute.

Mr. LEWIS of California. Mr. Chairman, I rise today with some considerable mixed emotion, for it was early in this legislative process that the gentleman from Illinois [Mr. MICHEL] called upon me and the Republican Research Committee to form a task force in an effort to respond to Speaker JIM WRIGHT's call for a bipartisan effort to deal with the problem of trade, particularly the problem of our trade imbalance, to attempt to shape and measure how we could change the law to impact in a positive way the difficulty we were facing in the world marketplace.

We began a series of meetings that have now carried on for some couple of months, bringing our ranking members from the various committees that are involved together regularly, bringing other Members of the House who have specific input and expertise to provide, hammering out title-by-title where we had agreement with the administration's position, where we had agreement with major players on the majority side of the aisle, and indeed, where we had a good deal of communication with the other body as well.

Particularly, I would like to point to the work that was done by the Committee on Ways and Means. The members of that committee, on both sides, went a long, long way towards hammering out one of the finest compromises I have even seen develop in this House.

There were people who come from extreme positions; some who also would admit they are in the business of building walls; people who believe that there should be no limitation at all in any country either way relative to trade. They began to talk to one another, and the language fashioned by that committee in those pertinent titles was very important to the work that we are about today.

Then we came to the floor, and after serious debate, yesterday, by a very marginal vote, four votes, we passed that which some have called the Smoot-Hawley-Gephardt, an amendment that violates that bipartisan effort in my judgment, an amendment that builds in automatic penalties that could take us down the road toward trade war in the world.

We have had some experience with that sort of public policy in the past and those who know the history of our economy know we cannot afford to return that trip down that path.

Indeed, the vote was very close, but most important, it demonstrated that if we are going to get a package that is acceptable to both House and acceptable to the administration, we cannot tolerate that language.

There are other elements of the bill that have been discussed extensively. Language with the energy sections and the banking sections that dramatically impacts public policy in terms of free trade and in terms of our ability to sustain our own economy. We must have changes in those sections if the bill is going to be acceptable.

One element that I think the American public ought to be aware of is the establishment of kind of a World Bank entity that would buy down some of the debt in developing countries, relieve those countries of debt on the one hand, but some have suggested buy off bankers who have made bad political decisions in the past, and do so by way of the taxpayers' support.

Major changes are needed. We are on the edge of successful bipartisan work here.

I would urge the House to realize how important that close vote was yesterday. Compromise is ahead of us. If we use our good instincts in terms of good public policy, we are going to get a trade bill to the President's desk that not only will be signed, but which will be good for our economy and the free world as well.

Mr. MICHEL. Mr. Chairman, I yield myself the balance of my time.

Mr. Chairman, I simply take this opportunity to thank, No. 1, the distinguished Speaker for the opportunity accorded the minority in the consideration of this measure. I think our original agreement was pretty much agreed to from the standpoint of permitting the minority to be players in the consideration of this legislation.

□ 1440

I must confess that I do have regrets that by a very, very narrow margin we included the Gephardt amendment. I would like to think that it might be possible for several of those Members to have second thoughts so that we might yet turn that around.

Be that as it may, despite the fact that I can read the tea leaves around here, I still felt it was our obligation and responsibility to offer this substitute in good faith to minimize the onerous provisions that were so well pointed out by the gentleman from California and that might very well serve as the lightning rod for an ultimate veto.

We are not at all sure what the other body might do with this piece of trade legislation. I want a trade bill. I think all the players involved here want some kind of trade legislation. That is the way we have proceeded on this side of the aisle, and that is the reason for our having submitted the substitute, to make certain that we have that much better leg up in finally getting something the President himself will sign.

Mr. Chairman, having made those comments, I prefer going on to a vote and finalizing the amendment.

Mr. SCHAEFER. Mr. Chairman, I wish to express my support for H.R. 2150, the substitute trade bill. H.R. 3 represents a broad, bipartisan effort to deal with our massive trade deficit. However, it contains a number of provisions that would harm this effort. This substitute trade bill, which I am proud to cosponsor, keeps the best of the bipartisan effort, but deletes the harmful provisions.

The Buy American provision of H.R. 3 would limit foreign competition in the Federal procurement process. We already have such a measure on the books, and this would merely complicate current efforts to open foreign markets. Further changes may create a backlash against American firms, and would force the closure of U.S. procurement markets.

Moreover, I believe the Bryant provision would restrict foreign investments and ownership within this country. The Commerce Department already monitors foreign investments, and by further restricting them, we invite other countries to restrict our investments abroad. Foreign investments build new plants and provide new jobs by providing the necessary capital, and we certainly cannot afford to discourage capital formation at this time.

Finally, I oppose the banking provisions included in H.R. 3. These would develop an international debt facility to restructure loans for developing countries. This would increase Federal spending in the Third World, while at the same time weaken our banks holding these loans.

A trade bill without these provisions is a strong message to our trading partners that we are serious in addressing our trade deficit. Let us keep the best of our trade proposals, and reject the harmful elements. I urge my colleagues to support this substitute trade bill.

Mr. INHOFE. Mr. Chairman, I rise in support of the Michel substitute. Unless the Michel substitute is approved, this Chamber is in grave danger of doing more to exacerbate long-term difficulties than to reduce the trade deficit.

Much of the debate this week has reflected a "feel good" approach to a serious situation that will do little to address the causes of the trade deficit. Too often, Members have played down or totally ignored some inescapable facts:

First, we are part of an international trading system, and we cannot retreat into isolationism and protectionism without great cost in jobs and economic productivity.

Second, reduction of the trade deficit requires reduction of the budget deficit, and yet we are considering legislation that will both add several billion dollars to the budget deficit and worsen current trade problems.

Third, there are no "quick fix" solutions to the trade deficit—its causes and consequences are much too complex to lend themselves to easy answers.

Instead of indulging in political grandstanding, we should be working on a responsible long-term policy that encourages the opening of foreign markets, the reduction of barriers, and the marketing of exports. Many of the provisions of the Ways and Means trade bill, which is the core of the Michel substitute, promote these goals. It needs some more work, but it is far better than the Gephardt-amended trade bill.

I urge my colleagues to think again about the trade bill as it now stands. Think about the likely consequences for agriculture, the prime target for early retaliatory measures. Consider the fact that every $1 billion in U.S. agricultural exports supports 25,000 U.S. jobs and $1.4 billion in economic activity. Think about the people who are dependent on these exports for their livelihood. The Gephardt amendment is particularly worrisome because it would target countries that buy nearly one-third of all U.S. farm exports and nearly one-quarter of all U.S. wheat exports.

Our farmers simply cannot withstand the probable consequences of the Gephardt amendment. In Oklahoma, where agriculture is our number one industry, our economy is already battered and our farmers are hurting. We cannot afford to lose export markets for our agricultural products.

The aerospace industry is also highly export-dependent, and it is the largest source of employment in the First District of Oklahoma. Its employees and their dependents are very vulnerable to retaliatory actions. If we start a trade war now with ill-advised legislation, we will endanger these jobs in a region where jobs are scarce.

It's not just my home State that will be adversely affected by this trade bill as it currently stands, and it's not just agriculture and a few industries. One out of every six manufacturing jobs in the United States is tied to exports. There are a total of about 13.6 million trade-related jobs that would be threatened by a turn toward protectionism and escalating retaliation.

Farmers and business people in Oklahoma have expressed great concern about the emotional rhetoric that has engulfed the trade debate. They warn against politicizing and polarizing the trade issue. In order to export, they and their organizations have to be able to work with foreign governments, and protectionist actions by Congress poison any atmosphere of cooperation.

Every one of these people has been affected by the trade deficit. Every one of them wants to see it reduced. But every one of them is also worried that Congress is going to go too far and precipitate a trade war. They know that a trade war means worldwide recession and the loss of jobs here at home.

The Gephardt amendment goes too far. It is an artificial, politically motivated approach that has no relation to realistic market considerations. Fortunately, we have a President who will veto any trade bill that is so blatantly protectionist. Unfortunately, some much needed provisions would also be lost—including the extension of negotiating authority needed for the Uruguay round of GATT talks.

There is no question that our trading partners will respond in kind to protectionist laws passed by this Congress. If anyone doubts that, I urge them to review recent trade history including the cedar shingle incident with Canada.

Our economy and our constituents' jobs are tied too closely to the international market to jeopardize them with short term, politically motivated trade legislation. Let's clean up H.R. 3, not weigh it down with protectionist measures. The Michel substitute provides a good basis from which to devise responsible trade policy. If you want a trade bill that provides tools for improving our trade balance, vote for the Michel substitute.

The CHAIRMAN. All time has expired.

The question is on the amendment in the nature of a substitute offered by the gentleman from Illinois [Mr. MICHEL] as modified.

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. MICHEL. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 156, noes 268, not voting 9, as follows:

[Roll No. 77]

AYES—156

Archer	Hastert	Penny
Armey	Hefley	Petri
AuCoin	Herger	Porter
Baker	Hiler	Pursell
Bartlett	Holloway	Quillen
Barton	Hopkins	Ravenel
Bateman	Houghton	Regula
Bereuter	Hunter	Rhodes
Bilirakis	Hyde	Roberts
Bliley	Inhofe	Rogers
Boulter	Ireland	Roth
Broomfield	Jeffords	Rowland (CT)
Buechner	Johnson (CT)	Saiki
Bunning	Kasich	Saxton
Burton	Kolbe	Schaefer
Callahan	Konnyu	Schneider
Chandler	Kyl	Schuette
Cheney	Lagomarsino	Schulze
Coats	Latta	Sensenbrenner
Coble	Leach (IA)	Shaw
Coleman (MO)	Lent	Shumway
Combest	Lewis (CA)	Skeen
Courter	Lewis (FL)	Slaughter (VA)
Craig	Lightfoot	Smith (NE)
Crane	Lott	Smith (TX)
Dannemeyer	Lowery (CA)	Smith, Denny (OR)
Daub	Lujan	Smith, Robert (NH)
Davis (IL)	Lukens, Donald	Smith, Robert (OR)
DeLay	Lungren	Solomon
DeWine	Mack	Spence
Dickinson	Madigan	Stangeland
DioGuardi	Marlenee	Stump
Dornan (CA)	Martin (IL)	Sundquist
Dreier	Martin (NY)	Sweeney
Duncan	McCandless	Swindall
Edwards (OK)	McCollum	Tauke
Emerson	McEwen	Taylor
Fawell	McGrath	Thomas (CA)
Fields	McMillan (NC)	Upton
Fish	Meyers	Vander Jagt
Frenzel	Michel	Vucanovich
Gallegly	Miller (OH)	Walker
Gallo	Miller (WA)	Weber
Gekas	Molinari	Weldon
Gingrich	Moorhead	Whittaker
Goodling	Morella	Wolf
Gradison	Morrison (WA)	Wortley
Grandy	Myers	Wylie
Green	Nielson	Young (AK)
Gregg	Oxley	Young (FL)
Gunderson	Packard	
Hammerschmidt	Parris	
Hansen	Pashayan	

NOES—268

Ackerman	Barnard	Boggs
Akaka	Bates	Boland
Alexander	Beilenson	Boner (TN)
Anderson	Bennett	Bonior (MI)
Andrews	Bentley	Bonker
Anthony	Berman	Bosco
Applegate	Bevill	Boucher
Aspin	Biaggi	Boxer
Atkins	Bilbray	Brennan
Ballenger	Boehlert	Brooks

Brown (CA)	Hayes (LA)	Pease
Brown (CO)	Hefner	Pepper
Bruce	Henry	Perkins
Bryant	Hertel	Pickett
Bustamante	Hochbrueckner	Pickle
Byron	Horton	Price (IL)
Campbell	Howard	Price (NC)
Cardin	Hoyer	Rahall
Carper	Hubbard	Rangel
Carr	Huckaby	Ray
Chapman	Hughes	Richardson
Chappell	Hutto	Ridge
Clarke	Jacobs	Rinaldo
Clay	Jenkins	Ritter
Clinger	Johnson (SD)	Robinson
Coelho	Jones (NC)	Rodino
Coleman (TX)	Jones (TN)	Roe
Collins	Jontz	Roemer
Conte	Kanjorski	Rose
Conyers	Kaptur	Rostenkowski
Cooper	Kastenmeier	Roukema
Coughlin	Kennedy	Rowland (GA)
Coyne	Kennelly	Roybal
Crockett	Kildee	Russo
Daniel	Kleczka	Sabo
Darden	Kolter	Savage
Davis (MI)	Kostmayer	Sawyer
de la Garza	LaFalce	Scheuer
DeFazio	Lancaster	Schumer
Dellums	Lantos	Sharp
Derrick	Leath (TX)	Shuster
Dicks	Lehman (CA)	Sikorski
Dingell	Lehman (FL)	Sisisky
Dixon	Leland	Skaggs
Donnelly	Levin (MI)	Skelton
Dorgan (ND)	Levine (CA)	Slattery
Dowdy	Lewis (GA)	Slaughter (NY)
Downey	Lipinski	Smith (FL)
Durbin	Lloyd	Smith (IA)
Dwyer	Lowry (WA)	Smith (NJ)
Dymally	Luken, Thomas	Snowe
Dyson	MacKay	Solarz
Early	Manton	Spratt
Eckart	Markey	St Germain
Edwards (CA)	Martinez	Staggers
English	Matsui	Stallings
Erdreich	Mavroules	Stark
Espy	Mazzoli	Stenholm
Evans	McCloskey	Stokes
Fascell	McCurdy	Stratton
Fazio	McDade	Studds
Feighan	McHugh	Swift
Flake	McMillen (MD)	Synar
Flippo	Mfume	Tallon
Florio	Mica	Tauzin
Foglietta	Miller (CA)	Thomas (GA)
Foley	Mineta	Torricelli
Ford (MI)	Moakley	Towns
Frank	Mollohan	Traficant
Frost	Montgomery	Traxler
Garcia	Moody	Udall
Gaydos	Morrison (CT)	Valentine
Gejdenson	Mrazek	Vento
Gephardt	Murphy	Visclosky
Gibbons	Murtha	Volkmer
Gilman	Nagle	Walgren
Glickman	Natcher	Watkins
Gonzalez	Neal	Waxman
Gordon	Nelson	Weiss
Grant	Nichols	Wheat
Gray (IL)	Nowak	Whitten
Gray (PA)	Oakar	Williams
Guarini	Oberstar	Wilson
Hall (OH)	Obey	Wise
Hall (TX)	Olin	Wolpe
Hamilton	Ortiz	Wyden
Harris	Owens (NY)	Yates
Hatcher	Owens (UT)	Yatron
Hawkins	Panetta	
Hayes (IL)	Patterson	

NOT VOTING—9

Annunzio	Ford (TN)	McKinney
Badham	Kemp	Schroeder
Borski	Livingston	Torres

□ 1450

The Clerk announced the following pairs:

On this vote:

Mr. Badham for, with Mr. Torres against.

Mr. Livingston for, with Mr. McKinney against.

Mr. KOLBE changed his vote from "no" to "aye."

So the amendment in the nature of a substitute, as modified, was rejected.

The result of the vote was announced as above recorded.

□ 1500

The CHAIRMAN. As Members may be aware, all amendments have been disposed of. Under the rule, we have provided for 20 minutes of final debate. Members should be advised that after that there will be a vote on final passage.

Under the rule, the gentleman from Washington [Mr. FOLEY] will be recognized for 10 minutes and the gentleman from Tennessee [Mr. DUNCAN] will be recognized for 10 minutes.

The Chair recognizes the gentleman from Washington [Mr. FOLEY].

Mr. FOLEY. Mr. Chairman, I yield such time as he may consume to the gentleman from Texas [Mr. PICKLE].

Mr. PICKLE. Mr. Chairman, I rise in strong support of this bill. We have worked up a good, unanimous feeling about the bill. It should be moved forward, and I hope that it passes strongly.

Mr. Chairman, I rise today in support of H.R. 3 and commend Chairman ROSTENKOWSKI, Chairman SAM GIBBONS and Mr. DUNCAN for their strong and diligent leadership in crafting a trade bill acceptable to the administration and I believe by both sides of the aisle.

H.R. 3 seeks to strengthen our ability to deal with foreign unfair practices. The Ways and Means Committee adopted several amendments which improve our ability to respond decisively to closed foreign markets.

We adopted strong measures to retaliate against foreign government tolerance of cartels. This practice of creating an impenetrable web of producers and users within an industry serves to prevent the entry of American-made products in foreign markets. The committee language is important to a wide range of American industries, including the autos and semiconductors. This provision strengthens existing laws against nontariff barriers to U.S. exports, barriers, which have proven difficult to penetrate in the absence of strong international and domestic trade laws.

The committee bill also clarifies that foreign noncompliance with agreements reached through the section 301 dispute settlement process will be subject to mandatory retaliation. We can no longer afford to give our trading partners breathing space "ad infinitum" to end their unfair trade practices and dismantle barriers to market-access. Our trading partners can always say "we're trying" and beg for more time to implement policies leading to the termination of the unfair practice. They currently make promises that are never fulfilled, while our industries wait for an opportunity to enjoy reciprocal trade benefits. The Ways and Means language sends a clear signal that trade agreements will be enforced and that compliance with these agreements will be closely monitored.

The Ways and Means Committee bill for the first time provides statutory authority for our Special Trade Representative to act against foreign unfair trade practices.

The USTR currently serves as chief negotiator in talks to resolve trade disputes. He sits at the negotiating table "eyeball-to-eyeball" with foreign leaders seeking to eliminate the foreign practice which unfairly burdens U.S. trade. The USTR makes recommendations to the President what action, if any, he should take under section 301. The President then determines whether section 301 action is appropriate and, if so, decides and implements the action to be taken.

The Ways and Means bill authorizes the USTR to act against foreign unfair trade practices. This provision will strengthen the negotiating authority and credibility of the USTR and provide greater certainty that action will, in fact, be taken to protect and enforce legitimate U.S. trade interests. This new authority for the USTR enhances the role of our Special Trade Representative in the interagency process as having lead responsibility for U.S. international trade policy development and coordination.

This provision granting USTR authority to act under section 301 makes enforcement of trade agreements much easier. With final decisionmaking authority in the hands of the USTR we eliminate the bureaucratic delay created under the current process of "retaliation by concensus." We should no longer experience diplomatic end-runs around the Special Trade Representative in an effort to derail a decision.

The Ways and Means trade bill is tough on unfair trading practices, and tough on lax enforcement of existing U.S. trade laws. I commend our Speaker for bringing the various "competitiveness" proposals together into one package and urge my colleagues to support this important legislation.

Mr. DUNCAN. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I am opposed to H.R. 3 as amended by the Gephardt proposal. I have always believed that if you work, you should show some production from your work, and I do not think that anyone in this House today thinks that this bill will go through the Senate and be signed by the President in its present form.

I hope Members listened to Cable News Network last night when Senator BENTSEN was on for about 5 minutes. He said that he thought that it would be a bad thing to have the Gephardt proposal—that he did not intend to send a bill to the President that had the Gephardt proposal in it because he thought that it would be a waste of time. I hope all Members realize that this bill is not going anywhere, because there are good provisions in this bill, but with the Gephardt proposal which we have placed in the bill, that it is idle ceremony. I think that we are paid here to produce and not just create political documents, and that is all that H.R. 3 in its present form is.

Mr. Chairman, I yield such time as he may consume to the gentleman from Illinois [Mr. CRANE].

Mr. CRANE. Mr. Chairman, George Santayana, the noted philosopher and author, said that those who fail to learn the lessons of history are condemned to relive them. Well, I spent some time reviewing the debates that occurred at the time of the Smoot-Hawley bill, 1933. I looked at some of the debate material, and some of the debate material back at the time of the passage of the McKinley tariff, 1890, which next to Smoot-Hawley was the largest or most protectionist piece of legislation that this Nation ever passed.

What is so remarkable in reviewing the debates and the positions held by gentlemen in this body and in the other body at that time, is that the Democrats were the free-traders. They were the champions of free trade all those years when the Republicans were as wrong as they could be. The Republicans were the ones who urged putting walls around this country. And it was Sam Gompers who recognized that the sweat of the workingman's brow to earn his daily bread, is what is going to be a casualty when we put the walls up around the country, when we pass protectionist legislation, because it results inevitably in vastly increased costs to consumers. It also produces economic stagnation. It ultimately results in a loss of jobs.

I submit that what we have done in this trade bill is recreate a little bit of our history. It is a lamentable portion of our history. We are on the threshold of repeating mistakes that we made as a nation in the past, and this is not the appropriate way to go.

The Committee on Ways and Means took great pains to try to make this bill bipartisan. I was not happy with it. I did not care for Gephardt II, the Pease amendment in there, or, the mandatory-retaliation provision. There was the trade of authority from the President to the USTR that Mr. Yeutter repeatedly testified in opposition to. I was not happy, but I will credit the people on the other side of the aisle for working on that committee strenuously to make accommodations. It was a genuine bipartisan effort, especially on the part of the distinguished chairman of Ways and Means. My dissent is part of the committee report.

There are partisan features in this bill that crept in from some of the other committees' work. The Banking Committee's contribution I think can only be defined as a partisan labor, and it is an unwise addition to the bill. The same is true with the Government Operations Committee's "Buy America" provision, and the Ways and Means Committee should have had sequential referral. That should have come under Ways and Means Committee jurisdiction. We are talking about $200 billion worth of purchases by our national Government. If we are concerned about excesses in defense expenditures, by all means we do not want to keep such an amendment in the bill.

In addition to that we have Gephardt III, and Gephardt III is calculated to send more than a message. What it will do if implemented—and that is the only way you can look at a provision like this, that it someday may be implemented—is to hammer our trading partners and even to beat up on those who are engaged in fair trading practices.

We should require a balanced macroeconomic approach to trade, including tough action to reduce our budget deficit—widely recognized as the prime contributor to the trade deficit. Yet even on the budget we fail to act responsibly, juggling figures to suit our own political purposes, overspending our 1987 goals, increasing domestic spending, and offsetting these by a proposed $18 billion revenue raising scheme. In addition to our failure to confront the budget deficit, we fool ourselves by believing this bill will magically enhance the competitiveness of U.S. firms and workers without needed changes in our tax laws that could give real meaning to the word "competitiveness."

Since the Ways and Means Committee began hearings on the subject of tax reform, I have consistently voiced my concern that our collective efforts would only serve to decrease U.S. industrial productivity and competitiveness. Throughout the committee's hearings on trade law reform, I raised the same questions. The point is basic to our national economy; if we increase the cost of doing business for American companies, they will become less competitive. The "make-the-corporations-pay" crowd wasn't interested. The issue wasn't politic then. There was less willingness to understand that more jobs are created and maintained as the cost of operating a business is lowered. Now the debate has changed from "soak the corporations," to why isn't the United States more competitive? Ask your corporate constituents, especially those heavily involved in exporting, those who are multinationals, and those engaged in manufacturing, how much more competitive they have been made by the $120 billion tax increase of the Tax Reform Act. We need to provide incentives, or at least remove the disincentives, in the areas of foreign tax credit, allocation of interest and of research and development expenses to foreign sources, the research and development tax credit, sourcing rules for export sales, royalty treatment of intangibles, foreign corporation branch level tax provisions; and, perhaps most importantly, those provisions affecting capital formation and personal savings.

This bill constitutes a real threat to a free and open market trade policy. It promotes closing our market if our trading partners don't do things our way or if our trade deficit is not improved through concessions from our foreign competitors. We are not children in a sandbox, who can gather our toys about us and push our companions aside when they don't play our way. There are harsh ramifications in adopting such behavior as we are witnessing with our semiconductor decision—justifiable as it may seem. We can ill afford to cavalierly push our trading partners aside—many are part owners of our economic future. More importantly, they could retaliate in a similar selfish way—as some have already demonstrated—if we set the stage for such behavior. As a world leader, as a country now striving to reassert itself in the role of global economic primacy, we should be setting the positive example. That is how we achieved our reputation; that is how we have maintained our world standing; that is the method by which we teach our children; and that is what we should do now. We should set the positive example again. We should ensure that our markets are open, and we should encourage and work for that goal on the part of our trading partners. We will gain nothing by acting in the same manner as those whom we chastise. Indeed, we will lose much. The world trade environment is complex and intertwined and we cannot act so simplistically.

I urge Members on the other side of the aisle to reconsider what we have done to date. This bill does not warrant passage by this body. This bill is the most counterproductive piece of legislation that I can think of in the 18 years that I have been here. I urge all of my colleagues to recognize that it represents more than anything else 20th century mercantilism, that we are on the threshold of Britainizing the American economy, and simultaneously we are inviting a well-deserved veto.

Mr. DUNCAN. Mr. Chairman, I yield 1 minute to the gentlewoman from Maryland [Mrs. MORELLA].

Mrs. MORELLA. Mr. Chairman, I rise in opposition to H.R. 3, as amended, reluctantly so.

Mr. Chairman, when H.R. 3, the Trade and International Economic Policy Reform Act of 1987, passed the Ways and Means Committee by a vote of 34 to 2, I was delighted by the thought that I would soon be able to vote for such a bill. H.R. 3 was a responsible trade bill developed with bipartisan input.

The bill contained a number of constructive provisions which would improve the international competitiveness of U.S. business. These included strengthened intellectual property rights protection, renewed Presidential

trade negotiating authority, strengthened telecommunications market access provisions, streamlining of export controls, and funding for the Export-Import Bank.

Furthermore, H.R. 3 called for retaliation against foreign trade practices which violate trade agreements. This retaliation was specifically directed at the unfair trade practices. It counteracted them on a dollar-for-dollar basis through the levying of tariffs or through other measures that would negate, product by product, the competitive advantage gained by our trading partners through their use of unfair practices.

The Gephardt amendment attacks the trade surplus of other countries without regard to the amount of the surplus attributable to unfair trade practices. Unfair trade practices are thought to be responsible for no more than 15 percent of the U.S. trade deficit. The Gephardt amendment requires the U.S. Trade Representative to take action to slash our trading partners' surpluses by 10 percent every year as long as they engage in unfair trade practices, no matter how small a portion of our deficit these practices represent.

The amendment sets a bad precedent which invites retaliation by our trade partners, both those with whom we have a deficit and those with whom we have a surplus. I opposed the Gephardt amendment. I would have voted for H.R. 3, but will reluctantly oppose it now because it includes the Gephardt amendment. I urge my colleagues to join me in voting for competition, not protection.

Mr. SCHUETTE. Mr. Chairman, before Congress today is a sweeping trade bill which aims to address our Nation's rising trade imbalance. Whether this trade bill, or any legislative remedy for that matter, is the proper means to an end remains very much open to debate.

Perhaps the most important component of H.R. 3 is that the United States is sending a crystal clear message to our foreign trade partners that enough is enough. No longer will we sit back and pursue a hands-off approach. In too many instances American policy has been to stand aside while our trade partners engage in unfair trade practices.

All the United States wants is to be on a fair playing field; reciprocity on the part of our trading partners for our businesses to complete with foreign competitors. I believe that American business is the most innovative in the world. We can compete in the world marketplace, if only given an opportunity to do so.

Equal access and fair reciprocity, in my opinion, is one of the most important factors missing in our current trade relations. Equal access to our trade partners' markets is not only a necessity, but a right that our businesses should enjoy throughout the world. Our markets are open and accessible. It is only fair that our businesses enjoy the same reciprocity in foreign marketplaces.

While some Members assert that our foreign trade partners' trade practices cannot account for our trade deficit, and I must state that I agree with that statement for the most part, we must clearly affirm our policy of fair trade practices. Fair trade practices, such as free and open markets, are essential and nonnegotiable. I could list hundreds of unfair trade practices and barriers to deny U.S. products and services access to foreign markets. My colleagues have detailed many of these and I concur in the conclusion that we can no longer tolerate these activities.

This trade measure, while not perfect, gives the U.S. Trade Representative the ability and the ammunition to address these unfair trade practices. Despite many provisions of the bill, I do believe it will send a clear signal to our trade partners to open their markets, engage in fair trade practices, permit reciprocity and open competition.

We have come to the point in our history that we must pass a tough trade bill. Our hands have been forced. It is indeed unfortunate that we have come to this juncture where Congress must implement a plan to legislate equal markets and equal access. However, we are at that juncture, and strong action is necessary.

I mentioned earlier that I do not adhere to the notion that this bill is a panacea for our trade problems. In fact, it may not address the root of the problem because our current trade problems are related to many complex factors. At least part of our growing trade deficit may be attributed to our looming Federal budget deficits, the horrendous debt problems of underdeveloped nations, particularly in Mexico and South America, our quick recovery from the early 1980's recessions, and a strong U.S. dollar.

This trade bill before us offers sweeping reform to our trade laws. However, it would be a mistake to promise Americans that our actions today will solve the trade problem, eliminate our excessive trade deficit, or resurrect our failing industries. The United States does not operate in a vacuum; we are operating in a global economy. As a world economic leader, the United States must balance the global economical consequences with the need to make a statement that fair trade is essential. For the American businessman, the American manufacturer, and the American worker, we must make it clear that we cannot accept unfair barriers to trade.

As I said earlier, while I do have serious concerns regarding some of the aspects of the trade measure before us, I want to briefly comment on those provisions I strongly support.

First, I am extremely pleased that the Agriculture Committee, on which I am honored to be Michigan's only Representative, included a number of strong trade provisions to assist our agricultural exports. My colleagues on the Agriculture Committee, the ranking Republican, Mr. MADIGAN, and my colleague from Oregon, Mr. SMITH, are to be commended for their efforts to draft these agriculture trade export provisions.

The agriculture provisions increase funding for the Export Enhancement Program [EEP] from $1.5 to $2.5 billion. EEP is one of the strongest tools in our arsenal to increase agricultural exports. By increasing our agricultural markets, we will be working toward eliminating our agriculture surpluses, which will be of enormous help to our hard-pressed farmers.

The bill also increases funding for the foreign agriculture service. This increase will likewise help improve our agricultural trade balance because the FAS is an important part of our trade export activities.

In addition, I applaud the fact that the bill makes wood and wood products eligible for export programs under the GSM 102 and GSM 103 export credit guarantee programs. Prior to this time, wood and wood products were excluded from these helpful programs.

Finally, my colleague, Mr. JEFFORDS, is to be commended for his commitee amendment to H.R. 3. which would have required the Secretary of Agriculture to consider the amount of casein imported into this country when calculating the milk price support reduction scheduled for January 1, 1988. Under the provisions of the 1985 farm bill, the Secretary may reduce the milk price support by 50 cents per hundredweight if purchases by the Commodity Credit Corporation [CCC] exceed 5 billion pounds. Mr. Jeffords' amendment, embodied in the trade bill, merely would have required the Secretary to take these casein imports into account when calculating the 5 billion pound limit. This is only fair to the American dairy farmer. There can be no doubt that casein imports are displacing the domestic dairy production, putting thousands more American dairy farmers out of business.

Unfortunately, the amendment offered by Mr. OLIN from Virginia to delete the Jeffords language passed the House by voice vote. I must reiterate the need to address the serious problem of casin imports flooding our markets. I urge Congress to quickly consider an appropriate legislative remedy to deal with the flood of casein imports which are displacing American dairy products.

I also feel quite strongly about one other provisions of the bill, the transfer of authority for section 201 and section 301 cases from the President to the U.S. Trade Representative. This I trust will take trade cases out of the political arena and provide a better forum to access import injury and unfair trade practices.

The most contentious provision of the trade bill is the Gephardt amendment. The mere fact that the Gephardt provision focuses mainly on the existence of a trade surplus as the basis for automatic retaliation is, in my opinion, simplistic. It does nothing to directly address unfair trade practices. The Gephardt provision offers a quick fix but does nothing to address the root of the problem—a lack of reciprocity, a lack of free and open markets.

I supported H.R. 3 on final passage even though the Gephardt provision was a part of the bill. It should be noted that this shortsighted retaliatory scheme passed the House without my support by a very small margin in a vote of 218 to 214. I supported the omnibus bill in the end simply because the United States can no longer tolerate the unfair trade practices of our trade partners. The United States cannot pursue free trade without access to free markets. America deserves, America demands a fair, tough and balanced trade bill. It is my hope that as this process evolves, this goal will be achieved in the 100th Congress.

Mr. GALLO. Mr. Chairman, I want to express my deep concern over the passage of the Gephardt amendment to H.R. 3. Although not perfect, H.R. 3 represented a balanced rational approach to dealing with our trade problem. Now I cannot vote for this bill.

I commend my colleagues DAN ROSTENKOWSKI for his hard work in drafting a trade bill that was tough while being fair.

Mr. GEPHARDT makes the flawed assumption that the reason we have such a large trade deficit is that our trading partners have closed their borders to our products and participate in unfair trade practices against us. Mr. GEPHARDT chooses to ignore the evidence to the contrary.

Mr. GEPHARDT promises that his amendment will save jobs. Unfortunately, he fails to take into account that retaliation by other countries could cause a loss of jobs.

In fact, 11.2 million new American jobs have been created since 1981, including 406,000 new manufacturing jobs, and real wages have increased 6 percent. This represents growth, not retrenchment. In addition, a GAO study states that only 5 percent of our trade deficit is the result of unfair trading practices.

Unfortunately, Mr. GEPHARDT has managed to turn his amendment into an emotional issue which was hard to resist. All of my colleagues want to see America No. 1 again. Everyone wants to see that America gets a fair shake. So do I, but I am afraid that Mr. GEPHARDT has gone too far.

H.R. 3 contains many export enhancement provisions which I think are vital to turning our trade problem around. I was shocked to see that only 250 companies in the United States account for over 80 percent of U.S. exports. Before we blame others for our problems, we should examine our own state of affairs. We have over 30,000 businesses in the United States that have the potential to export but do not. We must focus our attention on increasing our own exports.

I am pleased to say that I did vote for the Michel substitute to H.R. 3. The Michel substitute contains many of the positive aspects of the original bill but does not contain the damaging Gephardt amendment. I was one of the dozen or so members of the Republican leadership trade task force who drafted the Michel substitute to H.R. 3, and I stressed the need for an aggressive export enhancement section to the Michel bill.

I urge the other body to examine the facts and return a trade bill without the dangerous Gephardt provision. Only then can we begin to work in a rational manner to deal with our trade problem.

Mr. BRENNAN. Mr. Chairman, the trade deficit has increased so dramatically since 1981—rising from $40 billion to $176 billion—a policy of passivity is no longer an answer. We cannot allow our trading partners to continue to take our markets or our products for granted. Yet, even more importantly, we cannot continue to take for granted the ability of this Nation's economy nor this Nation's work force to compete in an increasingly fierce world market.

Unfortunately, the real trade issue is lost in an abstract rhetorical debate pitting protectionism against free trade. It is not, and indeed never has been an issue of free trade—it is a question of fair trade. The Gephardt amendment is a simple, direct attempt at requiring those countries that have benefited from our open markets to keep their markets open. The controversial part of my colleague's proposal is that it also contains provisions to monitor and enforce a policy of fair trade.

However, the burgeoning trade deficit is also a sign that our domestic economy is ailing; that productivity is not what it should be; that the quality of the goods we produce is sometimes mediocre; that this Nation's work force is not as efficient as it might be.

Indeed, the thousands of American workers who have lost their jobs as a result of the fast paced erosion of America's manufacturing base understand the trade problem in simple, day-to-day terms. These citizens understand that it is not just unfair trade practices that destroy jobs. Indeed, the key problems lie closer to home.

One of the real strengths of the trade bill currently under discussion in the House lies in what it offers the American work force. In fact, the bill proposes innovative programs and resources for retraining, to help the work force adapt to the rapidly changing world market. Programs that include literacy and remedial education, skill development. The bill includes supplemental wages for workers whose job changes means a cut in their income.

This section of the omnibus trade bill, designed to help American workers readjust and contribute to more efficient and high quality production, goes unnoticed—overshadowed by the controversy over what to do about unfair trade practices.

Mr. CARDIN. Mr. Chairman, the numbers speak for themselves. Last year the value of imports exceeded exports by $170 billion. In 1986 the United States became the world's greatest debtor nation; in 1983 it was the largest creditor. While the value of the dollar in recent months has fallen by more than 50 percent against the Japanese yen and nearly 40 percent against the West German mark, in February alone a trade deficit of $15.1 billion was recorded. Over the past 6 years an estimated 1.2 million jobs have been lost as a result of the trade deficit.

As the problem has grown the Congress has pleaded for action; in response the administration has offered excuses and promised changes that have never come. We have tried to negotiate on unfair trade practices in good faith, only to see those efforts frustrated. By passing H.R. 3, we recognize that the changing realities of world competition require an overhaul of U.S. trade laws. With the largest market in the world, the market that has allowed so many smaller States to develop, we have the power to ensure free trade worldwide.

The trade bill that we passed today puts our trading partners on notice: The United States is serious about free and fair trade. But if they persist in unfair trade practices, it will cost them.

With this bill, we provide that nations that block our exports will receive a swift and sure response. In addition, we provide relief to industries which face subsidized foreign competitors who engage in dumping products. Further, the bill increases worker retraining and education programs; emphasizes export promotion; and addresses macroeconomic factors in a coordinated fashion.

Over the past several months I have served as coordinator of the trade task force for the congressional freshmen. I am pleased that the solutions proposed by the bill is consistent with the recommendations we reached in our consideration of the trade issue. The bill has the support of the American people; it deserves the support of the President.

This legislation cannot, by itself, restore America's leadership in the global economic competition. That will happen only with a recommitment to excellence on the part of the American people. We must change the way we educate our children, the way we develop, produce and market our products, and the way we think about the rest of the world.

My district, like countless others across the country, has parochial interests in the trade issue. Bethlehem Steel, the Port of Baltimore, and General Motors, long-time pillars of the local economy, are fighting to regain their prominence. The State of Maryland and the city of Baltimore have lent their active support. In recent years, however, by failing to aggressively enforce free trade practices, the Federal Government has undermined this effort. H.R. 3 enlists the Federal Government as a full partner in that battle.

The stakes in this battle are nothing less than our children's standard of living. My constituents understand the challenge and the commitment necessary. As we ask the American people to undertake these critical changes, we must ensure that the Government has done all that it can to enable Americans to compete internationally. This bill marks the beginning of our readjustment process. As this legislation is considered by the Senate and the President we must remember that the longer we wait to begin the required restructuring of our economy, the more difficult the challenge will be.

Mr. BORSKI. Mr. Chairman, the U.S. trade deficit last year totaled $170 billion. The resulting increase in our debt abroad is said to be $400 billion. Even with a lower dollar value, this year's deficit may only be $15 to $20 billion better than that of 1986. This is simply unacceptable.

One thing we can do to remedy the deteriorating trade situation is to take a realistic approach to the GATT multilateral trade negotiations. The President is authorized under H.R. 3 to bargain down or eliminate tariff barriers, both United States and foreign. The theory is that if truly reciprocal agreements can be reached, the United States will export more in return for accepting more imports.

There are some who believe that our U.S. negotiating team may accomplish a truly reciprocal final result. However, nontariff barriers sprung up abroad after the tariff-cutting of the Kennedy round in the 1960's and the Tokyo round in the 1970's. We cannot and must not continue to allow this to happen. There is no longer any margin for error.

One mistake we must not allow is the reduction of U.S. tariffs on products that unfairly compete with U.S. products, particularly where there is no remedy under existing U.S. trade laws. For example, many foreign products are being produced at very low cost because of foreign government subsidies. U.S. products, which are not subsidized, cannot compete with these foreign goods, except at prices which are driving U.S. companies out of business. Simply put, we should reduce tariffs in

exchange for elimination of unfair trading practices.

This commonsense proposal applies to the U.S. chemical industry which has chemical plants in my district. U.S. chemical companies are among the most efficient in the world, exporting more than 10 percent of their production. Yet they face steadily increasing competition from many foreign producers which are using unfair trading practices to undercut U.S. companies. For instance, India and China, which at one time were only chemical customers, today have government-controlled companies producing artificially cheap chemical products which undercut our very efficient companies.

As the United States enters the next round of trade negotiations, which will include tariff reductions, we must demand open access to foreign markets for U.S. companies and their products, and an end to unfair trading practices abroad.

Mr. ECKART. Mr. Chairman, I rise in support of H.R. 3, the omnibus trade bill, which the House currently has under consideration.

I have heard many of my colleagues during the debate on this bill claim that the provisions contained in H.R. 3, and particularly in the Gephardt amendment, would be the first shot heard around the world in a global trade war. The fact of the matter is, however, that the trade war is already in full force, and the American jobless are the casualties.

In 1981, our Nation's trade deficit was only $39.6 billion; in 1986 this imbalance had skyrocketed to a level of nearly $170 billion. This one fact best demonstrates the failed policies of this administration to create a clear and rational trade policy and to create a fair international trading environment for American industry.

The continued erosion of our ability to compete in the international marketplace has resulted in closed factories and, most importantly, more unemployed U.S. workers. Economists and trade experts conservatively estimate that over 5 million U.S. jobs have been lost as a result of this import invasion. This administration's principal goal in this trade war is apparently to make U.S. jobs, not U.S. goods, our number one export.

While our jobs have been piling high on foreign shores, foreign products have been piling high in our stores. While we certainly welcome competition, it must be just that: competition. When a foreign government unfairly subsidizes the production of a foreign good or cheap, slave labor is employed to produce it, is that fair to U.S. industry and U.S. workers?

I am particularly pleased that several amendments which I have proposed to H.R. 3 have been included in this important bill. Legislation which I introduced last year to prevent the illegal dumping of foreign goods in our markets and prevent unfairly subsidized goods from circumventing our trade laws will provide us with the tools we need to level the playing field of international trade.

As President Reagan is fond of saying: "If not now, when; if not us, who?" The time to act is now if we are to restore America's ability to compete. The trade war is raging; let us not fight it with our hands tied behind our back.

Mr. DENNY SMITH. Mr. Chairman, I rise in opposition to H.R. 3, the omnibus trade bill that was crafted by the Ways and Means Committee and adopted by the House today. It was a serious effort to address a problem that affects all of us. In its original form, it would have streamlined our own trade regulations while sending the appropriate message to our trading partners around the world. However, the passage of the Gephardt amendment changed this bill from solid legislation to pure protectionism. It is no longer in the best interests of Oregon or this country.

I am pleased with the provisions that liberalized our export control procedures over the next 3 years. The regulations we now have on the books are onerous and in some cases do not accurately reflect the significance of particular products within the broad definitions of "national security." These regulations often handcuffed our own high-technology companies in their efforts to expand markets and allowed foreign countries and companies the opportunity to move ahead of us in certain markets.

My commitment to a strong national defense has not changed. The provisions of this bill will not mean that vital, high-technology equipment will be shipped to our enemies. We are not putting capitalism ahead of our own security. These provisions will allow us to move more freely and quickly with our allies and other countries that do not represent a direct or indirect threat to this country. It is my hope that these provisions will be retained by the joint House-Senate conference.

Over 5 billion dollars' worth of products were imported and exported through Oregon ports in 1986. Twenty percent of the jobs in my State are tied directly or indirectly to international trade. Foreign investments have been beneficial to our economy, and are vital in financing our Federal deficits and national debt. Protectionist language, such as that contained in the Gephardt amendment, will lead to retaliation against U.S. products. Oregon will be on the front lines of a trade war, and we will be the first to suffer the impact.

The solutions to our trade deficits will depend upon our ability to balance our budget deficits and to open markets, not close them. H.R. 3, as crafted within the various committees, would have sent the message of our displeasure with certain practices without tying the hands of this or future administrations. It put common sense ahead of politics, which is a rare practice in this body. We were taking steps in the right direction, but got sidetracked by special interests.

The trade argument is frequently viewed as a jobs issue. The supporters of protectionist legislation point to the numbers of jobs that have been lost due to "unfair" practices. They deliberately fail to point out the numbers of jobs that have been lost as a result of profligate Federal spending. They fail to mention the jobs that will be lost in the agricultural community and in our port cities as a result of retaliation. We are sacrificing the jobs of many to protect the jobs of the few in industries that aren't competitive for a variety of reasons, not just unfair practices.

We can, and will, become competitive again if we change some of our practices in this country. H.R. 3 has good provisions that will hopefully increase the educational opportunities for our children and job retraining for our workers. We have to rethink our practices from the class room to the board room, and reduce our bureaucracy in both government and business. Companies have been successful at marketing in Japan and other "closed" countries, so we must make the effort to learn the secret of that success.

I have said it many times before, but it is important to reiterate this point—we will not get our trade deficit under control unless we get our Federal deficit under control. We have spent 3 days arguing over the specifics of trade laws, protectionism and sending the appropriate message to our trading partners. Yet the Democrat majority of this House thinks nothing of passing a one-page, $1 trillion budget that will raise taxes and ignore the Gramm-Rudman deficit targets. That is the message that gets through to our financial markets and our trading partners.

Without recognizing that our trade difficulties will only be resolved through comprehensive actions that open markets, we will not resolve this problem. Enacting H.R. 3, with the Gephardt amendment, will be counterproductive to our efforts. It is my hope that we will clean up this bill during conference, and replace protectionism with common sense.

Mr. UPTON. Mr. Chairman, I support revising our trade laws, and I will support H.R. 3 on final passage. Our Trade laws need to be strengthened and updated. Our country needs action against unfair trade practices, and we need to emphasize expanding our export markets. But my vote in support of H.R. 3 is somewhat reluctant, because it has very dangerous protectionist provisions. These provisions need to be eliminated or greatly modified in the Senate and the conference committee. If they are not, H.R. 3 will remain a very bad bill. It will remain a bill that is not a free trade bill, or a fair trade bill, but a protectionist trade bill.

As part of my preparation for this week's historic House debate on trade policy, I spent some time looking over the historical record of congressional debate on U.S. trade policy. One of the most remarkable speeches I found was one made by Sam Rayburn when he was a freshman Member of Congress. His speech is highly partisan, but at the same time a very thoughtful analysis of what is good trade policy, and what is protectionist.

Every member of the majority party should take the time to read Mr. Rayburn's remarks again. After they do so, they should ask themselves which party has become the party of protectionism, which party has become the party which hurts our farmers, which party has become the voice for narrow interests, which party has become the party afraid of competition.

What would Sam Rayburn say about the bill which the House has approved? What would he say about his party?

Mr. RAYBURN. Mr. Chairman, as a new Member of this great body I of course feel that I should have regard to some extent for the long-established custom of this House, which in a measure demands that discussions of questions shall be left in the main to the more mature Members from the standpoint of service, but on the other

hand. I feel that as a representative and commissioned spokesman of more than 200,000 citizens of the fourth congressional district of Texas I should be allowed to break in a measure whatever of this custom remains, and exercise my constitutional right to speak my sentiments on this floor and refuse to be delegated to that lockjawed ostracism to some extent typical of the dead past.

This Congress has been called in extraordinary session for the purpose of handling an extraordinary situation. It has been assembled to revise the tariff and to provide revenue for the support and maintenace of the Government. The question of levying and collecting taxes to defray the expenses of Government is to my mind one of the greatest, if not the greatest, and most serious that has ever confronted a people of any Government or that confronts us at this hour. To levy taxes so that they will bear equally and equitably on all property in all sections, and so that the greatest burden will fall on those most able to pay is the true doctrine advocated and adhered to by the Democratic Party since its coming into existence. Entering upon this great task we are met by a condition the most extraordinary in the annals of our time. The Democratic Party must and has set itself to the task of taking a system that has grown up under the most indefensible system that the world has ever known—that of a tariff levied not for revenue but for protection—and with a determination to relieve the people of unjust burdens, yet to provide revenue for the Government. The system of protective tariff built up under the Republican misrule has worked to make the rich richer and poor poorer. The protective tariff has been justly called the mother of trusts. It takes from the pockets of those least able to pay and puts it into the pockets of those most able to pay. The two great parties in the long past took distinct positions upon the tariff question—the Democratic Party of the masses on the one side and the Republican Party of the classes on the other side: the Democratic position being that the only reason on earth for the levy and collection of a tariff tax at all is for the purpose of raising money to defray the expenses of the Government, and that whatever protection came to any industry from this tax was only an incident and rising out of the system, and no reason for the tax.

The Republican doctrine being that the real reason for the levy and collection of a tariff tax was to protect American industries from competition, and that the raising of revenue to support the Government was only an incident coming from the system. A system that would build around this Government a tariff wall so high that the factories of other countries could not pay import duty, come into this country and sell in competition with American trade, leaving the American industries absolutely without competition and leave them to fatten on the American consumer. The Republican doctrine is a prohibitive tariff; the Democratic doctrine is one "for revenue only," and levied high enough to raise money to defray the expenses of the Government, yet low enough that the factories of other lands can manufacture their goods, pay the import duties, and sell in competition with American trade to the benefit of every American consumer. The country has carried the prohibitive tariff of Republicanism until the American consumer is stooped and weary of his all too heavy load. They have therefore turned them out of the high places of power and called the party of Jefferson and Jackson again to power. That party that in the older days guided this ship of state so long and so well. The Democratic Party was called to power on a platform of great principles.

The Baltimore convention that placed the banner of this great party in the hands of the clean and matchless Woodrow Wilson was a convention made up of real human beings. Men who came from every walk of life, and who were fresh from the people, who knew their hopes and their aspirations, their wants, and their sufferings. They placed at the head of the party and as spokesman for the party a man whom they believe had the great heart and mind that he could interpret the inarticulate longings of suffering humanity. By an electoral vote unprecedented in the history of the Republic, this leader was called to the highest station in the gift of men and world over. In conformity with his and his party's pledges to reduce the tariff at once and downward, we called this Congress in extra session. Not only is the Democratic Party to be congratulated, but the whole of the country on the fact that in carrying out the pledges made to the people, that in Congress they have the stainless, able, and peerless OSCAR UNDERWOOD as majorty leader and chairman of the powerful Committee on Ways and Means. To my mind this committee has given to the country the best, fairest and justest tariff bill ever written and a law the operation of which will lift much of the load from the bending backs of the taxpayers of the country.

When the history of this era is written impartially the name of the gentleman from Alabama [Mr. UNDERWOOD] will shine resplendent, and the great debt of gratitude they owe him will never be paid, as was said the other day by the gentleman from Pennsylvania [Mr. PALMER], until he is called to the Presidency of the United States, the only office in the Republic carrying greater responsibilities, or with greater opportunity for great public service than the chairmanship of the great committee which he now holds.

The gentleman on the other side of the Chamber, our Republican friends, who by reason of their broken pledges and unkept promises to the American people have been reduced to a mere handful, are today standing for nothing, reduced to an opposition party only, are very solicitous that the present bill will bring on hard times and panics. A panic may come at any time, but it is my deliberate judgment that this bill will be no more responsible for any panic that should come than it was the cause of the panic of 1907, which came not after a reduction of the tariff, but came amid the prosperous times of protection about which our Republican friends talk so much. The Republicans talk about the hard deal the producer is getting in this bill. I would call their attention to the fact that when they were in power they put hides of the producer on the free list, but they were too good to the rich manufacturer to put the shoes that he manufactures and sells on the free list. This Democratic tariff bill leaves hides on the free list and also puts shoes that the American consumer must buy to protect the feet of himself and his children on the free list. The Republican Party was willing, according to their argument, to do an injustice to the producer of hides, but was not willing to make a corresponding reduction in the shoes for the consumer. This eternal Republican solicitation for the American manufacturer makes me tired. Willing and anxious to take that small rich class under its protecting wing, but unwilling at all times to heed the great chorus of sad cries ever coming from the large yet poor class, the American consumer.

This tariff bill goes on in its reduction of taxes on the necessaries of life. Follow the long line of reductions made. On all classes of woolen goods the Republican protective tariff is reduced from an average of 92 per cent to a Democratic revenue tariff averaging 35 per cent. Notice a few articles, for instance:

"Woolen dress goods, from 99.70 to 35 per cent.

"Ready-made woolen goods, from 79.56 to 35 per cent.

"Flannels for underwear, from 93.29 to 25 and 35 percent.

"Woolen blankets, from 72.69 to 25 per cent.

"Cotton underwear, from 60.27 to 25 per cent.

"Stocking, hose, and half hose, from 75.38 to 50 per cent.

"Shirts, collars, and cuffs, from 64.03 to 25 per cent.

"Ready-made wearing apparel, from 50 to 30 per cent.

"Handerchiefs and mufflers, from 59.27 to 30 per cent.

"Cottom thread, from 31.54 to 19.20 per cent.

"Gloves, from 44.15 to 31.77 per cent.

"Anvils of iron and steel, from 32.11 to 15 per cent.

"Bolts, from 20.59 to 15 per cent.

"Chains of all kinds, from 46.59 to 20 per cent.

"Pocket knives, from 77.68 to 40 per cent.

"Scissors and shears, from 53.77 to 30 per cent.

"Table and butcher knives, forks, etc., from 41.98 to 27 per cent.

"Files, etc., from 60.47 to 25 per cent.

"Tinware, from 45 to 25 per cent.

"House or cabinet furniture of wood, from 35 to 15 per cent.

"Sugar, from 48.54 to 36.25 per cent.

"Red lead, from 60.35 to 25 per cent.

"White lead, from 38.01 to 25 per cent.

"Castile soap, from 16.20 to 10 per cent.

"All bricks, from 30.25 to 10.28 per cent.

"China, crockery ware, from 55 to 35 and 50 per cent.

"Wire rope and strand, from 49.84 to 30 per cent.

"Common window glass, from 46.38 to 28.20 per cent."

With these reductions made, this bill goes on and puts the following articles that the farmer and laboring man must use totally on the free list. I quote that part of the bill.

"Agricultural implements: Plows, tooth and disc harrows, headers, harvesters, reapers, agricultural drills and planters, mowers, horserakes, cultivators, threshing machines and cotton gins, wagons and carts, and all other agriculture implements of any kind and description, whether specifically mentioned herein or not, whether in whole or in parts, including repair parts."

These great reductions have been made by this Democratic tariff bill with the assurance to the American people that further reductions will be made as soon as the revenues of the country will justify.

The Sixty-second Congress, being a Democratic Congress, submitted an amendment to the Federal Constitution calling for an income tax, an income tax being one of the cardinal principles of the Democratic Party, one it had long contended for—our position

having always been that the tariff is a tax and that the burden should fall heaviest on those men and industries most able to pay. I quote from paragraph A of section II of the bill, as follows:

"A. That there shall be levied, assessed, and paid annually upon the entire income received from all sources in the preceding calendar year by every citizen of the United States, whether residing at home or abroad, and by every person residing in the United States, though not a citizen thereof, a tax of 1 per cent per annum upon the amount so received over and above $4,000; and a like tax shall be assessed, levied, and paid annually upon the entire net income from all property owned and of every business, trade, or profession carried on in the United States by persons residing elsewhere.

"In addition to the income tax provided under this section (herein referred to as the normal income tax) there shall be levied, assessed, and collected upon the net income of every individual an additional income tax (herein referred to as the additional tax) of 1 per cent per annum upon the amount by which the total net income exceeds $20,000 and does not exceed $50,000, and 2 per cent per annum upon the amount by which the total net income exceeds $50,000 and does not exceed $100,000, and 3 Per cent per annum upon the amount by which the total net income exceeds $100,000."

This provision holds that a man whose income is $4,000 per annum shall pay 1 percent per annum as a direct tax to the Government, and as his income mounts into the thousands he shall pay more, which is nothing but just and right. This tax is calculated to reach 425,000 in all and bring into the Treasury revenues amounting to not less than $70,000,000. This section is true to the Democratic doctrine that wealth and not consumption should pay the greater amount of revenue to support the Government. Under the old system of levying tax on articles of common use the poor man with a large family to feed and clothe was compelled to pay more tax to the Government than the rich man with a small family.

Our Republican friends. In their effort to prejudice the producing class against this bill, tell him that he will be compelled to sell his products cheaper. We deny this as a general proposition, and in those few cases where he does we will point him to the other side of the question and demonstrate to him that the articles which he must buy under the provisions of this bill will be materially reduced. The articles that the farmer must buy have all been placed on the free list or materially reduced. Again demonstrating the justness of this bill and pointing to the time in the near future when all of the necessaries of life will be placed on the free list. In their effort to prejudice the farmers of the country against this bill our Republican friends will find that they are dealing with a thinking and intelligent class, who can not be easily fooled by the trickery of the political orator.

They talk about the farmer. What consideration have they shown him? Of course they are quite willing to give the farmer a tariff on his products, the price of which is fixed in the markets of the world and which no tax can change, if they can by this fool him into standing for a protected market for the manufacturers who have for generations stood behind a protective-tariff wall of robbery and fattened their already swollen purse with more ill-gotten gain wrung from horny hands of the toiling masses that have forever been ground under the heel of taxation with a relentless tread.

Mr. Chairman, I am one of those Democrats who believe that the only reason for the levy of a tariff is to raise revenue to defray the expenses of the Government, and when the time comes that money to defray the expenses of the Government can be raised from the income tax and other legitimate sources of direct taxation, that the tariff should be entirely removed and that free trade should come in its stead. And along this line I advocate a Federal inheritance tax. To me this is a just tax and easy to pay. When a man by inheritance comes into a large fortune out of no effort on his own part and only by accident of birth, accumulated by his ancestry under a Government which protected him in his property rights, I believe he should be willing to pay some of it as a tribute to the agency that protected his ancestry in the accumulation.

When this tax on a reasonable percentage basis is levied, it will bring large sums into the Treasury which as the years go by will increase as swollen fortunes are broken up, and again the tariff tax can be lowered to the benefit of every American consumer.

Mr. Chairman, the Republicans in this House quote, it seems with a great deal of pleasure, that part of the Baltimore platform which says that the tariff shall be lowered, but that it shall not be lowered suddenly and to such a great extent that any legitimate industry shall be harmed. They loudly acclaim that this bill is not drawn true to that promise, in that they say it will put some industries out of business. I for one Democrat on this floor do not believe that any industry is a legitimate one that can not live without a protective-tariff wall built around it. In line with what the President said in his message to the Congress I believe in matching the genius of the American citizen against the genius of the world, and I have confidence enough in the ability and skill of the American manufacturer to believe that he can go into the manufacturing business with the skilled labor of American workmen, produce his wares, and compete with other countries for the trade of the world. The man who says that he can not do this is paying his country and the ability of the manufacturers of his country a poor compliment indeed.

Mr. Chairman, the Republican minority in this House, or I suppose I should say the two minorities in this House—one being what little remains of that great party of Lincoln and McKinley and the other the dumb, driven, blind followers of the "Terrible Teddy"—have tried to play on the prejudices of the new Members of this body by telling them that the appointment of the committees were deliberately held up until the tariff bill was disposed of, and have held this as a club over their heads in order to make them be subservient to the Committee on Ways and Means and force them through fear of ostracism to vote for this bill as the committee wanted it. This is a childish bit of horseplay and a miserable appeal to the prejudice. This bill was submitted to the Democratic caucus, and there every Democrat had a chance to have his say and to offer his amendment to the bill. We settled our party differences in that caucus and have come into this House and before the country with a united front, and this seems to pain our Republican brethren keenly, for they know that every amendment that they offer will be met with a solid Democratic majority and sent to the scrap heap, where it will justly repose. As I said in the outset, the Democratic Party was called into power and took the reins of government on a great platform of principles which they should and are going to carry out, and speaking as a new Member whom our Republican friends would try to prejudice, I say that it is more important that these pledges be carried out and the party's honor held stainless than that I or any other new Member ever get on a committee. This is my answer to the drowning minorities that are grabbing at every passing straw.

Mr. Chairman, I came to this body a few weeks ago with childlike enthusiasm and confidence. It has always been my ambition since childhood to live such a life that one day my fellow citizens would call me to membership in this popular branch of the greatest lawmaking body in the world. Out of their confidence and partiality they have done this. It is now my sole purpose here to help enact such wise and just laws that our common country will by virtue of these laws be a happier and a more prosperous country. I have always dreamed of a country which I believe this should be and will be, and that is one in which the citizenship is an educated and patriotic people, not swayed by passion and prejudice, and a country that shall know no East, no West, no North, no South, but inhabited by a people liberty loving, patriotic, happy, and prosperous, with its lawmakers having no other purpose than to write such just laws as shall in the years to come be of service to human kind yet unborn. [Applause.]

Mr. DREIER of California. Mr. Chairman, the "Blame America First" crowd is back, and now they are making trade policy. Much of yesterday's debate over the Gephardt amendment sounded like a rerun from 4 years ago, when our Nation was mired in a recession. The sponsor of the amendment says it is time to bring America back. I wonder where he has been for the past 4 years.

During that time, our economy has been staging the greatest new employment explosion in history, and the longest peacetime expansion in six decades. Manufacturing productivity has increased almost 4 percent per year, the fastest gain since the early 1960's. While wages have held their own, unit labor costs have fallen significantly when adjusted for inflation. Clearly, our competitive outlook in the global economy is brighter than the gentleman from Missouri would have you believe.

Our trade deficit is unacceptable and, despite the Gephardt amendment, there is much in H.R. 3 that will help correct it. But our task is larger than simply reducing the disparity between imports and exports. We must ensure that the opportunities created during the past 4 years continue to expand along with our work force. The Gephardt amendment is a policy of protecting a retreat, not of mounting a charge. I believe it will choke opportunity, and set the worst possible example for the rest of the world.

Where one stands on the Gephardt amendment really reflects one's outlook on our economy and our people. Yesterday, the amendment's sponsor and the distinguished chairman of the Ways and Means Committee demonstrated the contrast. After the gentleman from Missouri mistakenly belittled the quality of American-built cars, the chairman reminded us of our responsibility to lead in the world economy. Clearly, the gentlemen differ in what is really at stake.

The leadership the chairman spoke of has two parts: First, we must continue to be a leader in technology and innovation. Some Americans may think we have fallen behind; the rest of the world knows better. According to the European-based Organization for Economic Cooperation and Development, the United States leads the world in seven of nine technical sectors. U.S. innovations in areas like biotechnology, superconductivity and parallel processing will boost our competitiveness on their own merits, and can only suffer from extra baggage like the Gephardt amendment.

The second part of our responsibility is to lead by example in establishing the rules of the game, the trade principles we wish others to follow. Good trade policy should be effective in times of trade surplus as well as deficit. When the United States attains a surplus with specific trading partners, as it will, we will treat their enactment of their own Gephardt amendment as an injurious and protectionist act. Let us seek rules that everyone can play by in any weather.

Regrettably, many have the impression that if our trading partners would just eliminate all their "unfair" trade practices, the trade deficit would go away. In reality, however, such practices only generate a relatively small portion of the overall trade deficit. Nearly one-third of the total U.S. trade gap is with one country, Japan, which does indeed have much room to improve access to its markets. Yet, even if the Japanese were to completely open their markets to United States products, most economists believe our bilateral trade deficit would fall by about $10 billion. That is less than 6 percent of the total trade gap.

Unfortunately, the Gephardt amendment is not the only nonsense in H.R. 3. Another overly optimistic provision in the trade bill would require the President to negotiate a stable exchange rate for the dollar against other currencies. Pushing the dollar's value down is seen as an easy way to correct trade imbalance, as it would make imports more expensive and U.S. exports cheaper abroad.

First, the value of the dollar is an elusive identity. Second, even if it could be accurately pegged, recent experience has shown the inability of governments to dictate the value of their currency. Moreover, the recent slide of the dollar has failed to have its intended effect on the monthly trade numbers. This approach is not one to rely upon to reduce a $170 billion trade deficit.

But the fact is that no trade bill will ever, by and of itself, "solve" the trade deficit. Legislative action is, at best, only a part of any eventual solution. We can legislate tariffs and incentives, but we can't legislate consumer taste, marketing skill, or creative products.

Ironically, much of what Congress realistically could do to improve U.S. competitiveness is never even mentioned in the current trade bill. Liability insurance and the Federal paperwork burden are almost forgotten issues in Congress, yet they continue to impose great costs on business. Also, our Government still does less than others to encourage capital formation. Real congressional action in these areas would cut costs, allow job-creating expansion, and truly increase "competitiveness."

But the key link missing from our efforts to close the trade gap is action on the Federal budget deficit. Our budget deficit has been underwritten by the willingness of the big Japanese banks to purchase Treasury debt; it has allowed the government to live far beyond its means in recent years, and has been a major contributor to the trade deficit, as well. Balancing the federal budget would reduce the need for Japanese capital and, correspondingly, the trade deficit. But, despite the great potential effect on the trade imbalance, Congress seems to have deferred budget deficit reduction for another year. The budget resolution passed by the House 2 weeks ago contains rosy deficit projections that even the Budget Committee chairman concedes are unrealistic, so we must hope the Japanese still find Treasury bills to be an attractive investment for another year.

Congress has had years to act decisively to balance its own budget, and has failed. The country should not expect any more success when it attempts the more difficult task of balancing imports and exports.

Mrs. SAIKI. Mr. Chairman, I want to express my concerns over certain provisions of the Education and Labor Committee title of H.R. 3, the omnibus trade bill of 1987.

This section of H.R. 3 authorizes $980 million for various worker readjustment programs. I believe that worker readjustment programs are certainly needed and must be included as a part of any comprehensive trade measure.

However, I am concerned that this legislation may be written in such a way as to make it more difficult for the States to efficiently administer worker readjustment training programs. Both the Governor of Hawaii and the director of the Hawaii Department of Labor and Industrial Relations have written to let me know that they feel the Education and Labor Committee provisions of H.R. 3 do not provide suffficient flexibility for the States.

In particular, these State officials are concerned about the requirement that substate areas be designated for the purpose of administering worker readjustment funds, as well as the stipulation that States receive funding on a quarter-to-quarter basis. They have suggested that preferable language could be adopted which would provide maximum flexibility to the States for the administration of worker readjustment programs.

In anticipation that the House will pass H.R. 3 this week, I hope that as the Senate subsequently acts on this measure and the bill goes to conference, we will be able to address the concerns raised by State officials.

Mr. BUNNING. Mr. Chairman, I rise in strong opposition to this omnibus trade bill. We deperately need a trade bill and we almost had one. If we had dropped the banking section and if we had defeated the Gephardt amendment, this measure would have been a reasonable trade bill that went a long way to strengthen our ability to combat unfair trade practices and get our atrocious trade deficits under control.

Unfortunately, this body made two wrong turns and turned this trade bill into a trade bomb. Bailing out Brazil and bashing Tokyo may be great sport but neither makes for a sound trade policy and this bill does both.

We set out to tree a raccoon but we ended up with a polecat in the bag.

I spoke about the major failings of the banking provisions yesterday, so I won't belabor them here. Suffice it to say, that there is something dreadfully wrong with a trade bill which tells our trading partners that they won't be expected to pay back in full U.S. loans. There is something dreadfully wrong with a trade bill that tells our trade partners that the U.S. taxpayer will be happy to pick up the tab, if they are unable or unwilling to pay back the money they borrow from U.S. banks.

Those banking provisions are atrocious enough in their own right to warrant a no vote for this entire package but we added insult to ignorance and amended the committee bill with the Gephardt amendment which makes this trade bill an absolute disaster.

I realize that the Gephardt amendment is sexy politically. Telling people what they want to hear—that our trade deficits are all Japan's fault—and telling them that we can wave a magic wand and make those deficits disappear sounds great. But Mr. Chairman, we also know that the world doesn't work that way and there are no magic wands.

The Gephardt amendment transformed this measure from a trade bill to an antitrade bill. Sure it will reduce our trade deficit—but not quite the way we want. It will reduce the trade deficit because it will reduce trade—both imports and epxorts—because it is almost certain to set off a series of trade wars that no one will win. This bill—with the Gephardt amendment—is an open invitation to trade wars and international recession and the loss of even more American jobs.

Mr. Chairman, you don't cure a sore throat with a guillotine and you don't cure trade deficits with trade wars and foreign bank bailouts. This bill is irresponsible and deserves defeat.

Mr. DURBIN. Mr. Chairman, we have devoted a good deal of time talking about the plight of dislocated workers in this time of economic turbulence. Today we are taking much-needed action.

It is clearly a major problem. I have seen it first hand in my own district in central and western Illinois. With scores of plant closings and layoffs, thousands of employees have lost what they considered "lifetime" jobs. Many of these workers have yet to find good alternative employment.

We took an important first step to meet these workers' needs with passage of the Job Training Partnership Act. Illinois has developed one of the model programs under title III of the act providing retraining assistance to workers unemployed as a result of economic change. In working through its community college network, the State has taken an important first step in addressing the problem.

The bill we are considering today represents further progress by recommending a funding level that will meet the needs of all workers. The Office of Technology Assessment, in a 1986 study, found that while title III of the JTPA was in fact helping displaced workers find new jobs, no more than 5 percent of those eligible were being served.

I am hopeful that this statistic will improve with this demonstration in H.R. 3 of a far greater commitment to the problem. I com-

mend the Education and Labor Committee for taking the steps that are needed.

Mr. McCANDLESS. I rise in opposition to H.R. 3. As a Representative from California, the State with the largest amount of exports, I am interested in responsible trade legislation, but this bill is not the answer.

International trade is the key to California's economic progress. The value of goods passing through our ports has more than quadrupled in the last two decades. In 1986 this figure was more than $100 billion.

One out of every 10 jobs in California depends on foreign trade. Foreign investment in our State totals more than $31 billion and employs 280,000 Californians.

An open trading system has brought tremendous benefits to my State and the whole Nation. I support Federal legislation which enhances U.S. competitiveness, resists protectionism and provides the President with the negotiating flexibility he needs to fight unfair trade barriers in a manner that is consistent with overall U.S. foreign policy interests.

The Gephardt amendment would impair the President's ability to resolve trade disputes with our allies through negotiations, and could have the effect of closing markets and inviting retaliation.

The best way to reduce the U.S. trade deficit is not to close markets but to expand exports. Export expansion depends not only on foreign market access but also on better productivity on our part, better marketing, increased quality control and new strategies to produce price competitiveness. Protectionist trade legislation would represent a setback to all these goals and could drive up prices and destroy jobs in America.

Mr. Chairman, we need to recognize the fragility of the world's trading system and the need to correct problems through good faith negotiations instead of market-closing confrontation.

□ 1510

Mr. DUNCAN. Mr. Chairman, I yield the balance of our time to the gentleman from Minnesota [Mr. FRENZEL].

Mr. FRENZEL. Mr. Chairman, H.R. 3 got off to a bad start because we began with a trade bill that was wholly unacceptable, that was passed as an effort not to pass a law last year, but to make a political statement.

Fortunately, that bad start was overcome by unusually good bipartisan work under the leadership of the chairman of the Committee on Ways and Means and the chairman of its Trade Subcommittee.

Unfortunately, again, we have taken a swing to the bad side. We have passed a number of amendments in this House that make the bill again wholly unacceptable.

We could have found a way to avoid the veto. We could have passed the Michel amendment and sent the bill on for better processing. But instead, we had to pass the Gephardt amendment, we had to leave the Bryant amendment in, we had to leave the package of the Committee on Banking, Finance and Urban Affairs in, and we had to leave the Buy America in.

Those are the four most egregious portions of the bill, each one of which would cause a veto.

They are not the only thing wrong with this bill. Certainly the Wolf amendment was not very helpful to any administration, and we adopted that today. But those four amendments, those four features that I mentioned are really the worst, and Gephardt is the prime example of the worst.

However, with all of the assets supporting the Gephardt amendment, the Speaker's very powerful lobbying, the strengths of a Presidential campaign, and the vast resources of the treasuries of large unions, that amendment could only make a four-vote margin. In winning that vote, may I say to my friends on the majority side, you have lost, because clearly you do not have a margin that will sustain that portion through to enactment. So my colleagues can understand why are not going to vote for your bill.

Gephardt will cause retaliation and mirror legislation. Its author said yesterday, read the bill, and so 214 of us did and found it wanting, found that it was designed not to remove unfair practices but to make meat-axe, 10 percent gouges in the trading balances of many of the countries we do business with.

The feature offered by the gentleman from Texas [Mr. BYRANT] shows us the quick way that we can raise interest rates in the United States. Let us scare out foreign investment so we can get back to Jimmy Carter's 20 percent rates. Whoopie, let us all have fun with high interest.

The Committee on Banking, Finance and Urban Affairs has shown us how we can give debt and we can let the taxpayers bail out the big banks. Congratulations, Committee on Banking, Finance and Urban Affairs, we are really sorry that did not get out of the bill.

You also leave us in a little Council on Industrial Competitiveness that duplicates other features of the Government. The taxpayers will be delighted to pick up the extra bill for that.

And the Committee on Government Operations left us the Buy America feature, a great way to lose markets abroad. American companies believe as a result of that they will be retaliated against and will lose their opportunity to sell abroad.

I am going to urge Members on both sides to forget the bad stuff in the bill temporarily. Members do not have to repudiate the good bipartisan work that made up the basis for this bill. Somewhere along the line still we may be able to put it back together again and the process move on. There is enormous incentive on both sides of the aisle for protectionists and free traders alike to get a bill that can be enacted and can be signed into law.

Unfortunately, what the House has given us through an exercise in partisanship is not that bill. Without the Michel amendment, or stated more perversely, with the Gephardt amendment in the bill many of us cannot support it.

I still believe that we can get around it and make a good bill, eventually. I personally had to cough, and spit, and sputter, and swallow hard at the Committee on Ways and Means bill, and finally voted "aye" not for the product but for the process.

With the Gephardt, with the Buy America, with the Committee on Banking, Finance and Urban Affairs, features and the Bryant amendment, the whole package has become indigestible. It cannot be swallowed either by myself nor by my caucus, nor by any administration, mine or yours. And for that reason I am obliged, with great regret, to urge throughtful Members of this body who do not want to shoot the United states in the foot or any other vital organ to vote against the bill that remains for us here.

I do so in the hope that clearer heads will prevail through the rest of the process and that we will be able to make a bill that all of us can vote for and the President can sign. I only regret that partisanship has kept us from achieving that purpose today.

I urge a vote against the bill.

Mr. FOLEY. Mr. Chairman, I yield 1 minute to the gentleman from Florida [Mr. GIBBONS].

Mr. GIBBONS. Mr. Chairman, I am a free trader. I have no apologies for that. I hope my colleagues will vote for this bill. It is a tough one to vote for, but this is a bicameral organization and there is hope that we can work out an acceptable bill before we are at the end of all of this.

As in most of our amendments, they are overadvertised and oversold, and I am not afraid to face the world on any of them. We need an aye vote. We need progress. We need to be able to work as a bicameral legislative body.

The final test will come when we come back from conference, whether you accept or reject the work of the other body and of the conferees.

I urge my colleagues, let us make progress and let us vote for this bill.

Mr. FOLEY. Mr. Chairman, may I inquire if all time has expired on the other side?

The CHAIRMAN. The gentleman is correct, and the gentleman from Washington [Mr. FOLEY] has 9 minutes remaining.

Mr. FOLEY. Mr. Chairman, I yield my remaining time to the distinguished gentleman from Texas [Mr. WRIGHT] the Speaker of the House of Representatives.

Mr. WRIGHT. Mr. Chairman, I have refrained from speaking on legislation to the House until today. I come here today with a great deal of pride in this chamber. I think the debate that has ensued over the last 3 days reflects credit upon Members of both sides, Democrats and Republicans alike.

We have come to the end of a period of time in which Democrats and Republicans in 11 different committees of the House have struggled to present a constructive, creative, comprehensive approach to the biggest problem that faces our domestic economy, and that is the trade deficit.

Yes, it is a tough bill. It is a tough problem that confronts America. For 4 years the trade deficit has been growing. It has been closing American factories. It has been eroding America's industrial base. It has been robbing America of jobs. It has been exporting jobs and opportunities out of this country to overseas nations. It has been eroding the percentage of ownership of America's land and America's banking facilities and America's means of production—taking these out of the hands of Americans and putting them into the hands of foreigners.

The future, if we do not do something, is obviously a future that is descriptive of an underdeveloped country, where more and more we produce raw products, sell them on foreign markets to other countries, which turn them into finished goods and then return them for sale on American markets.

□ 1520

If we needed any single incentive to recognize the desperate straits of America's trade, I think all we need to do is to look to the two biggest export commodities out of the biggest port of the United States—the port of New York.

What are those two biggest commodities? Scrap metal and waste paper.

Scrap metal, mostly from junked automobiles; waste paper, sent to other countries and made into cardboard boxes and returned to our shores with television sets and computers and other commodities for sale on the American marketplace.

And so we have said, representing the American people, it is time to put a stop to that. And this bill does many things.

Yes, you can find a lot of things that you do not like in any 946-page bill. It is not a perfect bill. But I think on balance it is a bipartisan bill. I believe Members of the minority, just as Members of the majority, recognize the seriousness of this problem. I think they want action. I think they are willing, and surely they should be willing, to pursue the project and to pursue the process until we shall have produced the best from both Houses and sent to the President an article that he can sign or not sign, but surely let us not stop halfway. Last year, with the aid of about one-third of the Republican Members, we passed a bill essentially similar to this one. It had more than enough votes to have overridden the veto in the House if that had been necessary.

I hope it will not be necessary.

I hope it will not ever become necessary. I believe the President of the United States wants to do something about this desperate problem. This bill gives him the tools that will help him do those things. This is a comprehensive bill from 11 different committees.

I want to commend both on both sides of the aisle. I want to commend those from the Committee on Ways and Means, and I want to commend the chairman of that committee, Mr. ROSTENKOWSKI, and Mr. GEPHARDT, and I should also like to say on behalf of Mr. DUNCAN and Mr. FRENZEL that they produced contributions that are embodied in this bill. If this were not, on balance, a bill acceptable to most Members, if 90 percent and more of its provisions were not broadly acceptable across the board, then surely the minority, given the option of writing any amendment it wanted, would have added more than three changes. That is all that were asked—only three changes from this 946-page document were requested in the minority's motion.

So we come with a bill that enhances our capacity to compete in the world. We come with a bill that rewrites the laws on a fair basis, creating an even playing field and asking of other countries only one thing—that they treat American products the same way we treat their products on our markets. We have a right to ask that, if we represent the American people. We have the duty to ask and to settle for nothing less than that.

But beyond that, the bill enhances the product of America's labor. Those portions were written by other committees of the House. That portion written by the Committee on Energy and Commerce makes important contributions to dealing with telecommunications trade barriers, the foreign corrupt practices, and with assistance to the semiconductor industry so vital to our future as a nation.

I want to applaud Chairman DINGELL and Mr. LENT for their contributions to this bill. Recognizing that the purpose of this bill is not to hinder imports but to promote our exports, the Committee on Foreign Affairs produced a well-conceived, well-constructed export enhancement act which is part and parcel of this. You vote against the bill and you vote against that. That title received bipartisan approval.

I want to commend Chairman FASCELL and Mr. BROOMFIELD for their significant contributions to this bill, and all the members of that committee.

Far-reaching reforms? Yes, from the Committee on Banking, Finance and Urban Affairs: how to deal with this problem of Third World debt. I assure you it is a problem. Without coming to grips with it, we would not be coming to grips with one of the essential problems of foreign trade—markets abroad to buy America's goods.

I should like to commend Chairman ST GERMAIN and Mr. WYLIE and other members of that committee for the contributions they made.

This is not just a trade bill, it is a competitiveness bill. It calls for important reforms in education and training.

Surely it is wrong when Japan with only half our population graduates half again more scientists and engineers every year than we do. Surely it shows where we have failed to be competitive when we have not been linguistically trained; when Japan has 10,000 trained English-speaking trade representatives in our country representing Japanese businesses, all of them speaking excellent English. We have only about 500 in their country representing American firms, and hardly any of them can speak any Japanese. This makes us more competitive. Would you vote against that? A vote against the bill is a vote against that reform.

The bill also deals with agricultural trade. It increases the agricultural trade and export resources of the Department of Agriculture. For that I want to commend Mr. DE LA GARZA and Mr. MADIGAN and other members of that committee.

This bill is a product of a rule which permitted free and open debate, gave all sides the opportunity to be heard, and had nine amendments agreed to. The rule provided a fair and open process. This is a product of the House at its best.

No, you may not like some of the things in the bill. But let us not kill the bill, let us move it along, let us get it into the process.

Surely modifications will be made in the other body. That is part and parcel of this great legislative process, but if you would deal with this most gripping economic problem that confronts America today, if you would once again see "made in the U.S.A." become a badge of quality and value throughout the world, and if you would ask of other countries only, only that they abandon the current protectionism they practice and that they treat American goods exactly as we treat their goods, then vote for the bill because that is what it does.

Vote for the bill and give it life, give it the oxygen of further debate, give it the opportunity to go to the other body, there to be considered, and give

the other body an opportunity to make such amendments and modifications as it will and then give the conferees—and I assure you conferees will be appointed who will be reasonable people—give the conferees an opportunity then to hear one another out.

If you are serious about doing something about the trade problem, if you are really serious about wanting to improve America's competitiveness, here is your opportunity. This is a good bill. I commend the Members of the House, both Democrats and Republicans, for the quality of this debate, for the quality of their work that produces this monumental piece of legislation today.

The CHAIRMAN. All time has expired.

The question is on the amendment in the nature of a substitute, as amended, as modified.

The amendment in the nature of a substitute, as amended, as modified, was agreed to.

The CHAIRMAN. Under the rule the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. BEILENSON, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 3) to enhance the competitiveness of American industry, and for other purposes, pursuant to House Resolution 151, he reported the bill back to the House with an amendment adopted in the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment to the amendment in the nature of a substitute adopted by the Committee of the Whole? If not, the question is on the amendment.

The amendment was agreed to.

□ 1530

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. FOLEY. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 290, nays 137, not voting 6, as follows:

[Roll No. 78]

YEAS—290

Ackerman	Frank	Natcher
Akaka	Frost	Neal
Alexander	Garcia	Nelson
Anderson	Gaydos	Nichols
Andrews	Gejdenson	Nowak
Anthony	Gephardt	Oakar
Applegate	Gibbons	Oberstar
Aspin	Gilman	Obey
Atkins	Glickman	Olin
Ballenger	Gonzalez	Ortiz
Barnard	Goodling	Owens (NY)
Bates	Gordon	Owens (UT)
Bennett	Grant	Panetta
Bentley	Gray (IL)	Patterson
Bereuter	Gray (PA)	Pease
Berman	Guarini	Penny
Bevill	Hall (OH)	Pepper
Biaggi	Hall (TX)	Perkins
Bilbray	Hamilton	Pickett
Boehlert	Harris	Pickle
Boggs	Hatcher	Price (IL)
Boland	Hawkins	Price (NC)
Boner (TN)	Hayes (IL)	Pursell
Bonior (MI)	Hayes (LA)	Quillen
Bonker	Hefner	Rahall
Borski	Henry	Rangel
Boucher	Hertel	Ray
Boxer	Hochbrueckner	Regula
Brennan	Horton	Richardson
Brooks	Houghton	Ridge
Brown (CA)	Howard	Rinaldo
Brown (CO)	Hoyer	Ritter
Bruce	Hubbard	Robinson
Bryant	Huckaby	Rodino
Bustamante	Hughes	Roe
Byron	Hutto	Roemer
Campbell	Jacobs	Rogers
Cardin	Jeffords	Rose
Carper	Jenkins	Rostenkowski
Carr	Johnson (CT)	Roukema
Chapman	Johnson (SD)	Rowland (CT)
Chappell	Jones (NC)	Rowland (GA)
Clarke	Jones (TN)	Roybal
Clay	Jontz	Russo
Clinger	Kanjorski	Sabo
Coble	Kaptur	Savage
Coelho	Kasich	Sawyer
Coleman (TX)	Kastenmeier	Scheuer
Collins	Kennedy	Schneider
Conte	Kennelly	Schuette
Conyers	Kildee	Schulze
Cooper	Kleczka	Schumer
Coughlin	Kolter	Sharp
Coyne	Kostmayer	Shuster
Crockett	LaFalce	Sikorski
Daniel	Lancaster	Sisisky
Darden	Lantos	Skaggs
Davis (IL)	Leath (TX)	Skelton
Davis (MI)	Lehman (CA)	Slattery
de la Garza	Lehman (FL)	Slaughter (NY)
DeFazio	Leland	Smith (FL)
Dellums	Levin (MI)	Smith (IA)
Derrick	Levine (CA)	Smith (NJ)
Dicks	Lewis (GA)	Snowe
Dingell	Lipinski	Solarz
Dixon	Lloyd	Spence
Donnelly	Luken, Thomas	Spratt
Dorgan (ND)	MacKay	St Germain
Dowdy	Manton	Staggers
Downey	Markey	Stallings
Durbin	Martinez	Stark
Dwyer	Matsui	Stenholm
Dymally	Mavroules	Stokes
Dyson	Mazzoli	Studds
Early	McCloskey	Swift
Eckart	McCurdy	Synar
Edwards (CA)	McDade	Tallon
Emerson	McHugh	Tauzin
English	McMillan (NC)	Thomas (GA)
Erdreich	McMillen (MD)	Torricelli
Espy	Mfume	Towns
Evans	Mica	Traficant
Fascell	Miller (CA)	Traxler
Fazio	Miller (OH)	Udall
Feighan	Mineta	Upton
Fish	Moakley	Valentine
Flake	Mollohan	Vander Jagt
Flippo	Montgomery	Vento
Florio	Moody	Visclosky
Foglietta	Morrison (CT)	Volkmer
Foley	Murphy	Walgren
Ford (MI)	Murtha	Watkins
Ford (TN)	Nagle	Waxman
Weiss	Williams	Wyden
Weldon	Wilson	Yates
Wheat	Wise	Yatron
Whitten	Wolpe	

NAYS—137

Archer	Hammerschmidt	Nielson
Armey	Hansen	Oxley
AuCoin	Hastert	Packard
Baker	Hefley	Parris
Bartlett	Herger	Pashayan
Barton	Hiler	Petri
Bateman	Holloway	Porter
Beilenson	Hopkins	Ravenel
Bilirakis	Hunter	Rhodes
Bliley	Hyde	Roberts
Bosco	Inhofe	Roth
Boulter	Ireland	Saiki
Broomfield	Kemp	Saxton
Buechner	Kolbe	Schaefer
Bunning	Konnyu	Sensenbrenner
Burton	Kyl	Shaw
Callahan	Lagomarsino	Shumway
Chandler	Latta	Skeen
Cheney	Leach (IA)	Slaughter (VA)
Coats	Lent	Smith (NE)
Coleman (MO)	Lewis (CA)	Smith (TX)
Combest	Lewis (FL)	Smith, Denny (OR)
Courter	Lightfoot	Smith, Robert (NH)
Craig	Lott	Smith, Robert (OR)
Crane	Lowery (CA)	Solomon
Dannemeyer	Lowry (WA)	Stangeland
Daub	Lujan	Stratton
DeLay	Lukens, Donald	Stump
DeWine	Lungren	Sundquist
Dickinson	Mack	Sweeney
DioGuardi	Madigan	Swindall
Dornan (CA)	Marlenee	Tauke
Dreier	Martin (IL)	Taylor
Duncan	Martin (NY)	Thomas (CA)
Edwards (OK)	McCandless	Vucanovich
Fawell	McCollum	Walker
Fields	McEwen	Weber
Frenzel	McGrath	Whittaker
Gallegly	Meyers	Wolf
Gallo	Michel	Wortley
Gekas	Miller (WA)	Wylie
Gingrich	Molinari	Young (AK)
Gradison	Moorhead	Young (FL)
Grandy	Morella	
Green	Morrison (WA)	
Gregg	Mrazek	
Gunderson	Myers	

NOT VOTING—6

Annunzio	Livingston	Schroeder
Badham	McKinney	Torres

□ 1540

The Clerk announced the following pairs:

On this vote:

Mr. Torres for, with Mr. Livingston against.

Mr. McKinney for, with Mr. Badham against.

Mr. BARTLETT and Mr. McEWEN changed their votes from "yea" to "nay."

Mrs. BENTLEY changed her vote from "nay" to "yea."

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

AUTHORIZING THE CLERK TO MAKE CORRECTONS IN ENGROSSMENT OF H.R. 3, TRADE AND INTERNATIONAL ECONOMIC POLICY REFORM ACT OF 1987

Mr. ROSTENKOWSKI. Mr. Speaker, I ask unanimous consent that in the engrossment of the bill H.R. 3 the

Clerk of the House of Representatives may make section redesignations and structural changes, cross reference changes, and such other technical changes as may be required because of the adoption of amendments to H.R. 3.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

□ 1550

EXTENDING CERTAIN PROTECTIONS UNDER TITLE 11, BANKRUPTCY CODE

Mr. RODINO. Mr. Speaker, I ask unanimous consent that the Committee on the Judiciary be discharged from further consideration of the Senate bill (S. 903) to extend certain protections under title 11 of the United States Code, the Bankruptcy Code, and ask for its immediate consideration.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

Mr. FISH. Reserving the right to object, Mr. Speaker, and I do not intend to object, I yield to the gentleman from New Jersey [Mr. RODINO], chairman of the Judiciary Committee, to explain his bill.

Mr. RODINO. Mr. Speaker, the purpose for discharging the Committee on the Judiciary and expediting the consideration of this legislation is to buy time. In the last days of the 99th Congress, we passed temporary, stopgap legislation to protect the health, life, and disability benefits of retirees of companies involved in chapter 11 bankruptcy proceedings. That protection expires May 15—little more than 2 weeks from now. S. 903 will extend that protection and preserve the status quo for 4 more months—until September 15, 1987.

This extension is necessary to give parties in pending bankruptcy proceedings time to work out a satisfactory arrangement for taking care of retirees' health needs. I understand that management and retiree representatives at LTV Corp., which filed bankruptcy in July 1986, have been trying to reach an agreement on the payment of benefits for both union and nonunion retirees during the pendency of chapter 11 proceedings.

An extension is also necessary to give Congress adequate time to formulate permanent and workable legislation. Such legislation is necessary to ensure that retirees never again go through the suffering and anxiety experienced by the retirees of LTV when that company suddenly and unilaterally cut off their health benefits last July 17.

I believe LTV's action last summer violated the clear terms of the Bankruptcy Code. Section 1113 provides that companies in chapter 11 are prohibited from unilaterally terminating any provision of a collective-bargaining agreement. Benefits guaranteed in a labor contract may be terminated or modified only by following the detailed procedures set forth in section 1113. These procedures include renegotiating with the union and obtaining court permission. Since the health benefits of LTV's union retirees were set forth in a collective bargaining, LTV was obligated to follow these procedures before terminating or modifying these benefits.

I introduced H.R. 5490 in the 99th Congress to make clear that the Bankruptcy Code, as it plainly states in section 1113(f), governs all provisions in a collective-bargaining agreement. Retiree benefits negotiated in a labor contract are subject to the same protections as any benefits for active workers. Although the House of Representatives passed H.R. 5490, the Senate did not follow our lead. Thus, Congress still faces the important task of developing permanent legislation dealing with retiree benefits in bankruptcy.

A number of points should be kept in mind for any legislation attempting to solve this problem through adjustments to the Bankruptcy Code. First, legislation should reflect the special needs of retirees as creditors of their former employer. Unlike other creditors, retirees cannot wait until a reorganization plan has been confirmed to receive payment on their claims for health benefits—medical problems must be addressed when they arise. Moreover, in many cases, retirees will have no recourse to alternative health insurance because of high cost of lack of insurability. Thus, they may be completely dependent on plans established by their former employers for health care. Legislation should provide that retirees, where possible, will continue to receive health benefits, at least at some level, during the period in which the company attempts to reorganize.

At the same time, however, we must be extremely careful that legislation does not jeopardize the prospects for reorganization of chapter 11 debtors. A major goal of U.S. bankruptcy law is to encourage businesses to reorganize rather than to liquidate. Keeping the debtor in business is in the best interests of all parties involved—shareholders, creditors, suppliers, and perhaps most of all, employees and retirees. A bill that places too high a burden on the debtor to pay retiree health benefits may doom reorganization. It could deplete so much of the estate's cash and other assets that the business cannot continue. Or it could otherwise destroy the delicate balance among creditors that is crucial to working out a plan of reorganization. Such an outcome clearly would not be in the interests of retirees. Only if their former employer stays in business can retirees' health needs be met—at least at some level—into the future.

We must also ensure that legislation does not mandate that debtors do the impossible. Some proposed legislation would require companies in bankruptcy to continue to pay retiree and employee benefits at the full prebankruptcy level no matter what the financial circumstances. While some chapter 11 companies may be able to comply with such a law, many others will simply lack the funds. It can only breed disrespect for the law to require the impossible. Further, it may raise unrealistic expectations among retirees.

Any legislation proposing permanent amendments to the Bankruptcy Code must be prospective in nature. All amendments to the Bankruptcy Code since its enactment in 1978 have applied only to bankruptcy cases filed after the amendments' effective dates. I am very troubled by any proposal that would change the law and the relationship among creditors in pending cases.

Ultimately, however, the real answer to the problem of retiree health care may require solutions outside the bankruptcy laws. Virtually all proposals introduced so far have been in the form of Bankruptcy Code amendments that look only to the assets of bankrupt companies to pay retiree health costs. This approach sells retirees short. Although the Bankruptcy Code can provide that retirees get fair and equitable treatment relative to other creditors, it cannot ensure that they receive an adequate level of health care. As stated above, in too many cases, debtors will simply lack the funds.

Nonbankruptcy solutions could take a variety of forms. For example, employees could be required to prefund retiree benefits. Or Medicare could be expanded to make benefits available to early retirees who suddenly lose private health care benefits, such as through bankruptcy filings.

In sum, the task ahead of us in the next few months is to find a way to ensure that our Nation's retirees receive adequate and continuous health care without jeopardizing the ability of companies in bankruptcy to reorganize and contribute to the economy of the local community and the Nation.

Mr. FROST. Mr Speaker, unless we act favorably upon the measure before us today, May 15 could bring life-threatening hardship to thousands of retirees in my district and tens of thousands of other retirees across the Nation.

On that day, LTV Corp. and several other companies that have filed for reorganization under chapter 11 of the Bankruptcy Code would no longer be required to provide the group life and health insurance coverage promised to retirees during their working

years. This means that retirees with chronic illnesses requiring regular medical attention will not have the resources to obtain the care they need. Vital medical prescriptions will go unfilled. Doctor bills will go unpaid. Even healthy retirees will be plagued by the fear of a severe, long-term illness striking themselves or a family member.

There is nothing controversial about the bill before us. It simply extends for 4 months—until September 15—the requirement that retiree health and life insurance benefits provided by companies before reorganization be continued. This 4-month extension will allow the House Judiciary Committee time to consider legislation currently pending in that committee which should resolve the matter permanently.

It's wrong for companies to use bankruptcy procedures to abandon their retirees. We must act today to insure that retirees—those most vulnerable to debilitating illness and least able to withstand severe financial hardship—will continue to receive the benefits they spent their most productive years working for.

Mr. FISH. Mr. Speaker, I thank the gentleman, and I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

The Clerk read the Senate bill, as follows:

S. 903

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 608(a) of Public Law 99-591 (100 Stat. 3341-74), and section 2(a) of Public Law 99-656 (100 Stat. 3668) are amended by striking out "May 15, 1987" each place it appears and inserting in lieu thereof "September 15, 1987".

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

LEGISLATIVE PROGRAM

(Mr. LOTT asked and was given permission to address the House for 1 minute.)

Mr. LOTT. Mr. Speaker, I have asked for this time for the purpose of receiving the schedule for the balance of the week, and for that purpose I am glad to yield to the distinguished majority leader, the gentleman from Washington [Mr. FOLEY].

Mr. FOLEY. Mr. Speaker, I thank the distinguished Republican whip for yielding.

Mr. Speaker, we will next consider H.R. 1728, the Defense authorization bill rule only, and following the adoption of the rule this afternoon, we will conclude the business for today and for the week.

Mr. LOTT. Mr. Speaker, if I may ask at this point, I would like for the Members to know also that it is anticipated that there probably will be a vote on that rule when the debate on the rule is completed.

Mr. FOLEY. The gentleman is correct. We have been advised there will be a request for a vote and Members should expect that at the conclusion of the debate on the resolution there will be a vote on the rule. That will conclude the business for today and for the week.

On Friday, tomorrow, May 1, the House will not be in session.

The House will meet on Monday and consider under suspension of the rules the following six bills:

H.R. 1941, Fuel Use Act amendments;

H.R. 1207, Prescription Drug Marketing Act of 1987;

H.R. 1226, to require Senate confirmation of the FDA Commissioner;

H.R. 921, to require a study to determine the appropriate minimum altitude for aircraft flying over national parks;

H.R. 1044, to establish the National Maritime Museum; and

H.R. 28, Expedited Funds Availability Act of 1987.

On Monday, the House will also consider H.R. 1748, the Department of Defense authorization, general debate only.

On Monday all votes or any votes ordered on suspensions, debated on that day, will be postponed until Tuesday, May 5.

The House will meet at noon on Tuesday to consider the recorded votes on those suspensions debated on Monday, May 4, and also consider H.R. 1748, the Department of Defense authorization for fiscal year 1988, continue consideration; and consider H.R. 27, the Federal Savings and Loan Insurance Corporation Revitilization Act of 1987. This is the so-called FSLIC bill.

On Wednesday, May 6, the House will meet at 11 a.m. to consider H.R. 1748, Department of Defense authorization for fiscal year 1988.

The House will meet on Thursday, May 7, and Friday, May 8, at 11 a.m. on Thursday and 10 a.m. on Friday.

Immediately after the House convenes on Thursday, there will be a recess for the purpose of receiving former Members of Congress. The House will reconvene for legislative business at approximately 12 noon.

On Thursday and Friday the House will continue consideration of H.R. 1748, the Department of Defense authorization for fiscal year 1988.

May I take this moment to advise all Members that next Friday on the 8th of May the House will not only be in session, but votes are expected.

The House will also meet on Monday, May 11, at noon and votes will be continued on the DOD authorization bill.

To repeat for emphasis, next Friday and the following Monday, May 8 and 11 respectively, the House will be in session and votes will be taken on the DOD authorization bill.

I would hope that all Members would note this. We will intend I am sure on both sides through the whip organizations to remind Members of that today.

Obviously, conference reports may be brought up at any time and any further program will be announced later.

Mr. LOTT. Mr. Speaker, if the gentleman will allow me to emphasize also, as I understand it, we will expect to come in at 11 o'clock on Wednesday, 11 o'clock on Thursday, and 10 o'clock on Friday; is that correct?

Mr. FOLEY. The gentleman is correct.

Mr. LOTT. Also with regard to next Friday, the 8th, and Monday, the 11th, certainly we will attempt to advise our Members; but any Member who is worth his or her salt who does not already have plans for next Friday, they need help with their scheduling secretaries; so while I think it is nice that we give the Members 1 week notice when we do this kind of thing, I would like to ask the gentleman, since it has been on the tentative schedule that we have been able to acquire, for weeks that we were going to have the DOD coming up this week and next week and that we were probably going to have votes on Monday, the 11th and 12th, why are we just now telling the Members that they can expect to be in here and have recorded votes on Friday, the 8th, and Monday the 11th?

Mr. FOLEY. The answer to the gentleman is that it was not decided by the leadership until this week and we made the announcement as soon as it was decided.

I might tell the gentleman that it is a practice in the House to advise the minority and our own Members as soon as we know of a schedule that is certain, we will do that, but it is impossible to advise every Member on the possibility of a Friday and a Monday session. There will be some of these Fridays and Mondays with votes.

The gentleman knows that is inevitable on some occasions.

I think if we had announced to the House that it would have been a possibility, the gentleman probably would not have been satisfied because that is not a conclusive yes or no.

Mr. LOTT. No, it is not.

Mr. FOLEY. We are now giving a conclusive yes for a Monday session and votes.

Mr. LOTT. Let me say, I commend the distinguished leader—the distinguished leadership—for so far this year having a schedule and sticking to it, even though it hurts sometimes, but I will repeat what I said in the past. I think the Members can live with anything just as long as they

know what it is going to be as far in advance as possible. I think we need to try to give Members a little bit more advanced notice than just 1 week.

In case you all have lost it, I do have a copy of the tentative schedule which has been around for a couple months that showed we would probably have votes on Friday and Monday. We will be glad to work with the gentleman in trying to notify Members as well in advance as possible and help the gentleman to accomplish that.

Mr. FOLEY. I do not know what copy the gentleman has that showed we would be doing the DOD bill. We did not make the decision to do Monday and Friday until this week, as I told the gentleman.

I would have to advise the gentleman and advise all Members that during the months of June and July, for example, we are going to be doing appropriations bills. We might have to expect to work on Mondays and Fridays during that period. We will advise Members as soon as any decision is made, but the legislative business of the House has to take priority over Members' other business. I think the gentleman knows that.

We have not met on Mondays and Fridays generally for votes. This has been the exception over the last several years that we have done so. This is such an exception. It is because, as the gentleman knows, the DOD bill is always a hard debated and heavily amended bill.

I understand the gentleman's concern is for the convenience of Members and that concern is shared on this side of the aisle. We will, to the best of our ability, announce ahead of time when we know what the schedule is and we intend to consult with the gentleman on that.

□ 1600

Mr. LOTT. I would like to help the gentleman with that, and I think it would be highly commendable if we did meet more than 3 days a week. If we would meet on Mondays or Fridays, I think that that would be fine. But, for instance, we know that appropriations are going to be coming up in June or July. We know that they are going to be out of the Appropriations Committee. We know what they are. I do not see why the Members would not be entitled about the 1st of June to be told, "You're going to have probably the Interior appropriations bill here, HUD here, whatever, and you can expect on certain Fridays that we will be in session."

If you would do that the 1st of June, I know that it would be a lot of help to us, and that the gentleman from Illinois [Mr. RUSSO] would appreciate knowing when he can go to Chicago.

Mr. FOLEY. We will try to accommodate the gentlemen on his side of the aisle, and I can assure the gentleman that the gentleman from Illinois [Mr. RUSSO] is anxious to see that we accommodate the gentlemen on our side of the aisle, so we will try to do that. It is not a common thing for us to meet on Monday and Friday back to back, so to speak, but this is an unusual and pressing emergency on the Department of Defense authorization.

Mr. GINGRICH. Mr. Speaker, will the gentleman yield?

Mr. LOTT. I yield to the gentleman from Georgia.

Mr. GINGRICH. I appreciate my colleague's yielding.

Mr. Speaker, I just want to say to you that I think that up until now we have had in fact very fair scheduling. I think that you have set up a clear plan. I do not have any particular objection to our staying in. I think that it is appropriate to work on these bills. But I would hope, looking at the supplemental appropriations debate of a few days ago, that as the Democratic leadership plans the appropriations bills this coming 2 months, that they would look at allowing enough time during the day to get through those amendments which may be appropriate as we deal with the appropriations bill so that we do not have—particularly Members who have children who are young and who are at home—so that they are able to get home before 2 in the morning.

On our side, we do feel an obligation to offer appropriate amendments and to seek to clean up and improve appropriations bills, and I just would hope that that could be scheduled over 2 or 3 days at a time rather than leading to 2 a.m. sessions.

Mr. FOLEY. If the gentleman will yield further, I think that it is in the interest of all Members to have some certainty about their schedule, but I must tell the gentleman from Georgia before he leaves the floor that we have a need on our side to know in advance that Members are planning a number of amendments and in fact suggesting that the purpose in part is to keep the House in session for a long period of time.

It was clearly the intention the other night not only to consider amendments but to consider them in a way that would take the House into the late evening, and I think that it is difficult for the gentleman to both have been involved in that as one of the leaders of that movement and to complain about it at the same time.

We do try to consider amendments. We will consider amendments. But it was clear the other night that the session was going to have to continue if we were going to consider amendments, and we were not advised of that at the time the schedule was made.

Mr. GINGRICH. Mr. Speaker, will the gentleman yield?

Mr. LOTT. I yield to the gentleman from Georgia.

Mr. GINGRICH. I would be glad to say in part at least that we in the administration deserve a little bit of critique, because frankly it was only in the last few days of looking at that supplemental appropriations bill that the Office of Management and Budget came to the conclusion that there were some 25 or 30 amendments.

We in fact on our side of the aisle pared those down to I believe 8 recorded votes out of a possible 30 or 40 amendments we could have offered. We sought only to offer what we thought were appropriate and important amendments. And that is why, looking forward to June and July, precisely because of the fine leadership that our new majority leader and our new Speaker have offered on the schedule, we simply wanted to say that it would be our hope that we are saying in advance that we will be offering a number of amendments.

It is our hope that with that advance notification that the very fine and able Democratic leadership could schedule adequate time for the appropriations bills.

Mr. FOLEY. If the gentleman will yield further, if we have adequate notice, we will be glad to accommodate reasonable consideration of amendments. It is not our intention to remove the consideration of amendments, but only to try to accommodate them in an ordinary fashion, which is what we need the cooperation of the gentleman to accomplish.

HOUR OF MEETING ON WEDNESDAY, MAY 6, 1987, and THURSDAY, MAY 7, 1987

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that when the House adjourns on Tuesday, May 5, 1987, it adjourn to meet at 11 a.m. on Wednesday, May 6, 1987, and that when it adjourns Thursday, May 7, 1987, it adjourn to meet at 10 a.m. on Friday, May 8, 1987.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

AUTHORIZING THE SPEAKER TO DECLARE A RECESS ON THURSDAY, MAY 7, 1987, FOR THE PURPOSE OF RECEIVING FORMER MEMBERS OF CONGRESS

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that it may be in order for the Speaker to declare a recess, subject to the call of the Chair, on Thursday, May 7, 1987, for the purpose of receiving in this Chamber former Members of Congress.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

ADJOURNMENT UNTIL MONDAY, MAY 4, 1987

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at noon on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

DISPENSING WITH CALENDAR WEDNESDAY BUSINESS ON WEDNESDAY NEXT

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that the business in order under the Calendar Wednesday rule be dispensed with on Wednesday next.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

PROVIDING FOR CONSIDERATION OF H.R. 1748, DEFENSE AUTHORIZATION ACT FOR FISCAL YEARS 1988 AND 1989

Mr. DERRICK. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 152 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 152

Resolved, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 1(b) of rule XXIII, declare the House resolved into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 1748) to authorize appropriations for fiscal years 1988 and 1989 for military functions of the Department of Defense and to prescribe military personnel levels for such Department for fiscal years 1988 and 1989, and for other purposes, and the first reading of the bill shall be dispensed with. All points of order against the consideration of the bill for failure to comply with the provisions of section 303(a) of the Congressional Budget Act of 1974, as amended (Public Law 93-344, as amended by Public Law 99-177), are hereby waived. After general debate, which shall be confined to the bill and shall continue not to exceed three hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Armed Services, the bill shall be considered for amendment under the five-minute rule. In lieu of the amendment in the nature of a substitute now printed in the bill and immediately after the enacting clause is read, it shall be in order to consider an amendment in the nature of a substitute consisting of the text of the bill H.R. 2169, by and if offered by, Representative Aspin of Wisconsin, or his designee, said amendment shall be considered as having been read, shall be debatable for not to exceed two hours, equally divided and controlled by the proponent and a member opposed thereto, shall not be subject to amendment, and all points of order against said amendment for failure to comply with the provisions of section 303(a)(4) of the Congressional Budget Act of 1974, as amended (Public Law 93-344, as amended by Public Law 99-177), clause 7 of rule XVI and clause 5(a) of rule XXI are hereby waived. Said amendment, if adopted, shall then be considered as an original text for the purpose of further amendment under the five-minute rule. After disposition of said amendment, the Committee of the Whole shall rise without motion, and no further amendment to the bill shall be in order except as subsequently determined by the House.

The SPEAKER. The gentleman from South Carolina [Mr. DERRICK] is recognized for 1 hour.

Mr. DERRICK. Mr. Speaker, for purposes of debate only, I yield the customary 30 minutes to the gentleman from Ohio [Mr. LATTA], pending which I yield myself such time as I may consume.

Mr. Speaker, in a moment I will offer an amendment to the House resolution, but first I want to explain the reasons for the amendment. The rule we are considering makes in order an amendment in the nature of a substitute by chairman ASPIN of the Armed Services Committee. This substitute is intended to conform the authorization levels in H.R. 1748 with the House-passed budget resolution. Subsequent to the Rules Committee granting this rule, it was discovered that while the Aspin substitute does conform to the budget authority levels in the budget resolution, it is over the budget resolution defense outlay levels.

At the request of Chairman ASPIN, and after consultation with the chairman of the Rules Committee and the ranking minority member of the Armed Services Committee, I plan to offer an amendment to the rule which will include an amendment in part 2 of the rule which will amend the Aspin substitute to conform the outlay levels assumed by it with the budget resolution.

AMENDMENT OFFERED BY MR. DERRICK

Mr. DERRICK. Mr. Speaker, I offer an amendment and ask unanimous consent for its adoption.

The Clerk read as follows:

Amendment offered by Mr. DERRICK: On page 2, line 18, after "H.R. 2169," insert: "as modified by the amendment contained in section 2 of this resolution".

On page 3, after line 8 insert: "SEC. 2.".

On page 117, line 12, strike out "10 days" and insert in lieu thereof "12 days".

On page 2 line 19 after "amendment" insert "as so modified".

On page 3 line 3 after "amendment" insert "as so modified".

On page 3 line 5 after "amendment" insert "as so modified".

□ 1610

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

Mr. WALKER. Mr. Speaker, reserving the right to object, I am trying to understand what the gentleman is doing here.

Is the gentleman modifying the Aspin substitute here on the floor during this rule, or is he, in fact, modifying his own rule?

Mr. DERRICK. Mr. Speaker, will the gentleman yield?

Mr. WALKER. I yield to the gentleman from South Carolina.

Mr. DERRICK. Mr. Speaker, I am modifying the Aspin substitute. I am modifying the rule which, upon adoption, would modify the Aspin substitute.

Mr. WALKER. So we are making substantive changes in the Aspin substitute as a part of the adoption of this rule?

Mr. DERRICK. They are really, in fact, technical changes. But it is necessary to do it in a substantive manner.

Mr. WALKER. Let me ask the gentleman, for example, is the gentleman amending the Aspin substitute in such a way that we would take care of the waiver of the Congressional Budget Act with regard to the consideration of new entitlement authority?

Mr. DERRICK. No, we are not because, you see, the budget authority waiver was given to the bill itself, and there is one for the substitute as well. But we do not know.

If I might, I would ask that the gentleman yield to the minority for an explanation.

Mr. DICKINSON. Mr. Speaker, will the gentleman yield?

Mr. WALKER. Further reserving the right to object, I am very glad to yield to the gentleman from Alabama.

Mr. DICKINSON. Mr. Speaker, let me try to explain.

Mr. WALKER. It is a little confusing.

Mr. DICKINSON. It is a little confusing.

The Aspin substitute was asked to be made in order by the rule. After it was furnished to the Rules Committee and printed, it was learned by our committee that the budget outlays were based on an erroneous assumption by OMB, at least this is our explanation, and that in order to meet the outlay target it would take 12 days, not 10 days, of delayed payments on accelerated payments to contractors. So in order to meet the outlay target it would require a 12-day, not 10-day delay, so this is the technical amendment the gentleman is referring to. I have no problem with it. It is just smoke and mirrors, but it is allowing the amendment, which is based and predicated on erroneous information furnished to us, that we thought that 10 days would be adequate and now learn it requires 12 days. I do not see that it is any big deal, and I am not going to make any objection. But that is the explanation.

Mr. WALKER. Further reserving the right to object, let me see if I understand what is going on here. In

order to save money, we are going to delay payment to contractors by 10 days, and now we are going to extend that out to 12 days; is that right?

Mr. DICKINSON. No; it does not save a crying dime. It is a technical thing to get past a year so that we can delay payment into the next fiscal year so we can meet the target and avoid the impact of Gramm-Rudman. It is another gimmick to get by the target date.

Mr. WALKER. Similar to the fact of delaying the pay to the soldiers last year?

Mr. DICKINSON. Exactly, another gimmick to slip the pay date, to go into another budget, another fiscal year. That is what it is, pure and simple.

I do not say it is good. It is not saving anyone money. It is just a mechanical means of avoiding what we should do, face head on.

Mr. WALKER. Twelve days does not make much more difference than 10, I would not think.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Without objection, the amendment is agreed to.

There was no objection.

The SPEAKER. The Chair recognizes the gentleman from South Carolina [Mr. DERRICK].

Mr. DERRICK. Mr. Speaker, House Resolution 152 is a rule providing for the initial consideration of H.R. 1748, the National Defense Authorization Act for fiscal year 1988-89. The rule provides 3 hours of general debate, with the time divided equally between the chairman and ranking minority member of the Armed Services Committee.

The rule waives section 303(a) of the Budget Act against consideration of the bill. Section 303(a) prohibits consideration of budgetary legislation prior to the adoption of the budget resolution for a fiscal year. Since the budget resolution for fiscal year 1988 has not yet been finally adopted by the House and Senate, any spending included in H.R. 1748 as introduced would subject the bill to a point of order. Therefore, a waiver was provided to ensure that the House will be able to proceed to consideration of the committee-reported bill and amendments to that.

The rule makes in order an amendment in the nature of a substitute consisting of the text of H.R. 2169, if offered by Chairman Aspin of the Armed Services Committee. That amendment is considered as having been read and is debatable for 2 hours, with the time divided between Chairman ASPIN and a member opposed to the amendment. The rule waives section 303(a)(4) of the Budget Act against the substitute. Section 303(a)(4) prohibits consideration of new entitlement authority prior to the adoption of a budget resolution for the fiscal year. Since the Aspin substitute provides new entitlement authority for a military pay raise, the waiver is necessary to allow consideration of the substitute. I should point out that the pay raise included in the Aspin substitute is consistent with the budget resolution (H. Con. Res. 93) adopted by the House on April 9.

The rule waives clause 7 of rule XVI, which prohibits nongermane amendments, against consideration of the Aspin substitute. This is necessary because the substitute is broader in nature than the underlying bill. The rule also waives clause 5(a) rule XXI, which prohibits appropriations in an authorization bill, against consideration of the Aspin substitute. This waiver is necessary because the Aspin substitute carries appropriations with respect to proceeds of certain military construction land sales and replacement and national defense stockpile transactions.

The rule provides that the Aspin substitute is not subject to amendment during its consideration. However, if the substitute is adopted, it shall be considered as original text for the purposes of amendment.

The rule provides that, upon disposition of the Aspin substitute, the Committee of the Whole shall rise without motion and no further amendments shall be considered except as subsequently determined by the House. This somewhat unusual procedure is recommended because the Rules Committee anticipates reporting a second rule on this bill that will govern the consideration of amendments. This two-step process allows the House to proceed with general debate on H.R. 1748 and to determine whether the committee-reported bill or the Aspin substitute should be the base bill for the purposes of amendment, before the Rules Committee recommends the procedure for consideration of amendments.

As I am sure most of you know, the Armed Services Committee reported a bill which would provide $306 billion in budget authority for defense programs in fiscal year 1988. After the committee acted, the House adopted a budget resolution which calls for only $288.7 billion for defense. Chairman ASPIN then asked the Armed Services Subcommittees to go back and recommend ways that the budget authority in the bill could be reduced in order to conform to the budget resolution, and he largely took those recommendations in putting together the substitute he will offer which does reach the budget resolution target. This rule allows the House to decide, before beginning the long process of amending the Defense bill, whether it intends to stay within the defense levels it set in the budget.

As I stated before, the Rules Committee intends to report a second rule which will govern the consideration of further amendments. To facilitate this process, the Rules Committee has notified members that anyone wishing to offer an amendment to H.R. 1748 should deliver 35 copies of that amendment to the Rules Committee office, H-312 in the Capitol, by 6 p.m. on Friday, May 1.

Mr. Speaker, the National Defense Authorization Act for fiscal year 1988-89 is obviously one of the most important pieces of legislation the House will consider this year. It provides authorizations for the full range of defense activities and sets policy on a wide range of national security issues. The rule before us allows us to begin considering this legislation in a fair and orderly manner. I should point out that both the chairman and ranking minority member of the Armed Services Committee are in agreement with this process for consideration of the bill.

Mr. LATTA. Mr. Speaker, I yield such time as he may consume to the gentleman from California [Mr. BADHAM].

PERSONAL EXPLANATION

Mr. BADHAM. Mr. Speaker, on rollcall Nos. 77 and 78 I was unavoidably away from the Capitol due to a minor medical emergency.

Had I been here, I would have voted as I was paired, yes on the Michel substitute and no on final passage.

Mr. LATTA. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this rule makes in order a bill, if passed as presented to the House, that will do irreparable harm to the defenses of this country. The Defense Authorization bill will almost certainly be the largest single authorization bill of this session, and probably consume the most floor time.

According to testimony in the Rules Committee, the number of amendments on this bill has been increasing in recent years. On the fiscal year 1984 bill the House considered 54 amendments. On the bill for fiscal year 1985, 60 floor amendments were considered. On the bill for fiscal year 1986, that number doubled, exceeding 120 amendments. On the bill for the current fiscal year 1987, 116 amendments were actually considered under procedures which established a time limitation for each amendment. Now, we are considering the bill for next fiscal year, and there is no reason to suspect that the number of amendments will drop.

Therefore the Rules Committee is proposing to use the same procedure this year that was used last year.

There were two separate rules used last year, and two are planned for this year as well.

The first rule provides for general debate of 3 hours, and then provides for a vote on the Aspin substitute after an additional 2 hours of debate. The Aspin substitute makes cuts in the committee reported bill sufficient to comply with the House-passed budget resolution.

Then next week, there is to be a second rule governing the remainder of the amendment process.

Any Member desiring to have an amendment on the Defense authorization bill apparently is going to be required to comply with the deadline set out in a "Dear Colleague" letter sent out by the chairman of the Rules Committee. However, it is important to look at the right "Dear Colleague" because there are three of them setting three different deadlines.

The first one said that the deadline for submitting amendments was 6 p.m. on Thursday, May 1. When it turned out that Thursday did not fall on May 1, a second letter was issued setting a deadline for submitting amendments of Thursday, April 30. Then a third "Dear Colleague" came out setting the deadline for submitting amendments to the Rules Committee at 6 p.m. on Friday, May 1. This apparently is going to be the final version, and I commend it to those of you who wish to offer amendments to the Defense authorization bill. The final letter also requires that 35 copies of each amendment, together with explanatory materials, be delivered to the Rules Committee office, room H-312, by the deadline of 6 p.m. on Friday, May 1.

Mr. Speaker, there is one additional point I would like to note about this rule before us. It includes a waiver of the Budget Act prohibition against consideration of any measure providing new entitlement authority for a fiscal year prior to the adoption of the conference report on the budget resolution for that fiscal year.

H.R. 1748, as reported, provides new entitlement authority by providing for a military pay increase. However, the conference report on the budget resolution has not yet been adopted.

Hopefully, in the future, the budget resolution conference report will be in place before we consider this important piece of legislation.

□ 1620

Mr. Speaker, I have no objection to the rule. I just have an objection to the bill. I am hoping these objections will be eliminated during the amendment process.

Mr. Speaker, I yield 1 minute to the gentleman from Pennsylvania [Mr. WALKER].

Mr. WALKER. I thank the gentleman for yielding.

Mr. Speaker, we have heard an awful lot of talk on the floor in recent weeks about the fact that the budget problems relate to the defense authorization, the defense appropriation over the last several years. I would suggest to the Members that here is a rule that is going to bring up a defense authorization bill that in fact waives the Budget Act, waives the Budget Act in two places, the most serious of which being it waives the Budget Act with regard to prohibiting consideration of new entitlement authority prior to the adoption of the budget resolution. So there is a fairly significant item here. I would suggest a "no" vote on the rule because of the Budget Act waiver. I yield back the balance of my time.

Mr. LATTA. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. DERRICK. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on the resolution, as amended.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. WALKER. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 319, nays 83, not voting 31, as follows:

[Roll No. 79]

YEAS—319

Ackerman	Campbell	Dymally
Akaka	Cardin	Dyson
Alexander	Carper	Early
Anderson	Carr	Eckart
Andrews	Chandler	Edwards (CA)
Anthony	Chapman	English
Applegate	Chappell	Erdreich
Archer	Clarke	Espy
Aspin	Clay	Evans
Atkins	Clinger	Fascell
Badham	Coats	Fazio
Barnard	Coelho	Feighan
Bateman	Coleman (MO)	Fish
Bates	Coleman (TX)	Flake
Beilenson	Collins	Foglietta
Bennett	Conte	Foley
Bereuter	Conyers	Ford (MI)
Berman	Cooper	Frank
Bevill	Coughlin	Frost
Biaggi	Courter	Gallegly
Bilbray	Coyne	Garcia
Bliley	Crockett	Gaydos
Boehlert	Daniel	Gejdenson
Boggs	Darden	Gibbons
Boland	Davis (IL)	Gilman
Boner (TN)	Davis (MI)	Glickman
Bonior (MI)	de la Garza	Gonzalez
Bonker	DeFazio	Goodling
Borski	Dellums	Gordon
Bosco	Derrick	Gradison
Boucher	DeWine	Grant
Boulter	Dickinson	Gray (IL)
Brennan	Dicks	Gray (PA)
Brooks	Dingell	Green
Broomfield	DioGuardi	Guarini
Brown (CA)	Dixon	Gunderson
Bruce	Donnelly	Hall (OH)
Bryant	Dorgan (ND)	Hall (TX)
Buechner	Dowdy	Hamilton
Bustamante	Downey	Hammerschmidt
Byron	Duncan	Hansen
Callahan	Durbin	Harris
Hatcher	McEwen	Savage
Hawkins	McGrath	Sawyer
Hayes (IL)	McMillan (NC)	Scheuer
Hayes (LA)	McMillen (MD)	Schneider
Hefley	Mfume	Schuette
Hefner	Mica	Schulze
Hertel	Miller (CA)	Schumer
Hochbrueckner	Miller (OH)	Sharp
Holloway	Mineta	Shaw
Horton	Moakley	Shuster
Howard	Mollohan	Sikorski
Hoyer	Montgomery	Sisisky
Hubbard	Moody	Skaggs
Huckaby	Moorhead	Slattery
Hughes	Morella	Slaughter (NY)
Hunter	Morrison (WA)	Slaughter (VA)
Hutto	Mrazek	Smith (FL)
Jacobs	Murphy	Smith (IA)
Jeffords	Murtha	Smith (NE)
Jenkins	Myers	Smith (NJ)
Johnson (SD)	Nagle	Smith (TX)
Jones (TN)	Natcher	Snowe
Jontz	Neal	Solarz
Kanjorski	Nelson	Spratt
Kaptur	Nichols	St Germain
Kasich	Nowak	Staggers
Kastenmeier	Oakar	Stallings
Kemp	Oberstar	Stark
Kennedy	Obey	Stenholm
Kennelly	Olin	Stokes
Kildee	Ortiz	Stratton
Kleczka	Owens (NY)	Studds
Kolter	Owens (UT)	Sweeney
Kostmayer	Panetta	Swift
Kyl	Parris	Synar
LaFalce	Patterson	Tallon
Lagomarsino	Pease	Tauzin
Lancaster	Penny	Taylor
Lantos	Pepper	Thomas (GA)
Latta	Perkins	Torricelli
Leach (IA)	Pickett	Towns
Leath (TX)	Pickle	Traficant
Lehman (FL)	Price (IL)	Traxler
Leland	Price (NC)	Valentine
Lent	Rahall	Vander Jagt
Levin (MI)	Rangel	Vento
Levine (CA)	Ravenel	Visclosky
Lewis (GA)	Ray	Volkmer
Lipinski	Regula	Walgren
Lloyd	Rhodes	Watkins
Lowery (CA)	Richardson	Weiss
Lowry (WA)	Rinaldo	Weldon
Lujan	Ritter	Wheat
Luken, Thomas	Robinson	Whittaker
MacKay	Rodino	Whitten
Madigan	Roe	Wilson
Manton	Roemer	Wolf
Markey	Rogers	Wolpe
Martin (NY)	Rose	Wortley
Martinez	Rostenkowski	Wylie
Matsui	Roukema	Yates
Mazzoli	Rowland (CT)	Yatron
McCloskey	Rowland (GA)	Young (AK)
McCurdy	Russo	
McDade	Sabo	

NAYS—83

Armey	Herger	Pursell
Ballenger	Hiler	Ridge
Bartlett	Hopkins	Roberts
Barton	Houghton	Roth
Bentley	Hyde	Saiki
Brown (CO)	Inhofe	Saxton
Bunning	Ireland	Schaefer
Burton	Kolbe	Sensenbrenner
Cheney	Lewis (CA)	Shumway
Coble	Lewis (FL)	Skeen
Combest	Lightfoot	Smith, Denny (OR)
Craig	Lott	Smith, Robert (NH)
Crane	Lukens, Donald	Smith, Robert (OR)
Dannemeyer	Lungren	Solomon
Daub	Mack	Spence
DeLay	Marlenee	Stangeland
Dornan (CA)	Martin (IL)	Stump
Dreier	McCandless	Sundquist
Edwards (OK)	McCollum	Swindall
Emerson	Meyers	Thomas (CA)
Fawell	Michel	Upton
Fields	Miller (WA)	Vucanovich
Frenzel	Molinari	Walker
Gallo	Nielson	Weber
Gekas	Oxley	Young (FL)
Gingrich	Packard	
Grandy	Pashayan	
Hastert	Petri	
Henry	Porter	

NOT VOTING—31

Annunzio	Johnson (CT)	Schroeder
AuCoin	Jones (NC)	Skelton
Baker	Konnyu	Tauke
Bilirakis	Lehman (CA)	Torres
Boxer	Livingston	Udall
Dwyer	Mavroules	Waxman
Flippo	McHugh	Williams
Florio	McKinney	Wise
Ford (TN)	Morrison (CT)	Wyden
Gephardt	Quillen	
Gregg	Roybal	

□ 1640

The Clerk announced the following pairs:

On this vote:

Mr. Morrison of Connecticut for, with Mr. Baker against.

Mr. Quillen for, with Mr. Tauke against.

Messrs. BROWN of Colorado, EDWARDS of Oklahoma, and PURSELL changed their votes from "yea" to "nay."

Mr. RHODES and Mr. DORGAN of North Dakota changed their votes from "nay" to "yea."

So the resolution, as amended, was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL AVIATION STANDARDS ACT OF 1987

(Mr. GLICKMAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GLICKMAN. Mr. Speaker, I have today reintroduced legislation that will reform product liability laws as they affect general aviation. This is the General Aviation Standards Act of 1987, and I urge my colleagues to join me in cosponsorship. I am privileged to have been joined by the gentleman from California [Mr. MINETA], the gentleman from Michigan [Mr. CARR], the gentleman from Georgia [Mr. GINGRICH], the gentleman from Arkansas [Mr. HAMMERSCHMIDT], the gentleman from Oregon [Mr. DENNY SMITH], and the gentleman from New York [Mr. FISH], as well as over 30 other Members, as original sponsors.

Our general aviation industry has suffered for years as a result of a product liability system which places all of the liability in general aviation on the manufacturer, regardless of its level of fault. The current system also provides that airplanes manufactured over 30 years ago are subject to the same standards of liability as those manufactured last year. The result of this perverse system is that the cost of each general aviation airplane is increased by about $100,000 as a result of liability insurance premiums and costs, which has cost manufacturers thousands of jobs in my own State of Kansas as well as around the country.

General aviation is a federally regulated industry, federally licensed, federally inspected, and the rules are federally enforced. The product liability issue in this area deserves to be subject to a Federal system in order to save the industry. The bill does not deal with injured parties in a punitive or unfair way, as opposed to some other bills in this area, and aviation consumers are for the bill.

Mr. Speaker, this industry could be in danger of being lost. This is a very important industry to America. My bill will help the general aviation industry more than anything else I can think of, and I urge my colleagues to cosponsor it.

THE DEATH OF BEN LINDER

(Mr. DEFAZIO asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. DEFAZIO. Mr. Speaker, 2 days ago, a young American from my State, the State of Oregon, was killed in Nicaragua by mercenaries armed and funded by the United States. His name was Ben Linder. He was working on a small hydroelectric project in northern Nicaragua. He knew his life was at risk. He knew that the Contras have consistently attacked schools, medical clinics, agricultural projects, and every other effort by the people of Nicaragua to free themselves from poverty, illiteracy, and disease. And yet he stayed on and became another victim of this administration's brutal and illegal war in Central America. How can we continue to condemn international terrorism, while sending millions to our own terrorists in Central America? How can we claim to be the champion of human rights in the world while we provide the guns and bullets that take the lives of innocent civilians in Nicaragua? Enough is enough. A month ago, this House voted to suspend aid to the Contras. Unfortunately, the other body lacked the courage to do the same. We'll be revisiting this issue soon and I urge my colleagues to join me in refusing to provide one more penny in aid to the Contras.

CONGRESS OF THE UNITED STATES,
Washington, DC, April 29, 1987.

Hon. GEORGE P. SHULTZ,
Secretary of State,
Washington, DC.

DEAR SECRETARY SHULTZ: An American, Benjamin Linder, was killed in Nicaragua yesterday. He was reportedly killed while unarmed by elements of the Nicaraguan Contras, which are armed, trained, funded and advised by the United States Government. It has been alleged that these Nicaraguan counterrevolutionaries specifically targeted United States citizens. If true, these facts are intolerable and require a strong and unequivocal response.

The United States cannot acquiesce in the murder of any American. Still less can we allow a group armed, trained, and funded by the United States Government to murder our citizens for political reasons. Any consistency in our anti-terrorism policy requires an immediate and thorough investigation of this killing and the bringing to justice of Benjamin Linder's murderers, preferably in U.S. courts.

We would appreciate your assistance in providing prompt, unclassified answers to the following questions:

Who killed Benjamin Linder?

Under what circumstances was Mr. Linder killed?

Under whose orders did the killers of Mr. Linder act?

Were the killers of Mr. Linder members of a Nicaraguan counterrevolutionary group such as the Nicaraguan Democratic Force?

Were the killers of Mr. Linder armed, trained, advised, supplied or funded by the United States Government?

Is there evidence that the killers of Mr. Linder knew that their victim was a United States citizen?

Is there evidence that the killers of Mr. Linder specifically intended to kill a United States citizen?

What steps is the United States Government taking to bring the killers of Mr. Linder to justice?

Have requests been made to the governments of Honduras or Nicaragua, or to the officers of the Nicaraguan Democratic Resistance, to apprehend Mr. Linder's killers and to extradite them to the United States for trial?

If not, will such requests be made?

If not, why not?

We view this matter as one of utmost seriousness. We look forward to your prompt reply.

With best regards,

Sincerely,

Edward J. Markey, George W. Crockett, Jr., Peter W. Rodino, Jr., Les AuCoin, David E. Bonior, Peter A. DeFazio, Ron Wyden, Members of Congress.

□ 1650

WITHOUT FREEDOM OF THE PRESS THERE IS NO FREEDOM

(Mr. SCHEUER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SCHEUER. Mr. Speaker, I wish to submit to the House for the RECORD a remarkable statement that was delivered this week to each and every Member of the Interparliamentary Union, the representatives from all over the world to the Interparliamentary Union, that is meeting even as we speak in Managua, Nicaragua.

The statement is a printed one-page statement by Mrs. Violeta Chamorro, the current owner and operator of the great independent newspaper, La Prensa in Managua. The paper has been closed down by the Sandinista forces. It was closed down in June of last year, 1 day after the Congress approved funding for the Contras. The paper previously was owned by her husband, Pedro Joaquin Chamorro, a fighting apostle of liberalism, of democracy and of freedom of the press and freedom of the individual, who was assassinated by the Somoza forces

in the last waning days of the Somoza regime in 1978.

Mr. Speaker, this extraordinary and noble woman exemplifies for all of us the fighting spirit of freedom for the individual, freedom of the press, freedom of the church, freedom from torture, freedom from oppression, that cannot be quenched.

Although the paper is closed down, she is spending $6,000 a month of her own money to keep a staff in being, ready to spring into action if by any reason that paper is given back its voice.

Yet, the challenge continues. Just scant minutes ago, the State Department informed me that the Sandinistas had the audacity to storm La Prensa's offices and confiscate the very plates used to print the circular Mrs. Chamorro had distributed to the IPU delegates.

This repulsive action by the Sandinistas is disgraceful and offensive to all freedom-loving people on this planet. It demonstrates once again the Sandinista's blatant disregard for human rights. What are the delegates to the IPU to think?

These events come as no surprise to Mrs. Chamorro. Her determination time and again has proven to be an undeniable force in a land torn apart by oppression and censorship. Her strength comes from her love of freedom and truth, and her courage is a lesson to us all. For that reason, I am enclosing for the RECORD a translation of Mrs. Chamorro's plea to the delegates of the IPU.

The letter follows:

(Source: La Prensa, Managua, Monday, April 27, 1987)

WITHOUT FREEDOM OF THE PRESS THERE IS NO FREEDOM

Today, 306 days after the arbitrary closing "on higher orders" of the Sandinista Government, LA PRESa greets the members of the World Interparliamentary Union and asks for the solidarity of the free world and of the democrats who are visiting us in order to join the popular clamor of the Nicaraguans who demand:

FREEDOM OF THE PRESS

Without freedom of the press, there is no democracy.

Without democracy, there is no parliament.

The one who obstructs the free expression of a people does not base his public management on the affirmation of the majorities, but on the violent imposition of his whim.

THE 12TH ANNIVERSARY OF FALL OF SAIGON

(Mr. DORNAN of California asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DORNAN of California. Mr. Speaker, today April 30, is exactly 12 years, a dozen years, since we all suffered those horrendous sights of American helicopters leaving the roof of the United States Embassy in Saigon with frightened friends of ours, Vietnamese citizens, mothers, children, military people clinging to the skids of the helicopters. With Americans gone, a curtain of silent death fell over Indochina. It wasn't until the boat people came out a few years later that most Americans became aware that the Communist death squads went throughout all of South Vietnam and executed somewhere between 60,000 and 68,000 people, a small figure of horror and death when compared to the 2 million that died in Cambodia; but the nightmare of Communist persecution, the concentration camps, euphemistically titled reeducation camps, all of that has stayed for the last 12 years. It has been a nightmare for many of the friends we left behind.

Well, those Americans who suffered the most are the American families of the missing-in-action who were eventually transferred into the category of the presumptive finding of death.

This coming Tuesday night for all my colleagues and for the Members of the other body, I am sponsoring a screening of the film Hanoi Hilton. It has only opened in New York and Los Angeles to date, but I will for the Members make available this beautiful moving tribute to our men, including a former Member of this House who is now in the other body, JOHN MCCAIN, and a great Senator for the last 6 years, now retired to Alabama, Jeremiah Denton.

The torture that our prisoners underwent was not seen since the days of the Gestapo in World War II or Stalin's death camps in the Gulag Archipelago.

This film screening will be in the Mumford Room of the new James Madison Building of the Library of Congress. It will start at 5:30 Tuesday night. I do not think it is in conflict with any other dinners or events or affairs that night. I would hope that a good number of my colleagues will come out.

I will have more to say on that in a special order in about an hour from now on the floor of this House Chamber.

REFORM OF MILITARY CONTRACTING OUT PROCESS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California [Mr. PANETTA] is recognized for 5 minutes.

Mr. PANETTA. Mr. Speaker, today I am introducing legislation to reform the process under which the Department of Defense handles the question of the contracting out of commercial activities at military installations. Under my legislation, the commanding officer at each military installation would be given authority to determine which activities at the installation would be considered commercial activities. The commanding officer would also have authority to determine which of these activities would be subjected to the cost comparison analysis provided for under OMB Circular A-76, and to conduct solicitations for contracts selected for contracting out.

There have been a number of reports of serious problems with the conduct of the commercial activities cost comparison studies being performed at defense installations around the country. In some cases, there have been reports of inadequate performance work statements and the selection of inappropriate methods of measuring the cost of performing such contracts. Some of these problems were recently documented by the General Accounting Office, in its report to Congress, "Opportunities to Use More Preferred Practices for Base Support Contracts."

By giving base commanders the authority to operate these studies as they see fit, we may not be eliminating all the problems in this program. We will, however, be ensuring that those officers closest to the activities and personnel in question have the authority to make the final decision on the issue of contracting out.

A text of the bill follows:

H.R. 2250

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. AUTHORITY OF COMMANDING OFFICERS OVER CONTRACTING OUT FOR COMMERCIAL ACTIVITIES.

(a) AUTHORITY OF COMMANDING OFFICERS.—The Secretary of Defense shall prescribe regulations which direct that the commanding officer of each military installation shall have authority over all aspects of contracting out for commercial activities on the military installation. Under such authority, the commanding officer may—

(1) determine which activities performed by Government personnel on the military installation are to be considered commercial activities;

(2) decide which of these activities shall be submitted for review under the Office of Management and Budget Circular A-76; and

(3) conduct solicitations for contracts for performance of commercial activities selected for conversion to contract.

(b) MILITARY INSTALLATION DEFINED.—For purposes of this Act, the term "military installation" means a base, camp, post, station, yard, center, or other activity under the jurisdiction of the Secretary of a military department which is located within any of the several States, the District of Columbia, the Commonwealth of Puerto Rico, or Guam.

THE TRADE BILL

The SPEAKER pro tempore (Mr. HAYES of Illinois). Under a previous order of the House, the gentleman from California [Mr. LUNGREN] is recognized for 60 minutes.

Mr. LUNGREN. Mr. Speaker, despite the best efforts of the House majority leadership to transform the Democratic Party into a vehicle for new ideas, yesterday's passage of the Gephardt amendment confirmed the continuing allure within that organization of "that old-time religion." I had

hoped that the record levels of job creation propelled by the Reagan administration's confidence in free enterprise had demonstrated to all the unique capabilities of the private sector to cope with economic dislocation. But yesterday's vote in favor of retaliatory and reactive trade policies as well as rigid quotas that bind both foreign governments and our President proved my hopes forlorn. Despite the rapid changes in the world economy, despite the demonstrable futility of tariffs and the abundant opportunities for dismantling barriers to foreign trade here in America, the majority leadership could not resist an opportunity to super manage the international economy.

Most of us remember the lyrics to the old spiritual that read, "Give me that old-time religion/It's good enough for me." Unfortunately, the old-time statist policies of the House leadership will not prove good enough or swift enough to cope with shifting tides in the world economy. The misunderstanding of U.S. employment trends manifested in Mr. GEPHARDT's speech yesterday bodes particularly ill in this context. Although the television networks replayed his contention that America currently exports well-paying jobs, I still find it astonishing that the House leadership continues to ignore documented evidence to the contrary supplied by myself, columnist Warren Brookes of the Detroit News, columnist Paul Samuelson of the Washington Post, the editors of the Wall Street Journal and the Bureau of Labor Statistics.

Members of the majority who seek to preserve traditional smokestack industries at all costs have an even worse grasp of the imperatives shaping the international economy of coming decades. In a seminal essay for Foreign Affairs entitled "The Changed World Economy," Peter Drucker addresses precisely this mismatch between contemporary policymaking and the dynamics of international market forces that grow more tightly interwoven every day. "It may be a long time," he writes, "before economic theorists accept that there have been fundamental changes, and longer still before they adapt their theories to account for them. Above all, they will surely be most reluctant to accept that it is the world economy in control, rather than the macroeconomics of the nation-state on which most economic theory still exclusively focuses. Yet this is the clear lesson of the success stories of the last 20 years—of Japan and South Korea; of West Germany; and of one of the great successes within the United States, the turnaround and rapid rise of an industrial New England, which only 20 years ago was widely considered moribund." Obviously, Drucker's argument has grave implications for proponents of protectionism. Mr. GEPHARDT and his allies presume that our trading partners cannot afford to say no to the United States. But with their economies sensitized to worldwide developments in resource availability, product demand, and labor supply, these nations may decide to do without the goodwill of the United States. Needless to say, such decisions could prove harmful to the full range of U.S. foreign interests, ranging from automobiles to security.

Drucker also illustrates the complications the evolution of the international economy will inject into the planning and operation of any industrial policy. Traditionally, vigorous commerce in manufactured products has been predicated on strong commodity prices. Yet as food production continues to expand in both the West and in India, China, and other countries of the Far East, and as demand for other raw materials like forest products, minerals, and metals continues to decline, a "decoupling" has developed between commodity prices and industrial prosperity. Commodity prices have remained low for the past decade and industrial production has continued to increase.

Naturally, this development has brought a quirk into traditional calculations about trading patterns. As Drucker observes, "If the ratio between the prices of manufactured goods and the prices of nonoil primary products—that is, foods, forest products, metals, and minerals—had been the same in 1985 as it had been in 1973, the 1985 trade deficit might have been a full one-third less—$100 billion as against an actual $150 billion. Even the United States trade deficit with Japan might have been almost one-third lower, some $35 billion as against $50 billion. American farm exports would have bought almost twice as much. And industrial exports to a major U.S. customer, Latin America, would have held; their near collapse alone accounts for a full one-sixth of the deterioration in U.S. foreign trade over the past 5 years. If primary product prices had not collapsed, America's balance of payments might even have shown a substantial surplus.

"Conversely," Drucker continues, "Japan's trade surplus with the world might have been a full 20 percent lower. And Brazil in the last few years would have had an export surplus almost 50 percent higher than its current level. Brazil would then have had little difficulty meeting the interest on its foreign debt and would not have had to endanger its economic growth by drastically curtailing imports as it did. Altogether, if raw material prices in relationship to manufactured goods prices had remained at the 1973 or even the 1979 level, there would be no crisis for most debtor countries, especially in Latin America."

The profound effect of the commodity glut on trade deficits and the debt woes that have become the bane of the Third World do not merely suggest the need for more thought about the definition of our international trading position. They also indicate the folly of blanket requirements on the level of imports and exports. Such requirements make little sense if we do not have a careful understanding of the composition of trade surpluses and deficits.

Prescriptions for trade policy must also take account of the increasing disjunction between manufacturing and manufacturing employment. As service sector industries like finance and information have come to offer the best prospects for new employment, the level of blue-collar employment has declined. Yet Drucker rightly emphasizes that America has not even begun to "deindustrialize." Manufacturing production has remained unchanged as a percentage of the total economy in the postwar years. Since 1953, manufacturing production has held steady at about 24 percent of our gross national product. Exports of U.S. manufactured products rose by 8.3 percent in 1984 and rose again in 1985. The share of American manufactured exports in the world market has risen from 17 percent in 1978 to 20 percent in 1985. West Germany, by way of comparison held 18 percent of that total and Japan, 16 percent, in 1985. As often as not, attempts to save American industrial jobs through protectionist legislation will either prove fruitless in the wake of increasing mechanization at factories or unnecessary in the context of manufacturing industries that generally remain healthy.

Clearly, shifting currents in international commerce mandate a reassessment of our goals in trade policy and the best means of implementing them. It makes little sense to bully our trading partners for the sake of industries with poor prospects in a marketplace dominated by the priorities of high technology and information services. It makes even worse sense to neglect opportunities to use commerce to further our leadership in the commercial centerpieces of tomorrow. Peter Drucker observes: "West Germany and Japan never accepted the 'macroeconomic axion.' Instead, both countries all along have based their economic policies on the world economy, have systematically tried to exploit its changes as opportunities.

"Above all," Drucker stresses, "both make the country's competitive position in the world economy the first priority in their policies—economic, fiscal, monetary, even social—to which domestic consideration are normally subordinated. And these two countries have done far better—economically

and socially—than Britain and the United States these last 30 years. In fact, their focus on the world economy and the priority they give it may be the real secret of their success."

Drucker concludes: "From now on any country—but also any business, especially a large one—that wants to prosper will have to accept that it is the world economy that leads and that domestic economic policies will succeed only if they strengthen, or at least do not impair, the country's international competitive position. This may be the most important—it surely is the most striking—feature of the world economy."

In sum, America does not need to take on the world and combat its trade partners so much as it needs to exploit opportunities more swiftly and successfully than they do. Protected industries, Mr. Speaker, do not need to compete. Uncle Sam does their competing for them.

Tragically, Uncle Sam does not do a very good job of it. Statistics compiled by Professor Gary Hufabauer of Georgetown University's School of Foreign Service suggest a distressing correlation between increases in protection for U.S. industries and the level of imports. In 1975, Professor Hufabauer notes, Uncle Sam restrained about 8 percent of imports coming into this country. He values imports in that year at $99.3 billion. Nine years later, the percentage of imports affected by tariffs and other restrictions had risen to 21 percent. But the total amount of tariffs had also increased to a whopping $329 billion. And last year, which witnessed some of the highest trade deficits in our history, saw the protectionism percentage rise to 25 percent.

Worst of all, while tariffs and quotas appear to have little impact on the trade deficit, they have tremendous consequences for the pocketbooks of Americans. Writing in Policy Review last year, Pete DuPont cited calculations by economist Michael Munger that in 1980, the total cost of import restrictions to U.S. consumers stood at $58.5 billion. Economists at the Brookings Institution and the Council of Economic Advisers estimate that protecting one job in the footwear industry costs our economy $68,000 every year. One job in the steel industry costs $110,000. And one position in the automobile industry costs $160,000. Who bears these costs? Since most of the protected industries produce items for daily use like clothes and food, it's usually the poor and the middle class who must pay for this protection. The New York Federal Reserve has calculated that protection for sugar, clothing, and shoe producers amounts to an income tax surcharge of 25 percent to 66 percent on families with incomes of $9,350. Supposedly designed to give hope to poor and middle-income workers, tariffs and quotas usually serve to dim their prospects for economic advancement.

The depth of the majority leadership's commitment to mercantilist policies goes well beyond the use of policies that have demonstrably failed. To date, the House has failed to act on a host of alternative policies that would take the logical step of eliminating barriers to success in trade that exist here in America. Real opportunities do in fact exist to directly boost the profits of U.S. businesses through amendments of Federal and State laws and regulations. Last year, the President's Tort Policy Working Group reported on a court system deluged with litigants. Changes in judicial philosophy have left U.S. businesses extremely vulnerable to lawsuits. In many courtrooms across the country, the Journal of Legal Studies observed last year, the notion of fault has given way to "enterprise liability." This tenet maintains that business enterprises should be held responsible for any injuries caused by products they introduce into commerce—even if the products were as safe as technology allowed or were misused. Since businessmen lack omniscience, enterprise liability gives many of them an offer they can't refuse: stay out of the market or risk financial ruin in the courts.

The Tort Policy Working Group pointed out some of the consequences of doctrines like enterprise liability and joint and several liability, which can allow defendants with insignificant shares of the blame to pay massive percentages of the award mandated by the courts. Calling the growth in the number of product liability suits "astounding," the report noted that the number of product liability cases filed in Federal district courts increased from 1,579 in 1974 to 13,554 in 1985. Million-dollar verdicts in product liability cases soared from 9 in 1975 to a whopping 86 in 1984. And the average product liability award rose from $393,000 in 1975 to $1,850,000 in 1985. To borrow from strategic terminology, one could say that the amount of litigation on the one hand and the largesse of the awards on the other constitute a very tangible and very credible deterrent to entrepreneurship in America.

These judgments have a very tangible effect on insurance rates as well. If the value of awards and the number of cases rise sharply, then insurance companies can face a sharp reduction in their reserves. They therefore must increase premiums and avoid risky policies to compensate for these losses. Since potential losses appear severe, these companies must be severe in their adoption of policies and imposition of premiums. The tumult that has characterized tort law in recent decades has generated an uncertainty that only accentuates these difficulties.

Despite claims by some in the media that the liability insurance crisis is over, many American businesses will continue to feel the pressure of insurance rates and the threat of lawsuits on their profits. These problems now threaten the long-term health of the general aviation industry. The general aviation industry suffers from stiff competition from foreign manufacturers. U.S. manufacturers reduced their production of general aviation aircraft from 17,811 planes in 1978 to 2,033 in 1985. And airplanes produced abroad represented 35 percent of the total value of such aircraft shipped in the American market during 1985—in contrast to 7 percent in 1975.

Foreign competitors have a distinct advantage over American aircraft producers. Most foreign companies do not face liability difficulties at home. A recent report by the U.S. Department of Commerce entitled "A Competitive Assessment of the U.S. General Aviation Aircraft Industry" profiled the scope of such challenges to U.S. manufacturers. Costs of product liability insurance to aircraft manufacturers, the report states, approached $70,000 per plane delivered in 1985. In contrast, such insurance cost these companies only $2,111 in 1972. In some cases, insurance costs have actually exceeded projected sales revenues for new projects. When this occurs, the manufacturers have no choice but to abandon their work. Insurance prices have already closed down production of single-engine Beech Aircraft Piper aircraft suspended production of nine general aviation aircraft models in early 1986. And Cessna Aircraft stopped production on all its piston-powered planes in May of 1986.

While one cannot exempt the insurance industry from responsibility in this case, it's clear that the tort system itself must bear the burden of blame for the dislocation now felt in the manufacturers' boardrooms and in the homes of the workers laid off by insurance costs that make their labor unaffordable. "Only the tort system," the General Aviation Manufacturers Association has observed, "which has treated claimants to unbridled largess can be held responsible for this industry-crippling trend. It has caused numerous plant closures, driven unemployment in the domestic industry to over 66 percent, and forced several manufacturers to self-insure because of the cost and limited availability of commercial insurance." But way of illustration, the Association adds: "U.S. made single engine aircraft, especially at present exchange rates, would find a ready market in Switzerland as nearly half of the existing fleet will have to be replaced within the next 2 to 5 years. However, the present high

cost of U.S. product liability insurance makes most of U.S. small aircraft uncompetitive."

Fortunately, the administration has proposed action to lift aviation companies and all businesses out of the liability swamp that prevents competitive mobility. The administration proposes a return to a fault-based standard of liability; the elimination of joint and several liability except in cases where defendants have acted in concert; the limitation of noneconomic damages to a fair and reasonable amount; provisions for periodic, instead of lump-sum, payments of damages for future medical care or lost income; the reduction of awards in cases where a plaintiff also is compensated by other sources, such as government benefits; the reduction of transaction costs by limiting attorney's contingent fees to reasonable amounts on a sliding scale. The administration's approach represents nothing less than an all-out assault on the structural disincentives within our present liability system.

As such, it is consistent with the intent of the President's competitiveness initiative. Recognizing the importance of information, information services and information technology to the economy of the future, the President has called for a comprehensive initiative to train the employees of the future in the scientific skills they will need to produce effectively for their employers, to give businesses confidence in their possession of the intellectual property vital to success in a technology-oriented society, and to allow American corporations to work together abroad for increased sales.

The decision of the House leadership to ignore a competitiveness plan tailored to the economy of the 21st century demonstrates once and for all the depth of their commitment to the economy of the past.

□ 1720

Mr. Speaker, perhaps the most disappointing thing about the whole debate that took place on the trade bill this past week was conversations that many of us had with other Members who supported the Gephardt amendment or supported the bill or voted against the Michel amendment in which they told us "don't worry, this bill will never become law. Don't worry, the Senate will take care of it. Don't worry, the President will veto it."

The unfortunate thing is we therefore spent time drafting a bill that many of its supporters do not want, do not think will work and fervently hope will never become law.

Instead of doing that, Mr. Speaker, would it not have been more valuable for us to work on the recommendations of the administration in the tort liability area? Let us see if we can unshackle American industry at least to the degree that they are shackled by a tort system that originated with all good intent, serves a good purpose but has gone to extremes that need to be addressed.

Mr. Speaker, would it not have been better if we had spent this week dealing with the budget deficit, seriously? If we had tried to cut domestic spending instead of promising something here that many Members know, if not most Members know will never become law? Creating promises that will never be fulfilled and perhaps raising expectations among some of our constituents back home that will never be met?

Mr. Speaker, there is much we can do to become competitive or even more competitive in the world marketplace, but this bill is not it.

Mr. Speaker, the American people understand that they can be competitive. The American people understand that they can accept a challenge and are willing to accept a challenge. I just happen to fear that the bill we passed today is very much like a bar to competition in future Olympics by our greatest adversary in the Olympics, the Soviet Union. In other words, we can guarantee that we will get more gold medals if we just make sure that the Soviets stayed home. That is what we are basically saying with this legislation. We cannot compete, we are afraid of competing; what we will do, what we are trying to do is raise trade barriers that will stop imports from coming in. That is a backward way of doing it, Mr. Speaker. We must look at a number of things. The fact that we cut our sugar quota to the Dominican Republic by 80 percent over the last several years, the very largest source of income for that country. If they do not have any money to purchase our exports, how is that going to help us? When we have various economies which have basically closed in on themselves over the last couple of years and lessened the markets for our particular products, how are we going to help ourselves by raising our tariffs and making it even more difficult for some of those countries to sell their goods in the United States?

We must remember that if those countries are going to purchase goods from us they have to be able to sell something of their own in order to afford those products from the United States.

Mr. Speaker, the problem is not, the major problem is not the fact that we cannot compete; the major problem is that we have not competed as well as we can in the future and the greatest problem worldwide has been the shrinking economies of a number of our trading partners. They have actually had smaller levels of imports worldwide rather than greater levels of imports worldwide.

The United States as a percentage of GNP has had less imports over the last number of years rather than more imports.

What we need to do is to get the nations of the world in concert, in agreement on opening the markets rather than starting the protectionist line that I am afraid was begun with the bill that was adopted on the floor of the House today.

Mr. Speaker, maybe the fond hopes of many of my colleagues on the other side of the aisle that the bill we passed today will never become law will be reached, but it is an awful dangerous business that we are in, it is an awful dangerous game that we are playing.

Let us just hope that the first round of protectionism did not start with the vote in the House of Representatives today.

Mr. Speaker, I yield back the balance of my time.

IRS REVOKES TAX-EXEMPT STATUS OF NEPL

(Mr. PICKLE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PICKLE. Mr. Speaker, I have just been informed by IRS Commissioner Lawrence Gibbs that the IRS has revoked the tax-exempt status of the National Endowment for the Preservation of Liberty [NEPL].

This 501(c)(3) organization—run by Carl Channell—has been shut down by the IRS because of its political, illegal, and fraudulent activities. The following is from the statement issued by the IRS an hour ago:

> Effective immediately, the National Endowment for the Preservation of Liberty is no longer eligible to receive tax deductible contributions from the general public. Moreover, no contributor to NEPL is entitled to a deductible contribution if the contributor:
>
> had knowledge of the revocation of the determination letter, or;
>
> was aware that revocation was imminent; or
>
> was, in part responsible or was aware of the activities or omissions of the organization that brought about this revocation.

The Ways and Means Subcommittee on Oversight has been investigating the activities of tax-exempt organizations and explored the activities of Carl Channell's groups. I applaud this action by the IRS. Everyone should be on notice that the Congress and the IRS will not tolerate the use of tax-exempt organizations as fronts for illegal or political programs.

THE CONSTITUTION AND ITS APPLICATION TO POVERTY AND WELFARE

The SPEAKER pro tempore. (Mr. HAYES of Illinois). Under a previous order of the House, the gentleman

from Georgia [Mr. SWINDALL] is recognized for 60 minutes.

Mr. SWINDALL. Mr. Speaker, tonight I will continue a series of Special Orders focusing on the Constitution and its application to a number of the problems that divide us today.

Tonight I will be focusing on the general problem of poverty and welfare.

Mr. Speaker, last year as I sat in my home in Atlanta, GA, I received a late-night phone call from a lady whose voice indicated that she was very, very depressed. In fact, perhaps a better description was that she was frantic.

□ 1730

It seems, as I talked to her, that her problems centered around the fact that she had received notification from the Internal Revenue Service that her meager earnings, because of past tax bills that had not been paid, would be attached by the IRS.

The reason she was concerned is she said that she had three children and she had no idea where the children's father was, though she did have an outstanding child-support order which she had been unable to enforce, and that she had been plagued by multiple medical bills, not only for herself, but for her children.

Her point was that as a result of that particular action, she had about reached the conclusion that it was best for her if she simply quit working. She said that she had been told by a number of her friends that she could actually, in terms of her benefits, receive more if she chose to simply quit working than she would if she continued at her job where she earned just less than $14,000 a year.

As I talked to the lady, I tried to encourage her and tell her to continue to work, if for no other reason than because of her own pride and the model that she could provide for her children. But I went back to the office the next day and decided I would just check on this particular lady's problem to see if her assertion that by quitting work, she could actually receive more benefits through the various Federal and State welfare benefits to which she would become entitled.

To my surprise, I found that her assertion was not far from truth. I found the set of tables that for an individual who earns absolutely zero and has three children, as this particular lady did that are dependent upon her, she would automatically be entitled in 1986 to Aid for Families With Dependent Children in the total cash sum of $5,223. She would be entitled, in addition to that, to $2,296 in food stamps, and on top of that, she would be entitled to $914 in Medicaid benefits for herself and $446 per child benefits through Medicaid, totaling $1,338.

Additionally, she would qualify for $210 in public housing subsidies for a total per year of $2,515, and school lunch subsidies in the amount of $625 for the three children.

Her total standard of living, then, would be $12,001. What about the lady that was earning slightly less than $14,000, who worked every day and had three children?

We find that that individual in 1986 would be entitled to no Aid for Families with Dependent Children, would be entitled to food stamps totaling $484, but she would be required to pay Federal taxes of $1,894, Georgia State taxes of $308, would not be entitled to any Medicaid benefits and would receive the same $625 in school lunch subsidies for her three children.

Her total income, then, would be $12,863, if you focus only on disposable income. That does not take into account her cost of traveling to and from work, nor does it take into account the cost of daycare or any of the other expenses attendant with earning a living.

My stark realization was that this lady's conclusion was, in effect, correct. And then we wonder why today we see more and more structural poverty and, in spite of all the myriad programs that we have established, an actual increase in poverty.

I suspect to really understand the problem, though, it is necessary to go back and look at our history, just our recent history. An examination of our recent history will find that the real onset of the increase in poverty goes back, ironically, to President Lyndon B. Johnson and his Great Society, which was typified by the War on Poverty, which he declared.

The stated purpose of the War on Poverty was to totally eradicate poverty from the face of the United States of America.

Let us look to see exactly what happened if you began to examine the percentage of poverty in America historically, as well as under the Great Society program.

The first thing that you will find is that from 1969 forward, poverty in 1969 stood at 12.1 percent, in terms of percentage of the total population. By the end of the Carter administration, it had risen to 14 percent.

In other words, during that period of time in which we were engaged in this war on poverty, poverty actually increased in terms of a percentage of population.

A number of studies also bear this out. For example, Ohio University professors, Lowell Galloway and Richard Vetter, disclosed in some 40 different regression analyses of the poverty, unemployment, social spending data from 1953 to 1983—that was with a 98-percent correlation—that since 1973 to 1974, Federal public aid has created more structural poverty than it had reduced and that every additional $4,000 of aid actually adds one person to the poverty rolls.

They went on to conclude that although intuitive humane response to rising poverty rates is to want to help or do something for the poor, the empirical evidence indicates that increasing public expenditures on antipoverty programs will have just the opposite effect. Rather than reducing the observed level of poverty, we will increase it.

From 1973 to 1981, for example, the cost in 1980 dollars spending on public aid per capita shot up 40 percent, from $138 to $227. But the number of persons living in poverty rose from 23 to 32 million, the first such rise in postwar history.

By contrast, during the 1963 to 1968 period, the number of persons living under poverty fell 11 million, even though Federal aid in per capita on 1980 dollars averaged less than $60 or only 25 percent of the constant dollar level of 1981, and 60 percent below the threshold level.

In short, the higher the aid levels rose, the more counterproductive they were. It was not until social spending began to soar in the 1970's that two things happened to the Nation's economic growth. One, the economic growth slowed dramatically and real structural poverty began to rise, even in the face of soaring social spending.

Interestingly enough, one would say, "Well, if you really look at these data, all you conclude is that poverty increased under the War on Poverty, but that does not necessarily prove that it would have not increased at even greater rates had we not declared war on poverty."

The fallacy to that is that if you go back to 1950, you will find that poverty as a percentage of the total population stood at 30 percent and had gradually declined for every year until 1969.

In other words, when we had nothing but a safety net in effect, we actually saw poverty decline.

Another analysis of the same economic data shows that during the 1970's, while elderly poverty steadily declined, poverty among women and children rose at a stunning rate. After falling sharply in the previous two decades, and it has fallen in almost precise proportion to a huge rise in non-Social Security spending.

□ 1740

For example, from 1978 to 1983 real non-Social Security social spending rose 21 percent and female child poverty rates rose 18 percent while the total poverty rate rose 42 percent. Poverty fell the fastest in the 1960's when Federal spending averaged only 6 percent of gross national product, and it has risen at its most rapid rate since 1978, when social spending reached a

peak of 11 percent of gross national product.

Interestingly enough, the most dramatic and sharpest decline in the poverty statistics occurred in 1984 when in 1 single year they dropped more so than in any year in 16 years back to 1968.

What happened? The economy recovery is what happened. We saw that GNP grew by 6.8 percent, inflation began to drop, and in fact those who were below poverty began to work their way out of poverty.

One thing that is conclusive about the statistics that we examined is this: One thing is that inflation hurts most those who are poor, and the only known cure for poverty is economic growth.

There is one other point that I think is important, and that point is that there has only been one real victim of the war on poverty. Unfortunately, it was not poverty; rather, it was the very poor for whom it was designed supposedly to help. What we have done is we have reached a point where we have to ask ourselves a very fundamental question, and that is: Can we continue to justify our policies based on the fact that we intend well in those policies?

I would contend that when the results of those policies are as catastrophic as they now are conclusively demonstrated to be, we really have no choice but to reexamine them. The question is: What do we replace the system with? I would suggest that a good starting point in deciding what we replace it with is our Constitution. If we look at the Constitution of the United States of America, we will find that it wisely keeps the Federal Government away from the responsibility of providing the types of social programs that we have gradually increased to the point that we are now literally choking America to death.

I suspect that the reason that the Constitution understood that was that they understood once again that the Federal Government is not the only Government in this country, and that the Federal Government does not or ought not to assume all of the responsibilities in this country. It recognized that there are individuals, there are families, there are churches, there are synagogues, and there are private associations that also have governments that have established responsibility. It also understood that these governments are more efficient and more effective in addressing poverty than is the Federal government. And more importantly, when we allow these governments rather than the Federal Government to address the needs of the poor, we find that something very vital occurs, and that is, rather than simply meeting the physical needs, there is also the opportunity to meet the spiritual needs.

I was surprised earlier this year in the 100th Congress when, in the Subcommittee on Housing of the Banking Committee, we were considering the latest effort by this Congress to address one level of poverty, and that is the poverty that is apparent among the homeless. In the various testimonies presented, one in particular jumped out at me. It was the testimony of Lt. Col. Ernest A. Miller, director of national public affairs of the Salvation Army. As he testified before the subcommittee, he made the following statement with respect to what he anticipated to be an argument regarding the churches and the churches' problems with accepting Federal aid in light of the so-called doctrine of separation of church and state. His comment was, and I quote: "No self-respecting and responsible church group would wish to advance its religious objectives with government funds, most especially at the expense of the poor and homeless."

The tragedy of that testimony is that as the Federal Government takes over more and more and more of the responsibility, it begins to necessarily squeeze out the rightful place of families, individuals, churches, synagogues, and private associations in not only meeting the physical needs of those who are impoverished but also in meeting the spiritual needs.

I think it is fairly evident that if you really talk to someone who is cyclically trapped in poverty, it quickly becomes evident that it is more than an economic problem. The problems are diverse, but at the heart of the matter is typically a spiritual problem. I suspect that is why the Founding Fathers wisely said, "let's not get the Federal Government involved. Rather, let's let other governments that are better capable of addressing the problem, as well as governments that can rightfully engage in the spiritual guidance and counseling that is absolutely critical if you are to address the heart of the problem, handle the matter."

The other thing is that I think the Founding Fathers, even without the benefit of the statistics that now conclusively demonstrate that the more we spend, the more we encourage poverty, understood another principle, and that was that when you begin this whole process of getting the Federal Government in this mode of handing out dollars through programs or vouchers, or whatever, inevitably what you are doing is encouraging an activity because you subsidize it.

Let me give an example that I think is right at home in the sense that we just passed a new tax reform bill. In that tax reform bil there was a great deal of discussion about which industries, if any, and which activities, if any, the Federal Government wanted to encourage. How did we go about, through a Tax Code in the past and in this Tax Code, encouraging certain activities? We subsidized them.

We subsidized them by giving them various tax credits or various tax deductions, saying, "we want you to get engaged in this particular activity." For example, one of the answers to the housing dilemma was that we would encourage people in the private sector to go out and build public housing. We did that through tax incentives.

Why, then, were we surprised, as we wrote the Tax Code that subsidized these activities, that the activities were not only encouraged by they increased greatly? If that argument makes sense—and we can look at the practical application and the results as it relates to the Tax Code—why are we surprised when we find that as we encourage—that is, subsidize—poverty, we end up in the final analysis increasing it? Why are we surprised that if we pay various benefits to mothers with children where the husband is not present in the home, we end up with more mothers with children where the husband is not present in the home?

Why are we surprised that as we make the primary method available to a teenage female to increase income by having a child, we see an incredible spurt in the number of female teenages who are now having children out of wedlock?

The point is that just as we subsidize certain activities by giving tax credits and tax incentives, we also subsidize other activities by saying, "we will make cash payment if you in fact do certain things." We do not say we are encouraging it, but the result is nonetheless the same.

Going back to my particular constituent's problem, she understood, in spite of the fact that she did not want to become a part of the welfare system, that in the final analysis it made logical sense for her to quit work. I do not know if she quit work or not, but my guess is that that particular young lady's problem is really very, very typical of the problems of many, many individuals who are now, unfortunately, permanently on our welfare rolls.

□ 1750

It is one thing to point out the problem, it is another thing to point out the solution. As I suggested, the Constitution at least frames the issue in terms of whose responsibility.

But the real question I think today is, how do we go about implementing a meaningful and effective method of addressing poverty, if it is not the method that we are now using?

As I was personally exploring that, the first thought that occurred to me was, L.B.J. was very effective in bringing about this Great Society, primarily because he was a man of vision. Histo-

ry now proves that unfortunately it was the wrong vision, but he was nonetheless a man of great vision, and as he painted that vision for the American people, they were eager to follow his leadership, and in fact we did follow his leadership.

I would suggest that what we ought to do today as we see the results of that leadership is offer a new vision. I think the American people are certainly eager to see that new vision. In fact, a Los Angeles Times survey indicated that the American people understand what we are doing. The Los Angeles Times found that on the one hand Americans have an enormous sympathy for the poor and their plight, and on the other hand no confidence in the Government's ability to help.

What is surprising is that the poor share that view. Nearly 60 percent of those polled agreed that welfare benefits encourage people to stay poor, and 43 percent of the poor people felt the same way, compared with only 31 percent who disagreed.

By 2 to 1 the poor agreed, along with the rest, that welfare often encourages husbands to avoid family responsibilities, and by nearly 3 to 1 the poor and the poor young women often have babies so they can collect welfare.

The American people are ready for a vision. Let me share with you a vision. I wish I could claim credit for it, but I cannot. An individual who lives outside of Atlanta several years ago moved into one of the areas that is perhaps the most impoverished in the metropolitan Atlanta area because he had a genuine desire in his heart to minister to the needs of the poor. As he was there, it occurred to him that a starting point might well be to create a concept that would allow the children in the neighborhood to receive toys around Christmas time, so he basically put together a toys for tots campaign. The concept behind his toys for tots campaign is that he would go to the surrounding churches and synagogues and ask them if they would make contributions to him for food, clothing and toys. Then he gathered all the food, clothing and toys together, in a great big room and he invited all the parents and children in the neighborhood to a Christmas party. At the Christmas party when it came time to exchange gifts, each of the children was presented with the food, clothing, and the toys that had been gathered.

This individual just as he was about to explode with the joy that he felt from giving and having made this possible noticed something that less sensitive people may never have noticed, and that is he saw in a corner of the room a number of parents who while they were certainly happy that their children were able to be the beneficiaries of the magnanimous gesture, they were equally distressed by the fact that they were not able to be the benefactors.

In essence, what this individual saw was that these dads and moms were being stripped of their dignity before his very eyes.

His intentions no one could criticize, but the results he was sensitive enough to see.

So he asked himself, how can I achieve the same positives without the negatives? Then it occurred to him. He noticed that in this same area in which he lived that there were a number of individuals who were certainly unemployed, but they possessed incredible talents. Some were plumbers. Some were carpenters. Some really had no basic ability really than the ability to work with their hands. Some could sew. Some could knit. Some could just clean. So what he did was he took all those individuals who had kids and he began to do a survey, just asking what they could do with the resources that they had available to them. As he compiled the list, he also looked around the same neighborhood and he found, not surprisingly, that there were a lot of needs in the neighborhood. Some folks needed plumbing. Some folks needed carpentry work done and others just needed some clothes knitted. Others needed basic cleaning.

So what he did, he went to those individuals and he said, "I've got an idea. I don't have any money, but I do have an idea that I think you might be excited about. Why don't you go across the neighborhood, since you know how to paint, and paint your neighbor's front porch and in the process you will earn some vouchers. Now, they are not vouchers that represent money, but they are vouchers that you can redeem at the neighborhood store that I am creating."

Then he went on down the line until he had matched every need with the ability of the individuals in the community to meet those needs.

Then Christmas rolled around and he invited the same parents and the same kids, went to the same churches and synagogues and gathered the same types of clothes, food and toys and they had the same type of party, with one major difference.

This time when it came time to hand out the gifts, whether they be food or toys or clothes, it was the parents who were able to give those gifts to their kids. In that moment that individual saw the satisfaction of his vision.

I think that vision represents a model for us. First of all, it is a model in that it demonstrates that you can with creativity, not necessarily with dollars, but with creativity find solutions to local problems, and that is what federalism is all about. That is what our Founding Fathers were talking about in the Constitution. It was not just a document of ideas. Our Founding Fathers understood that ideas have consequences. Their idea was to allow local communities to address their own problems. Chances are they are better at it than folks centralized in a government somewhere far away, like in Washington, DC.

The other idea that came from that vision was the whole idea that he could also meet some spiritual needs in the process. In fact, that is what this man was. He was a minister. He understood that there was something deeper that was causing the problem in his neighborhood and he was able to meet many of those needs in a spiritual dimension.

Certainly today the Federal Government not only is incapable of it, they expressly state they cannot do that.

This gentleman from the Salvation Army admitted that no self-respecting religious organization would dare do that.

The next thing that he offers in his vision is a fundamental understanding that individuals do want to help themselves. All they need is the opportunity, but they cannot and probably will not take advantage of that opportunity when they are surrounded by a system that is saying exactly the opposite.

In so many ways we have regressed in terms of the model that this Nation once offered to the rest of the world starved for a vision, because we flipped inside out on what our fundamental tenets and principles are.

Let me give you an example. Today, inadvertently, our policies say to the American people, "Don't take care of your parents." I had a lady not too long ago call me on the phone, really distressed, quite different from the distress that I heard in the other lady's voice. She said that she and her husband were distressed because they were living a fairly comfortable lifestyle and all of that was going to be challenged soon or threatened soon by the fact that their mother was going to be retiring and they were scared to death that they might have to pick up the tab.

They were saying, "What is it that the Federal Government, you, what can you do to make certain that I don't get saddled with this responsibility?"

Is it not interesting how far we have moved from the model that the first place you turn is to your family, and now suddenly the first place we turn seems to be to the Federal Government.

□ 1800

Then again if you look at the fact that we have created a model that encourages or subsidizes exactly what we say we do not want, we should not be surprised.

As I look at my Constitution, your Constitution, our Constitution, another thought occurs to me. We have been remiss once again as we have reached out to assume responsibilities that are not rightfully, lawfully, and constitutionally the Federal Government's. We have been remiss in doing what the Constitution says we ought to do, and that is administering justice.

How in the various examples that I have given have we been remiss? Well, let us go back to the lady who called me who had three children who knew that her husband was responsible for their child support, who had a decree that mandated that he pay it, but she could not do anything about it. What we ought to be doing at the Federal level is, rather than creating more policies that encourage giveaway programs, spending more money at the Justice Department making absolutely certain that if a father in this country has any type of obligation to his children, if he will not honor it morally, then the Justice Department ought to make certain through a uniform reciprocal child support act that already exists that he does.

The problem is, like so many of our programs within the Justice Department, we have great ideas, but we are not willing to spend the money to enforce those ideas, to implement those ideas. Why do you think that is? I think that it is because we are spending more and more money in areas that the Constitution never delegated the responsibility to begin with.

In closing, we know that we have a very major problem before us today when it comes to poverty and the cyclical nature of it, a problem so great that Bill Moyers, President Lyndon Johnson's press secretary, was led to do a documentary wherein he admitted that the Johnson approach was flawed, and said, in essence, "We have a crisis on our hands."

If we are going to struggle meaningfully with that crisis, we are going to have to do some radical thinking. I can think of no more radical thought than looking at the Constitution and then applying it, because I suspect that in the wisdom of that document is the starting point, the seed, of the new vision that I have just described.

Mr. DORNAN of California. Mr. Speaker, I am surprised that today passed, a busy day on the trade bill, without any mention of the significance of today's historical date. After the Second World War there were speeches on this House Chamber floor that today really marked the end of the European part of the Second World War, because although the cease-fire was to come a few days later with the formal ending of the war, fittingly on Harry Truman's birthday, May 8, today was the day that Adolf Hitler turned himself over to the Mephistophelian evil that he had committed most of his life to and threw his mortal coil back to God by shooting himself with a German Luger in the face. So April 30 had an historical ring for this Chamber for many, many years after the Second World War.

But then on April 30, 1975, barely 2 years and a month after the last load of our prisoners had returned form the hellish existence in Wallow Prison, called good naturedly by our suffering POW's the Hanoi Hilton—"Wallow" being the translation literally of "hellhole"—2 years and 1 month after the great sacrifice of those men—one of them an Army major named Thompson, was 1 week short of 9 horrible years as a captive; Ed Alvarez, who just completed an excellent assignment of many years as the No. 2 man at our veterans' agency, the VA, had been a prisoner for 8½ years; many men 6, 7, 8 years—after all of that suffering, 2 years and 1 month later we saw those ghastly scenes of helicopters lifting off the roof of the U.S. Embassy in Saigon, helicopters landing in the water, being ditched next to our aircraft carriers and our ships of the 7th Fleet at sea, and America experienced the nightmare, just as our Bicentennial period was to begin, of our tragic total pullout from all of Southeast Asia, even temporarily from our friendship and association with what would have been the fourth domino, Thailand. We were gone, and that silence of death that Douglas Pike had written about so eloquently fell across Indochina.

Douglas Pike had predicted that the liberal intelligentsia of Europe and the United States would call the period peace, but he said that it would be a typical peace of communism, a peace of death, and the death squads would start to roam the countryside. First they would have to disarm the Army of Vietnam forces, the Vietnamese marines, the Vietnamese naval forces, so they put on that Communist benign face—Stalin had done this many times—we still see Communist leaders do it around the world—they said, "All is forgiven; turn in your weapons."

After they had collected the millions of M-16 rifles and older weapons of defense going all the way back to the French period right after World War II, when they had disarmed the population, then the roundup squads began to appear.

Just as we have seen in the excellent film called Shoah about the agony of all those people who died in Hitler's concentration camps, these Communist roundup squads would come by with their lies and say, "We need you to come down to a headquarters building for 2 days of briefing. Bring your toothbrush and maybe 1 day's change of clothes."

All during the rest of 1975 this would take place. Many of those people, women and men, older teenagers, who turned themselves in, were never seen again. To this day 6,000 of them—that is a Communist Hanoi, Vietnam, figure, which was told to my face in one of my two trips to Hanoi since the sad, tragic end of that long conflict—6,000 of our friends remain in Soviet-style gulag so-called reeducation camps to this day.

The Amerasian children, American-Asian descendants of some of our young men and their romances with Vietnamese women, these young men and women, boys and girls, still wander the streets of Saigon, spat upon, looked down upon, wanted by no one.

It is a long agony that the Vietnamese, Laotian, and Cambodian Khmer allies have suffered over these last 12 years. Tonight over in the Dirksen Building is a 2-hour reception presented by the National Congress of the Vietnamese in America. Most of them by now are citizens. Khmer and Laotian Americans are welcome to come tonight. I will be going over there as soon as I finish my remarks.

They said in their invite letter to please, those of us who represent the United States and in many cases the last hope of freedom around the world, not to forget their 6,000 friends and relatives and loved ones who were left behind, who are punished with a dozen years of ugly Communist captivity, virtual slave labor, in some of the camps in the Humen Forest in the most southern part of Vietnam. These people are suffering because they trusted the United States, befriended the United States, and accepted our help to contain communism under the Harry Truman doctrine that this Chamber's foreign policy statements followed for the better part of a quarter of a century.

□ 1810

Now across America we are being told by liberal pundits, critics, not all of them, but most of them, that the film "Platoon," and I choose to call it "Spitoon," for reason I will mention in a moment, that this film "Spitoon," is the definitive answer to explain to future generations of Americans what it was really like in Vietnam.

They chose the subject of the basic fighting unit in the Army infantry, the platoon. It could have been called squad, but platoon is where you get your first direction from an officer. A squad only has a sergeant or a corporal as a leader, and it was the drafted GI, the grunt, the Marine Corps dog face, the common combat infantryman, the fighting soldier who had equally as hard a time in some cases as any fighting man there. In the air you can get a shower, at least, that morning, and if you survive combat you return to clean sheets most of the

time, not all of the time. But if you are captured and you survive, you come back with stories out of North Vietnam of 7, 8, and in one case 9 years that pale, not into insignificance but into balance, the stories of those who are lucky enough to spend only one tour in Vietnam for 1 year. Most began a 365-day countdown from the day they arrived. For the marines it was always, of course, 13 months and sometimes longer, something that they like to remind their Army brothers in arms about.

"Platoon" was a shoo-in for a Hollywood Academy Award. In cohosting a CNN show "Crossfire," before the film had barely premiered, I predicted that the liberal left in Hollywood, which seems to have taken over the Screen Actors Guild and some of the other crafts and guilds, would be able to work out their own guilt complexes for ignoring their struggle for over a decade. Many of Hollywood's luminaries, like Jane Fonda who traveled over to Vietnam and working in concert with the enemy to make sure that those victories of communism would take place over Laos, Cambodia, and Vietnam, would then, of course, be able to assuage their consciences by giving this film, "Spitoon," the coveted Oscar Award as the finest film. And to its writer, director, long-time crusader to get it done, Oliver Stone, he would get the best director's award.

Those critiques against "Platoon" are now starting to slowly come out, and they are needed so desperately for two reasons that I can think of this evening. One of them was that last week the Communist Vietnamese ambassador to the United Nations stated that he had just seen "Platoon" and found it to be an excellent historical document. He hoped he could get prints of it to take to Vietnam and to show to the Vietnamese people suffering under communism. As far as he was concerned, he agreed with that cover of Time magazine that this is the way it really was in Vietnam.

Now does that not show us something? The Communist conquerors of Indochina like Oliver Stone's film "Platoon," "Spitoon."

I say "Spitoon" because it spits on the honor of the U.S. Army, it spits on the honor of my father's service. His three sons, myself included, were all Air Force, but my dad was an Army combatant in World War I and had three Wound Chevrons, what we now call Purple Hearts. He got one for shrapnel in his face and two for poison gas. This film spits on my father's honor, because although each little incident in the film, could be tied over a 10-year period to some incident rooted in some truth. That is Oliver Stone's copout. But to take a 10-year period, and to take every ugly incident possible and jam it all into the experience of one platoon out of that Hawaii traffic lightning division, is an affront to the honor of the U.S. Army.

No one has put it better in the few critical reviews that I have been able to get my hands on than a brigadier general at Fort Bragg, Barry R. McCaffrey. Twelve years is a long time in a 20- or 25-year career, so without knowing, I am assuming that McCaffrey was probably a young captain back in 1968, or even maybe a first lieutenant.

He wrote this article for the Army Times. I wish I could get it published in Time magazine.

He says, "The movie 'Platoon' portrays a terrible and a distorted image of American combat troops with skillful photography." And it was, as it came very close to winning the award for cinematography, only beaten out by the beautifully artistic film, "The Mission." The acting, the acting was superb. I had never really seen Willem Dafoe before who plays the good Sergeant Elias. Tom Beringer is in the best role of his life, playing the bad, terribly scarred Sergeant Barnes. Charlie Sheen, Martin Sheen's son, may go his whole life and never have another role with the substance of this one. So General McCaffrey is right, the acting was certainly skillful.

But he goes on to say hundreds of his friends fought and many died in Vietnam. He personally served there during parts of 1966, 1967, 1968, 1969, and again back in 1971.

"Platoon" portrays a combat outfit characterized by murder of civilians, rape, arson, the murder of prisoners, cowardice, incompetence of NCO's and officers, massive drug and alcohol abuse.

And remember, Time magazine tells us this is the way it was. So did Newsweek, so did all of the other liberal reviewers. So did Siskel and Ebert, the Chicago newspaper reviewers who are syndicated nationwide.

The Vietnamese war was characterized by particularly bitter, small-unit actions, many of which were fought in populated areas. The savagery of these fights was perhaps as brutal as the heavy combat among the civilian populations of World War II. However, do not for a minute believe that "Platoon" is an accurate picture of the U.S. Army in Vietnam. Even during the depressing days of the U.S. withdrawal, our combat units never came apart.

Remember the rumors that our men might come apart the way the South Vietnamese Army did when the collapse started? They said that our allies, our friends, would be shooting at us, or we might do something that was undignified. None of that happened.

He said, "In general, we treated the civilian population with respect and affection." Is that not an unusual word, affection? That is what I saw in my eight trips to Vietnam during the war as a journalist.

Millions of Vietnamese have since risked their lives to escape by sea and through Cambodian jungles.

In combat, when U.S. rifle companies captured VC suspects, or in particular North Vietnamese soldiers, we got them to talk by giving them milk and cigarettes. Our teenage enemy captives were treated with dignity by teenage U.S. soldiers who had captured them. Newly arrived soldiers had to earn the trust and the respect of their platoon. But we sure didn't make them walk point.

This is, of course, what happened in the film "Platoon." They are always pushing the young guys up front to take the heat. Most units had volunteers for any dangerous, kind of sensitive job such as the point team, or tunnel searchers. I call those men tunnel rats. They were always volunteers. Also the recovery of wounded from the battlefield was done by volunteers.

"Cripes," the general writes. He probably wanted to speak more strongly. "The last thing a combat unit would do is put a new guy on point."

For those of you unfamiliar with combat, you do not put a new man out in front, when your own life and the whole existence of your squad depends on it. You want the best possible, most experienced man out there so it will not happen exactly as was portrayed in "Platoon." You don't do this because an inexperienced man freezes allowing the Communists to overrun an ambush and kill the platoon.

□ 1820

There are two other things the movie did not bring out, Brigadier General McCaffrey writes: "first we prayed a lot." Do Americans really find that hard to believe? I saw it on every one of my trips. We had chaplains in the field conducting church services. Some of them were highly decorated, one of them won the Medal of Honor.

"We prayed with our wounded." You saw that on the evening news, you people out there in America. You saw these young GI's bending over their wounded comrades holding their hands, praying, raising their eyes to Heaven, and looking back and whispering in their friends' ears. None of that in the film called "Platoon."

Infantry combat—let me back up. "We prayed with our wounded. We prayed with our dead. We loved each other."

In "Platoon" they murdered each other in cold blood in combat. It does not even make sense logically that you would cut down on your own fire power in combat by having sergeants murder one another.

Infantry combat is brutal, exhausting, occasionally terrifying and incredibly uncomfortable. We grew to depend on each other totally in order to survive.

I myself witnessed and had black American soldiers tell me that the kids

from the oldest traditions of bigotry, threw it all out the window. Color disappeared and they all became exactly like brothers. This happens in combat everywhere in the world on all sides of conflicts.

"We grew to depend on each other totally in order to survive." That is the reason why you did not murder one another in combat. "The enormous bond of love and trust that grew among the combat infantry soldiers is absent from the screen in the movie "Platoon." Now, listen to this: "Go see Platoon," General McCaffrey says, "It is beautifully photographed, the acting is good." I will say it is better than good. "Go see Platoon to look upon a unit without honor." That is what Oliver Stone's unit was. This is halfway true. A unit without honor, without courage, without moral leadership. "Platoon" is a film about what can happen to an American army unit that slips into evil. "Platoon" is not a movie about the U.S. Army that battles so valiantly, so effectively. It never lost anything beyond a company unit struggle. And to no avail in our country's longest war.

I remember a month's trip I took to Vietnam in 1968 as a combat photographer and newsman and I visited with some tough older sergeants, the kind the young kids called lifers because they were careerists. They said:

We want to explain the Tet offensive to you and how bad it was here at our largest installation at Long Binh. They came over the wire, they got into this little convent here that was actually on our compound area. They murdered some of the tiny little nuns in their gray habits and they almost destroyed our nursery.

I said, "What do you mean, your nursery?"

He said, "Let me show you where we helped take care of these prematurely born babies." These big tough sergeants, some of them even had tattoos like Navy chief petty officers, took me into this clean but rudimentary and jury-rigged nursery. They showed me their little premie babies, tiny little babies, about 8 to 10 of them. And I said, "What are these liquor bottles doing in these little-hand-made bassinets?" They said, "Well, we can't afford to get rubber water bottles. If you have anybody in the States who can send us some we will take them. They are sterilized, don't worry about that, Mr. DORNAN. We sterilize these bottles and then we fill them with hot water, wrap them in these diapers and snuggle them up next to these little infants and try to save these little babies."

Except for that one brief moment in "Platoon" where they are walking away from the village carrying children, there is not anything in that film to indicate General McCaffrey's word that there was affection for the Vietnamese people.

I saw this film at a theater in Buena Park, CA, right near the famous Knotts Berry Farm. There are a lot of Vietnamese that live in my congressional district, more than in any one of the 435 districts in this country. The theater was about half Vietnamese. It is the first week of the film, I think it had been out 3 days. Vietnamese teenagers who came over here when they were 5, 6, 7 years old as boat people, many of them, surviving unbelievable horrors on the South China seas. They went. Also, older Vietnamese people were there, people my age, and those in between the teenagers and those in their fifties.

And I looked around during parts of that film particularly when one of the American sergeants murdered a grandmother, when Sergeant Barnes who was Tom Berrenger's character, was holding a gun to the head of the little 3- or 4-year-old girl threatening to blow her head off if her father did not tell him what he wanted to know. I looked around during those moments when the Americans were murdering one another—of the three people on the cover of Life magazine, the three stars, one kills another, first degree murder, when this sergeant thinks the other sergeant, the murderer, is rescuing him because he has just evaded the enemy where he was holding a point position all by himself. He even smiles when he sees one who he thinks is his rescuer, Sergeant Barnes; then Barnes shoots Elias right in the face. He miraculously survives only to die later after being hunted down by a hundred Vietnamese Communist forces and they are unable to help from the helicopter. Then the young protagonist who is supposed to be Oliver Stone, autobiographically living out his life—it is his screen play—murders the other sergeant, the bad sergeant, in cold blood after he has been torn up during a night strike where our fighters are firing right on their own positions. And he is asking for a medic, "Get me a medic." And instead young Charlie Sheen, the private, the protaganist, Mr. Everyman, he murders in cold blood one of his two platoon sergeants and goes home without a guilty conscience. And I guess if that is Oliver Stone, if there is any truth to it, he is walking around today without any guilt that he murdered another American in combat when he was wounded and asking for a medic.

The film shows none of the affection for the Vietnamese. And if when they are not murdering one another, precious little affection for one another.

I have seen black American former combatant soldiers on TV say, "How come one of the blacks goes out and gets his throat slit and he is nailed to a tree? Another black is stabbing himself in the leg and all of them are engaging in drugs along with most of the white soldiers." He said, "Where are the black heroes that won the Silver Stars, the Medal of Honor, Distinguished Service Crosses?" Of course they are not there.

Now, if liberal mass media across this country is going to tell us that is the way Vietnam really is, does anyone suppose it tells the story of the Hanoi Hilton, the zoo, the zoo annex, the briarpatch, the plantation, or any of these horrible prison camps? Does it tell us anything about the Army, the Marine enlisted persons who suffered so grievously in the hills above happy valley, sarcastically named because of the horrible combat fighting there? Does it tell us anything about Admiral Zumwalt's young officer son and his enlisted men who fought so well in the river boat during the riverine war down in the Delta? Does it tell us anything about the MACV officers. [The Military Assistance Command Vietnam] our young men, sergeants, others who go out and work with an equivalent officer in the regional forces, the popular forces, with the Vietnamese Marines, with the ARVN forces? Does it tell us anything about them? Does it tell us the story of these young 19-and 20-year-old officers who flew helicopters? Does it tell us anything about the air commando pilots flying SPAD that would rally at treetop level to try to pull out our men? Does it tell us anything about Jolly Green Giants and the rescue services, the sea planes off the coast in the early war years? Do we hear about the incident where 19 men were killed trying to get out 1 pilot and succeeded? And there was not anybody on the rescue services who said they would not do it over again.

Does it tell us anything about the so-called CIA secret war in Laos where men gave of themselves? No matter what you want to call the war, no matter what this House thought about it, the years of operating out of Laos and in Cambodia are not even referred to in this film. Does it tell us anything about the men flying the C-130's into Cambodia loaded with racks of ammunition trying to stop the genocide of the Killing Fields that followed from the moment Pnom Penh fell in April 17th, 18th, and 19th of 1975? Did that Killing Field horror of 2 million to 3 million deaths—now that I have seen figures of 3 million—that went on for 4 or 5 years after that? The fall of Pnom Penh ever figure into this film? Does it tell you anything about the Navy men serving off the coast, like the kids on the deck of the *Forrestal* or the *Oriskany*, when the fires broke out because of exploding bombs? Does it tell us anything about the kids on the carrier deck when one of the cables broke one night and whipped across the deck and cut the legs off six of those enlisted men serving in the most dangerous environment in peace-

time? Does it tell us anything about the Navy pilots at night, or the Air Force pilots at night going over Haiphong, or Hanoi, with this unbelievable series of restrictions put on them? I believe the restrictions were unethically and immorally imposed by Robert Strange McNamara, so that they could not hit the Mig bases, and could not hit the proper targets but were sent back again and again? Our pilots went back even after McNamara arranged bombing pauses, giving them time to build the most effective system of radar-directed antiaircraft, SAM's and the incredible sanctuaries for the Mig-17's and the advanced Mig-21 fighters to work over our guys. These pilots were sent back over and over again in what was almost by direction a futile effort "Platoon," "Spitoon," does not tell us anything about all these various jobs. Does the film tell us anything about the eight women's names who are on the black marble gash in the Earth between the Washington and Lincoln Monuments—that emotion-grabbing spot called the Vietnam Memorial? Does it tell you anything about these nurses, the ones who were captured in the Tet offensive including some German nurses who died on the march across the DMZ back into North Vietnam?

□ 1833

"Platoon" does not teach us anything except, as General McCaffrey suggests, to show what can happen to a unit of dishonor when its leadership falls apart.

If you got this psycho platoon sergeant and a typical cliche Hollywood idea of an officer, an Ivy-leagued, untrained and indecisive officer who is just rotten—what would you expect? That is the way this one officer is portrayed in this film—who says, "I don't give a damn," at one point. What happens to the men who are going to have to go out on point again? That was not the attitude of the men I saw in eight trips to Vietnam.

If this film is to go down in history, according to liberals, as the definitive film on Vietnam, it will not only receive a warm welcome in Hanoi, tomorrow if they could get a print to show, but it will follow the course of another Hollywood liberal film with some excellent actors in it, like Gene Hackman and Nick Nolte, called "Under Fire."

This film is about Nicaragua and so glorifies the Sandinistas that it is being used as a training film in some of the Communist camps and other areas of Central and South America unedited. They just flat out show this film "Under Fire" to say, "See how rotten and corrupt the Americans are and see how wonderful we Communist guerrillas are."

That is what is going to be the ultimate fate of Oliver Stone's film, "Platoon." "Spitoon" is going to be shown in the Kremlin to applause. It will be shown all over the world, in Leftist and Communist and Socialist countries as the definitive film, just as the American news magazines have called it, of how corrupt and rotten we really were in Vietnam.

In the end of the film, as actor Charlie Sheen, portraying the director, Oliver Stone, sits on his helicopter after his final 365th day in Vietnam, as the helicopter is flying away, the young protagonist, Mr. Everyman, says, "You know, we weren't fighting the enemy in Vietnam; we were fighting ourselves."

Is that not a beautiful line to dovetail into what the good sergeant says earlier, "We've been kicking ass so much all over the world, we deserve to have our ass kicked."

I thought of that comment while watching "Shoah" last night on PBS or while going to the memorial in the Rotunda Tuesday, during this week of memorials to the horrible Nazi Holocaust of 6 million European Jews. Hundreds of thousands of Protestants, Catholics, Gypsies, and anybody else who got in the way of the Nazi Third Reich, also died and were honored here in the Rotunda a few days ago. An entire parade of flags including five American divisions and six American armored divisions, all U.S. Army infantry, whose honor is so terribly besmirched by this movie "Platoon." I thought of those men who gave their lives to kick open the doors of those concentration camps. I thought of General Patton walking around one of the camps. I believe it was Bergen-Belsen or Buchenwald, where Eisenhower made the mayor and his wife walk through and look at the atrocities, including people who were going to die by the thousands, even after they had been liberated because their bodies were so emaciated, there was no saving them.

I thought to myself, is this what Oliver Stone is putting in the mouth of his Sergeant Elias. This is what he meant by "kicking ass." Let me tell you something as a historian about World War II, because most Americans are unaware of—certainly the young people, they get such a lousy education on history in this century these days. We executed, in the Second World War 486 American soldiers and sailors, 486.

We executed no one in Korea, and there were atrocities there too, but the country chose not to focus on them. We do not have even a memorial for the 33,629 men who gave their lives to keep half of Korea free. And that was at least half a victory. If you do not think so, ask some Korean who is fighting for his liberty now and ask him about their economy.

We are all worried about our trade imbalance with Korea in this House over the last 3 days, but what about a memorial for those 33,629 men? There were plenty of atrocities in that war, but we did not execute anybody for them. We were entering a new period in the history of our country at that time. You could murder a fellow soldier, sailor, over a card fight and you would get a long sentence, but no more capital punishment.

In Vietnam, we did not even put before the firing squad a man that dearly deserved it, named Calley. This second lieutenant perpetrated the massacre, the 90-day wonder that gave us the disgrace at My Lai in which way over 100 women and children, were killed. This became Oliver Stone's excuse for portraying this sort of conduct as your average American Army infantry platoon.

Now what did we execute 486 people for in World War II? We executed one for a military crime, just one, the Slovik story. The young man who deserted, who really was sort of a conscientious objector, but because so many Americans were deserting after we had the victory made, after the Battle of the Bulge, that President Eisenhower, then the commanding five-star general of our crusade in Europe, said, "We must make an example out of someone." I do not know to this day if he thought it was a mistake, but he personally signed the execution order on this fellow, Pvt. Eddie Donald Slovik.

Who are the other 485 who went before a firing squad? They were Americans who raped and murdered American women in villages near our Army camps or an Army nurse on the base or shot a friend in a card game, as I mentioned a moment ago.

Then when our Armed Forces went over to England, there were some GI's that murdered English girls after raping them. You certainly do not treat your allies like that. Then after we freed occupied France, some men raped and murdered French girls who were looking at Americans like heroes. Only a handful, but some were in that 485.

Then when we got to Germany, men did this same thing to German women. "This is the way to occupy; we are the conquerors; let's act like Huns or something. We will rape these women and then kill them to get rid of the evidence."

We do not treat enemy women that way, especially when they are really innocent civilians. They were young girls who had no control over Hitler's minority election to power in 1932. So what did we do? We put those men before a firing squad, 485 people met with capital punishment in World War II.

When I went in a military library once, I came across the "Stars and Stripes" from August or late summer of 1944. On one of the front-page stories in the corner, I read that 9 or 10 men were being court-martialed for black marketeering in silk stockings, French cognac and chocolate, and anything else they could get their hands on. Were these unenlightened enlisted men, Oh, no, it was a major, two lieutenants, and several sergeants, all engaged in black marketeering in Gay Paree which had just been liberated a few weeks before. This was happening while other men were in their combat

units about to move into those areas where, when the first snows of winter came, and they became known as the "battered bastards of Bastogne." Eight of them were executed by German machineguns in the massacre in Belgium. What do you do to people engaging in black marketeering while other better men are up dying on the front lines? You court-martial them, and that is what we did.

If that type of story—and I am sure some of it happened in Saigon—had happened in the Vietnam war instead of World War II, that would be the front-page news across this country. This news would be flagellating and beating us to death, looking for examples of dishonor like My Lai. This dishonor cast a shadow over all our 2.7 million GI's who came home and had to put their uniforms away in some sort of self-imposed shame and not talk about their effort to keep freedom alive in Indochina.

Then, after 12 years of fighting to rebuild the image of our great fighting men and those women, along comes this garbage film, this reprehensible, lying, horrible piece of dishonor, this "spitoon," film "Platoon," worst of all the film is touted by liberals from here to Europe.

Wait until this thing opens in Europe. Wait until it starts coming around. Now, by coincidence, a film also 10 years or more in seeking production status and financial aid, the "Hanoi Hilton," a film that has just opened, has been scathingly attacked by most liberal reviewers, with great exception like Rex Reed. The good reviews are anomalies.

□ 1840

I saw this film, "Hanoi Hilton." I am going to sponsor a screening in the Mumford Room on the top of the James Madison Building of the Library of Congress Tuesday, May 5. I invite all my colleagues to come. I invite all the U.S. Senators, Members of the other body, to come, and they can bring their wives. It is going to be just Members and their immediate families only.

That film was attacked because they said it was a cheap attempt to piggyback on "Platoon." The producer, Lionel Chetwin—who directs it—did not know that "Platoon" was being made when he made his film. He had fought just as long to get this story made. Over 10 years ago a mutual friend of ours, young Stephen Dart, had brought the story to him because Ronald Reagan, as Governor of California, had used the late Justin Dart's home to have a welcome back party for the first load of Americans from Vietnam. They came back on Lincoln's Birthday, February 12, 1973, before the other three loads of prisoners were to come home from the Hanoi Hilton.

Then this very young Stephen Dart said, "This is the story that has to be told." So he has had since 1973 this dream to produce "The Hanoi Hilton." But the self-appointed god-like critics, Ebert and Siskel, dismissed "Hanoi Hilton" with the back of their hand, with the thumbs-down symbol, and said, "Don't waste your time to go and see it."

Well, if you want to see truth about America's longest war in Indochina, go and see "The Hanoi Hilton."

But "The Hanoi Hilton" is no more the definitive film—this is the way it was—than is "Platoon," although one is true and one is filled with calumny, slanders, and lies. "The Hanoi Hilton" is about people in captivity right from the opening reel after they are shot down. That does not tell you the story of the men fighting in the Delta or the men out there as advisers to Vietnam units or the men in Laos or what our people tried to accomplish in Cambodia.

I read somewhere recently that the Vietnam experience was the major experience of the middle life of many Americans. It was certainly the major experience of my middle life. The major experience of my youth was watching as a child, 8 to 12 years of age, the great crusade in Europe and MacArthur's great crusade to return freedom to the Philippines. I remember those maps that I put up on my wall with the shrinking boundaries around Americans. These Americans were in Europe by 365 days as our men were in Vietnam, but until they were badly wounded. These American soldiers stayed until they received the million-dollar wound, the one that forced you to go home or you stayed until you were killed or until the war was over, and that meant for some men 3 years and 9 months. Then after they cleaned up in Europe, they were sent to the South Pacific to fight and die and get ready to invade Japan—an incident only stopped—if it were not by those two nuclear weapons, the one at Nagasaki and then Hiroshima right before that.

World War II was the major experience historically of my youth. But I am like those Vietnam vets that served over there. The major experience of my middle years was 1962 when I began to write a story about a T-28 pilot who was a Notre Dame graduate that had been in Vietnam. Barry Goldwater talked about him in the 1964 Presidential campaign. I refer to a screenplay I wrote called "The First American," about the first American to die in Vietnam. That would be like Fronius, Sergeant Gregory Fronius, in El Salvador a few weeks ago. Then I got the title of the "The 13th American" in my rough draft, then "The 82d American"—that was sort of a play on the number 82d Airborne—then 'The 101st American," then the "201st American," Then I gave up, as in 1964 and early 1965 the death toll started to soar, till by the middle part of that war, which would have been about the time of my fifth or sixth out of eight trips to Vietnam, it became clear that this Congress was not bringing to a resolution the nightmare that Robert Strange McNamara had crafted in Vietnam. It also became clear that President Johnson had allowed this conflict to get away from him, because he was crippled, in Johnson's own words, by fear. He said to Walter Cronkite, "We never knew what Red China would do. The American people were with me up until October and November of 1967. The sky was the limit, Walter. I could have done whatever I wanted." Those were his exact words.

Then came the Tet offensive where we crushed the entire infrastructure of the Viet Cong. The war then had to be perpetuated totally by the North. And what did we do? We declared upon ourselves a defeat.

Read what General Giap has to say. We went through seven Presidents, seven Secretaries of State, five or six Secretaries of Defense, and four or five military commanders. The Communists had continuity: one President till Ho Chi Minh died and one military commander throughout the whole war—Gen. Nguyn Vin Giap.

Is it any wonder that we tore ourselves apart with the half-hearted way our politicians ordered that that conflict would be fought?

None of that political side is covered in "Platoon."

DAN LUNGREN, was telling me—that one of the great writers of our time, Charles Krauthammer, wrote a review about "Platoon" that sums it up correctly. He said, "All war on the cutting edge of the violence and the fighting can be portrayed in very ugly, brutal terms."

I can remember a GI I worked with as a young garbage man at Hughes Aircraft in the 1950's who told me that he had nightmares because some of his men had been brutally tortured in the South Pacific. I think the island he was on was Buna, if I remember correctly, and the Japanese troops would put a microphone next to the mouth of the screaming man who would be found the next morning. He said, "When we would capture soldiers, we would grab them by the heels and spin them around and around until we had a lot of speed up and then step to a palm tree and crush their head against the palm tree."

Imagine if they had caught some GI doing that in Indochina. That would have been the definitive story, along with My Lai, that Oliver Stone would put into a film.

There were atrocities everywhere. Tom Braden, the host of "Crossfire," told me one night that there were so many brutal, unnecessary executions of German POW's after we broke through the hedgerows in Normandy that Eisenhower sent down secret communiques: "I will court martial and shoot people if you don't start treating these German POW's in accordance with Geneva Convention rules."

I never heard that until Tom Braden told me. I have no reason to believe he did not tell me the truth. But we did not consecrate—we did not concentrate, or consecrate, these acts of brutality because they were the exception, they were not policy, and people were punished generally when they were caught. Most often they had to be punished if they were caught.

But in Vietnam, sight, sound, and color of the American mass media was following and tracking that war day by day, knowing that we were not driving for any victory, because there was no MacArthur credo, no substitute for victory. This House funded it and for the most part supported the crippling way we fought it. This House also supported the way we left our allies to the sleazy, nontender mercies of those reeducation gulag camps in Vietnam, where the slaughter of millions in the killing fields of Cambodia took place.

And now comes this garbage film, "Platoon," and this highly touted Stone—so highly touted that he had a press conference at the Washington National Press Club a few days ago with Jan Scruggs, the man who tried to railroad this House into giving him a gold medal because he was the man who was the originator of the idea of the black wall called the Vietnam Memorial. Jan Scruggs was the driving force behind this memorial which is buried in the dirt at the foot of the Lincoln Memorial and that became sacred the minute they put the name of the first American who died fighting communism and died for the freedom of people far away. These Americans died for our own freedom by extension if you believe that we are all one human family.

Jan Scruggs takes this man who brags that at one time he was a cokehead, who was arrested at the Mexican border for drug smuggling and had to get his father, since deceased, a conservative stockbroker from New York, to bail him out. Oliver Stone admitted he was deeply into the promiscuous sex scene and coke scene of Hollywood. This is the same man who wrote the film, "Midnight Express," while he was stoned on coke, according to his own testimony and who wrote this filthy, foul-mouthed film, "Scarface," as kind of his revenge against the drug scene that had almost consumed him.

This former cokehead wrote the original drafts of "Platoon" while stoned on drugs. He then was taken for a tour of the Vietnam memorial wall by Jan Scruggs. What an affront. This is like pouring salt into the wounds of our veterans.

I guess our veterans of Vietnam are still so hammered that they cannot find the voice to come forward and really speak out against this film, I suppose because they are awed by the superb cinematography, the excellent fast editing, and the touching musicial score borrowed from other musical pieces, like Adagio for Strings, or some such beautiful mood music. Our veterans are intimidated by the fact that some of the combat firefights were accurate, particularly when compared with the silly comic strip type of film like Rambo I or II or III or Missing in Action I, II, or III, all that Captain Marvel or Superman stuff, because this came closer in some moments to capturing the utter fear and pandemonium of combat firefights, but because of that, they are too intimidated to speak out and say that in all of their experience in Vietnam they never saw a woman raped, and they never saw a GI grab a little 3-year-old girl and put a big 45 up against her temple, screaming and threatening to blow her head off in front of her grandparents.

You see what Oliver Stone would say? "Well, didn't My Lai happen?" Yes, it happened, from a distance, and it was still a brutal murder. I went up the wall when it happened and demanded that if he were guilty, he be court-martialed and go before a firing squad. And I believe to this day that Rusty Calley, as an example for the honor of the U.S. Army, and most officers I have ever spoken to agree with me that he should have met a firing squad. He should have been executed particularly because he had enlisted men on his team, like one I remember, Meter—Paul Meter, I think—who, after killing a few civilians, threw his gun down and said, "I've had it. I am not going to do this anymore." He disobeyed an officer and walked away. Did anything happen to him? Did Calley ask to court martial him? No, because Calley knew as an American who had grown up in this country that what he was doing was immoral and rotten, pistol whipping a Buddhist monk, shooting him, shooting a little brother who was trying to cover his brother's body.

Because that ugly incident happened, that horrible anomaly, then Oliver Stone is able to say to those of us who hate this reprehensible film, "Well, if you kill a child, what's wrong with showing a child with a gun held against his head?"

Then, when you say that our sergeants never murdered one another in combat, what about the fragging? The fragging was what Oliver Stone called the REMF's—the rear echelon mother f's—expletive deleted.

□ 1850

The rear echelon mother f's, those are the ones he claims he hates worse than everyone. For every guy in combat, there were seven guys backing him up. But that is the job of some people, to support the ones in combat. Some feel lucky, but others ask to get into combat. You don't always get what you want in the military. Oliver Stone seems to be one of these unusual people who wanted to go to Vietnam as a volunteer, go to Vietnam and get into combat, and he got his three wishes and has hated himself and his country ever since.

Now, can he justify sergeants killing one another? There is not a recorded event ever of an American killing another American in combat.

He will point to the fragging, that ugly word, which describes young Americans, who were stoned on drugs because they were bored in the later years of the war, and had not been in combat and developed that affection, that love for one another, that camaraderie among fighting men and would shoot their commanding officers. But for the most part U.S. soldiers were bored and behind the lines. I would see them with their big expensive stereos from the PX. They had just been bowling. They would turn on the morning show, "Good Morning America," from Saigon and the tempo was down in 1971, and 1972, except for those units still out fighting in the field heroically.

These guys would get so into drugs. If an officer started to come down on them and threaten them, and some of the tensions from this country were being carried over there among various ethnic groups, they would roll a grenade into a tent at night and kill some young officers, or lifers, as they called them, sergeants.

This is an irony when I think about those 58,000 names on that black wall—I wanted the exact figure, killed in action, 38,530 or died of wounds, another 5,196; died while missing, and we will never know the last horrible days, months and years of some of these, 3,539. Died in captivity, many of them beaten to death under torture, 113.

One captured still, one POW to this day, Charlie Shelton, captured 22 years ago yesterday, is still carried as a POW.

Is it not sad to know that in those figures some of those names on the wall did not die under hostile fire or in a plane crash in a combat area or drowned at sea or drowned in a river boat operation or died in captivity. They were killed by a young fellow American from some small town, stoned out and bored on drugs, and he murders his lieutenant with a grenade.

There are lots of names on that wall down there, and that is the excuse that Oliver Stone has for showing sergeants murdering one another in combat. It just flat out never happened, or if it did, it was never reported. Nobody ever heard of it. Some say that Oliver Stone ought to be tried for war crimes if this is a true relation of his experience as a private in an infantry platoon in the Jay Ninh area with the Tropic Lightning Division. Stone

sluffs it off and says, "The only people who criticize my film are marines."

Is that not interesting? Why? Because they are all volunteers, not draftees?

There were marines who were drafted at one point, L.B.J. would not call up the Reserves, would not use us old—older—I started to use a different expression, so rather than use reservists, he finally started drafting the Marine Corps for 1 short year. The Marine Corps did not even want that, because they loved their tradition of volunteers.

So what was Oliver Stone saying, that marines and officers were the ones who hated his film? Well all the officers in the film were poor leaders and idiots and corrupt. These were the men that had to understand something about policy so is that the reason why?

Forgive my tangent. Let me come back to what Charles Krauthammer said. He said: All combat is brutal and there are exceptions to decency by the best of countries when pandemonium breaks loose on the battlefields. When you begin to fight for your own survival and for your own men in your squad, your brothers who you become closer to than even your flesh and blood brothers for the rest of your life." Anything can happen.

He said, "If a war film is on that and that alone, it has got the narrowest of focus, but if the film discusses policy, the objectives, who was wrong or mostly wrong, who was right or mostly right, and what was the whole objective of a conflict, then you can truly say a film has some objectively and this is the way it was or why it was fought."

I was the only person for Ronald Reagan from this Chamber at the Nashua debate in February, 1980, when he called the Vietnam war a noble cause. Ronald Reagan was responding to a young soldier, a veteran from the audience, about agent orange, and the President said it was a noble cause, "and you can be proud and your family can be proud that you went and fought."

I was sitting very close to the press section. We were at right angles. We were all here as close as that chair and they scoffed and they scowled, they laughed, and they all started to write in their notes what I heard them mumbling, "Reagan is finished. He is through. He has just blown the campaign." To call Vietnam a noble cause was absolutely the ultimate absurdity and it was the end of his campaign.

Well, I turned to Senator GORDON HUMPHREY'S wife, who was back behind the stage supporting the President. I turned to Mrs. Patty Humphrey and I said, "Patty, this is a standing ovation for me."

I stood up, and as I stood up I realized the whole gigantic audience was standing with me, pounding applause, and then the scoffing started in the press community, particularly among the elitist liberals, and everybody looked in amazement. Here was a whole auditorium in Nashua, NH, cheering the President's statement that Vietnam was a noble cause.

You know, not every noble cause wins. Lots of Norwegian freedom fighters in their resistance died. Lots of French Marquis from the Resistance died. Their leader, Jean Moulin was tortured to death by the butcher Klaus Barbie, who is on trial in France right now. Partisans died in the Soviet Union and Yugoslavia. All over the world there were efforts that failed.

The people on Bataan thought we were coming to save them and thousands died on the Bataan Death March. The people in Corregidor held out hope until almost the last 2 or 3 weeks before they collapsed on May 6, 1942. All over the world there have been efforts that have failed.

It is not the winning that is always important when you fight for freedom. It is that you make a stand and that you fight differently than the evil forces in the world fight.

Vietnam did not have even the successful, although inconclusive end, of the Korean war. Our invasion of Laos certainly did not end up, or Cambodia, as happily as our invasion of France where we liberated a country and killed a lot of civilians in that beautiful farm country of Normandy as we were shelling the beaches and the hedge row areas to make it safer for our young GI's to go ashore.

This filthy film, "Platoon," almost goes unscathed. When it is being shown among the laughter in the Kremlin and to special forces units for the Soviet Union, their so-called Spetsnaz forces around the world, who need to get a feel for American culture, Oliver Stone can feel proud. When the film is shown to the Communist guerrilla camps to make young unsophisticated Latin Americans in our hemisphere, fellow Americans, learn to hate the United States, then maybe, just maybe Oliver Stone will realize how badly he has spit on the uniform he wore of the U.S. Army. Maybe then he will realize how badly he has served his fellow combatants that he supposedly puts higher than anything else, through the degradation of the REMF's, the rear echelon mother f's that did not get a chance to go into combat, or avoided it with an easier assignment.

When Oliver Stone comes to the realization that he has undone, the work of 12 years of rebuilding the honor and the image of those American kids that I saw over there on eight trips from the highest ranking officer to the youngest grunt, then and only then will he realize what he has done. I cannot help but remember those men whom I asked, "Are you long or short, son?"

"I am long, sir."

"How long?"

"Well, 364 days. I just got here yesterday."

Every one of those kids used to say, "I didn't want to be here. I was drafted."

I said, "Now, you could have gone to Canada, you could have gone to Sweden, you could have pretended you were a homosexual, you could have had your teeth pulled out, you could have broken your arm, you could have gotten a student deferment, you could have gotten your father to go to the draft board, you could have bought test scores and cheated and, you could demonstrate in the street, you could go on the law and go underground in this country. It was so easy to avoid service."

I said, "Son, you are a volunteer. There is no such thing as a draftee over here and I apologize to you as an American newsman for the terrible way you are covered back home and for the gutless wonder called the U.S. Congress that won't give you the mandate to override McNamara and go for some kind of early solution to this thing, or get out, get out early before we brought about the death of hundreds of thousands of ARVIN soldiers, and yes, hundreds of thousands of missing-in-action North Vietnamese soldiers."

Those young kids down to 12, 13 and 14 years of age in 1972 were Ho Chi Minh 's, based his war plan almost like harvesting crops that had been born 13 years before. When all that came down at the end, we had missed our opportunity a half a decade or more before to resolve this situation. Was this unwinnable because it was not a peninsula like Korea or an island situation like the British successful fight against communism in Malasia for 12 years?

Are the American people so impatient that we just cannot help anybody, that we have to turn our backs on them like we did on Cuba, like we did on Hungary, like we might do in any country that would revolt tomorrow against their Communist slave masters? Should we tell them that because we cannot get it together without the right supply lines, and if we cannot do it quickly, like on the little island of Granada, we cannot do it at all?

□ 1900

Should we not have come to that decision? And do not a lot of Americans realize that if Barry Goldwater had won, promising to either get out or come to a quick and fruitful conclusion, that he would have been a better choice than Lyndon Johnson? Would we not have had this wall down here

with 58,139 names on it, and one POW's name, Charlie Shelton, shot down over Laos, and known to be a prisoner for 4 years with my best friend in the Air Force, Dave Hrdlicka, whose son is checking out F-18's in the Navy this month fulfilling the tradition of his father, a U.S. Air Force fighter pilot?

Dave was shot down 22 years ago next month, on the 16th of May, and that is when I began my crusade for the POW's, starting that bracelet a few years later, and traveling over to Vietnam eight times, and two trips back as a Congressman.

Yes, I am scarred by Vietnam, as much as some of those combatants. My combat missions were out in the field with Echo Company, 2d Battalion, 9th Marines, out in the field with ARVIN forces in the South, four missions in F-5B fighter-bombers with those young, courageous South Vietnamese pilots, and 14 missions in every type of an airplane from an F-4 Phantom to a Spad to Huey Cobra gunships.

Everywhere I went, everyone I saw was the cream of the crop of the United States of America, whether they were a preppie young 2d lieutenant out of one of our eastern schools, or an Hispanic kid from a poor neighborhood who dropped out of high school from southern California, or mostly farm kids, blacks, Hispanics, sons of conservatives, and sons of military families. I sure did not meet many liberals over there, because liberal kids knew how to get out of here, and their liberal parents guided them away from the war that was supported and funded by people whom they voted for.

Mr. Speaker, I invite you also to come over to the Mumford Room and see "Hanoi Hilton" on Tuesday night at 5:30.

BUDGET PROCESS REFORM AMENDMENTS

The SPEAKER pro tempore (Mr. HAYES of Illinois). Under a previous order of the House, the gentleman from Mississippi [Mr. LOTT] is recognized for 5 minutes.

Mr. LOTT. Mr. Speaker, today I am introducing the "Budget Process Reform Amendments of 1987," a package of nine amendments to House Rules, the Budget and Impoundment Act, and the Gramm-Rudman-Hollings Emergency Deficit Control Act. I am joined in sponsorship by our Republican leader, Mr. MICHEL, and our ranking Budget Committee Republican, Mr. LATTA.

While I would agree with the commonly expressed view that no amount of budget process tinkering will cure our deficit problem, I would hasten to add that the very nature, operation and credibility of that process can either facilitate or impede our deficit reduction efforts. And, I would go on to assert that our budgetary machinery today is in a sad state of disrepair and badly in need of fixing. Some would even urge that we junk it altogether and either dust off the old Model T or get ourselves a new X model. I must confess that I often share that frustration and sentiment, though my optimistic side usually regains control.

Consider, if you will, the current, sorry state of our budget-appropriations-authorization processes: budget deadlines are routinely missed; spending ceilings are regularly breached; budget rules are habitually violated and waived (106 specific Budget Act waivers in the 99th Congress alone); deficits continue to mount; authorizations are squeezed-out and consequently tacked onto omnibus bills such as reconciliation and appropriations measures; regular appropriations bills are not enacted on time, if at all, forcing increasing reliance on omnibus, continuing appropriations measures on which there is little deliberation or amenment.

In short, this breakdown in budgetary machinery has adversely affected every facet of the legislative branch of Government and greatly inhibited our ability to function as the deliberative and representative body the framers intended. Instead of prudently managing the purse strings, which is our principal power and responsibility under the Constitution, we are becoming increasingly entangled and strangled by those purse strings. Budgetary matters occupy more and more of our time, but with fewer and fewer results: we're budgeting more now and enjoying it less.

The time has clearly come to revisit the Budget Act and fix what has been broken. But, I would caution against half-measures and minor adjustments that do not address our root problems. For instance, some will suggest that all that needs to be done are some adjustments in our deficit targets and restoration of automatic sequestration. But, taken by themselves, such proposals do not offer real solutions: they simply attempt to redefine the problem and defer and detract from a responsible solution.

Adjusting the deficit targets simply opens the way for even greater games playing and deficit overruns than we now experience. And restoring automatic sequestration, makes no sense if we do not at the same time improve our ability to avoid sequestration through stricter enforcement of our own budget priorities, ceilings, and reductions. Without such a renewed and reinforced commitment to implementing our own budget, sequestration will tend to become a self-fulfilling prophecy. We should keep in mind that sequestration was intended as a deterrent to backsliding and not as a desirable alternative.

The budget process reform amendments which I am introducing today, a summary of which is attached to my statement, are designed to require stricter compliance with and enforcement of our budget resolutions; discourage the resort to omnibus, continuing appropriations resolutions; and restore automatic sequestration.

House Rules would be amended in several ways. First, explanations, justifications, and cost estimates would be required in Rules Committee reports on any Budget Act waivers proposed in a rule, and separate votes could be demanded on each such waiver. Second, extraneous matters would be prohibited in reconciliation bills. Third, a formula would be established for short-term, continuing appropriations measures—those effective for 30 days or less. Such measures could only contain the spending levels from the current year's bills as reported or passed, or the previous year's enacted spending levels, whichever are lower.

And fourth, long-term continuing appropriations bills would be subject to the same prohibitions on legislation and unauthorized provisions as now apply to regular appropriations bills; and a three-fifths vote would be required to waive points of order against provisions in a continuing resolution not previously adopted by the House for that fiscal year.

The Budget and Impoundment Act would be amended in four ways. First, enforcement would be required for the outlay suballocations made by committees. This is already required in the Senate, but the House only enforces suballocations for new credit, entitlement and budget authority. Second, enforcement would be required for our overall budget outlay ceiling as is now required in the Senate. The House operates under the so-called "Fazio exception" whereby a committee bill can breach the outlay ceiling if the committee is still within its overall allocation for budget authority. The "Fazio exception" makes a mockery of our efforts to control spending and deficits. Third, no appropriation bill could be considered until all had been reported. This is important to avoid games and ensure that the committee does adhere to its overall allocation.

The fourth amendment goes to the Impoundment Control Act and would give the President special rescission authority over long-term, continuing appropriations measures which cover two or more regular appropriations bills for more than 30-days. Under this procedure, the President could submit a special rescission measure or measures within 3 days after a continuing resolution is enacted, and this would take effect unless a joint resolution is enacted disapproving all or part of each message within 20 days. This reverses the present rescission process which requires enactment of approval resolutions. The reason for this proposal is first, to discourage these omnibus continuing resolutions in the first place; and second, to give the President some strategic alternative to vetoing a funding bill that may cover the entire government and force its shutdown. If ever a line-item veto were justified, continuing resolutions are it.

Finally, title III of my bill amends Gramm-Rudman-Hollings by substituting a Commission on Deficit Reduction for the Comptroller General in the sequestration process, and thereby restores the automatic nature of that process. This compromise has been offered in view of natural suspicions which some have of giving the President or OMB any discretion in adjusting the OMB/CBO sequestration recommendation.

The Commission would consist of six members to be appointed by the President, not more than three of whom could be of the same political party. Moreover, two could only be appointed after consideration by the President of a list of prospective nominees submitted by the Speaker of the House; and two

others after consideration of a list from the President pro tempore of the Senate. This would not be a full-time, paid commission, but rather would receive a per diem amount for days on which they do meet. Moreover, it is expected that it would only require a small, core staff, which would be full time. So, for relatively little expense, the credibility and integrity of the sequestration process would be restored.

In conclusion, Mr. Speaker, while I do not pretend that this package is a panacea and I do favor such other proposals as credit reform and biennial budgeting, I think the amendments contained in my bill represent some essential steps which should be taken now to fix the budget process. I would again warn against half-measures and minor adjustments of an unbalanced nature. The Germans have a word for such half-reforms: scalimbeserung—"an improvement that makes things worse." A summary of my bill follows:

SUMMARY OF "BUDGET PROCESS REFORM AMENDMENTS OF 1987

(H.R. *2232*, Introduced by Mr. Trent Lott, April 30, 1987) (Principal Sponsors: Mr. Michel and Mr. Latta)

Official Title: A bill to improve the congressional budget and appropriations processes by requiring stricter enforcement of budget resolutions; discouraging omnibus, continuing appropriations measures; giving the President special rescission authority over such omnibus measures; and by restoring automatic sequestration under Gramm-Rudman-Hollings through the creation of a Deficit Reduction Commission.

Section 1. Short Title.—The "Budget Process Reform Amendments of 1987."

TITLE I—AMENDMENTS TO HOUSE RULES

Sec. 101. Budget Act Waivers.—It would not be in order in the House to consider any resolution (rule) providing for the consideration of a measure of matter if that rule waives any provisions of the Budget Act against consideration of the measure, or against any provision thereof or amendment thereto, unless the report accompanying the resolution contains an explanation and justification for the waiver, a cost estimate of the provisions being waived, and a summary or text of any communication received from the Budget Committee regarding the proposed waiver. A separate vote could be demanded on each Budget Act waiver contained in a rule, subject to the requisite number of affirmative votes required for such waiver pursuant to the Budget Act.

Sec. 102. Prohibition on Extraneous Provisions in Reconciliation.—House rules would be amended to prohibit the reporting of any provision in a reconciliation bill, or amendment thereto, which is not related to a committee's reconciliation directives, i.e., which is not related to a provision which reduces spending or raises revenues, as determined by the Committee on the Budget. Note: The Senate already has a similar prohibition.

Sec. 103. Short-Term Continuing Appropriations Formula.—House rules would be amended to provide that any short-term continuing appropriations resolution (effective for 30-days or less) contain only the lower levels of appropriations and more restrictive provisions of the House-reported, House-passed, Senate-passed or conference agreement for that year, or the previous year's appropriations act. A three-fifths House vote would be required to waive the formula or add extraneous matters.

Sec. 104. Long-Term Continuing Appropriations Limitations.—House rules would be amended to provide that any long-term continuing appropriations bill (more than 30-days) contain the full-text of matters to be enacted (rather than mere references to other bills), be subject to House rules now applicable to general appropriations, i.e. the prohibition against unauthorized and legislative provisions, and requirement of cost estimates in the committee report. A three-fifths vote would be required waive points of order or deny amendments to provisions not previously adopted by the House. The present restrictions on limitation amendments would be abolished.

TITLE II—BUDGET ACT AMENDMENTS

Sec. 201. Enforcement of Outlay Suballocations in House.—The current ban on bills and amendments which exceed a committee's subdivisions of new discretionary budget authority, new entitlement authority, and new credit authority would be extended to any breach of outlay suballocations as well. Note: Such a rule already applies in the Senate.

Sec. 202. Enforcement of Spending Ceiling in House—The so-called "Fazio exception" would be repealed. That exception protects bills against points of order for exceeding the spending (outlay) ceiling in the budget resolution so long as the reporting committee is still within its allocation for budget authority. Moreover, any waiver of the spending ceiling would require a three-fifths vote of the House membership. Note: Such a rule and waiver requirement already applies in the Senate.

Sec. 203. Required Reporting of all Appropriations Bills.—No regular appropriation bill could be considered in either House until all approriations bills had been reported by that House.

Sec. 204. Special Rescission Authority Over Long-Term Continuing Appropriations—Any long-term continuing appropriations measure would be subject to special presidential rescission messages if submitted within 3 days of enactment of CR. The total of all such special rescissions could not exceed 10% of the most recently projected deficit as estimated by the joint OMB/CBO report. Such rescissions would take effect unless disapproved by enactment of a joint resolution. (Note: under current law rescissions may only take effect if approved by enactment of a joint resolution.) Congress would have 20 days of continuous session to consider a recission message under special, expedited procedures. If Congress adjourns sine die before completing action on a rescission message, the budget authority would be withheld until the next session of Congress at which time the President could resubmit a message.

Sec. 205. Exercise of Rulemaking Powers.—The applicable provisions of the Titles I and II are enacted as an exercise of the rulemaking powers of the House and Senate, are to be considered as rules of the respective Houses, and as such may be changed by either House at any time.

Sec. 206. Effective Date.—The provisions of Titles I and II having the status of House and Senate rules shall take effect on the final passage by each House of the bill. Those provisions not having the status of House or Senate rules shall take effect upon the enactment of the bill.

TITLE III—RESTORATION OF AUTOMATIC SEQUESTRATION

This title is entitled, the "Deficit Reduction Commission Act Amendments of 1987". It amends the Gramm-Rudman-Hollings "Balanced Budget and Emergency Deficit Control Act of 1985" by substituting a Commission on Deficit Reduction for the sequestration role of the Comptroller General which was found unconstitutional by the Supreme Court in Bowsher v. Synar.

The Commission would be comprised of six members appointed by the President, not more than three of whom could be of the same political party. Two of the six members (not of the same party) would be nominated after consideration by the President of a list of prospective nominees submitted by the Speaker of the House; and two (not of the same party) after consideration of a list submitted by the President pro tempore of the Senate (both after consultation with their minority leaders).

Commission members could not be officers or employees of the government at the time of their nomination, and must be especially qualified for the Commission's work by virtue of their education training and experience. The Commission would expire on September 30, 1991. The existing fallback procedures in Gramm-Rudman-Hollings would be repealed.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. SWINDALL) to revise and extend his remarks and include extraneous material:)

Mr. DORNAN of California, for 60 minutes, today.

Mr. GILMAN, for 60 minutes, May 26.

Mr. LOTT, for 10 minutes, today.

(The following Members (at the request of Mr. RICHARDSON) to revise and extend their remarks and include extraneous material:)

Mr. PANETTA, for 5 minutes, today.

Mr. FORD of Tennessee, for 60 minutes, today.

Mr. LELAND, for 30 minutes, on May 4.

Mr. RICHARDSON, of 5 minutes, on May 4.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. DORNAN of California, during debate on the Young amendment on H.R. 3 in the Committee of the Whole yesterday.

Mr. CARDIN, immediately preceding Speaker WRIGHT in Committee of the Whole, today.

Mr. FROST, immediately following the remarks of Mr. RODINO during consideration of S. 903 in the House today.

Mr. BADHAM, following rollcall 77 and rollcall 78 in the Committee of the Whole today.

Mr. OBERSTAR, on S. 903 in the House today.

Mr. BRENNAN, prior to the remarks of Mr. WRIGHT on H.R. 3 in the Committee of the Whole today.

(The following Members (at the request of Mr. SWINDALL) and to include extraneous matter:)

Mr. SCHULZE.
Mr. LUJAN.
Mr. BADHAM.
Mr. BURTON of Indiana.
Mr. DUNCAN.
Mr. PURSELL.
Mr. DAUB.
Mr. CRANE.
Mr. GREEN.
Mr. ROBERTS.
Mr. KEMP in three instances.
Mr. BROOMFIELD.
Mr. MCCANDLESS.
Mr. MACK.
Mr. NIELSON of Utah.
Mr. MCKINNEY.
Mr. THOMAS of California.
Mr. HENRY.
Mr. GALLO.
Mr. MCMILLAN of North Carolina.
Mr. LIGHTFOOT.
Ms. SNOWE.
Mr. PACKARD.
Miss SCHNEIDER.
Mr. HERGER.

(The following Members (at the request of Mr. RICHARDSON) and to include extraneous matter:)

Mr. SMITH of Florida.
Mr. MAZZOLI.
Mr. MCCLOSKEY.
Mr. ATKINS.
Mr. PENNY.
Mr. KANJORSKI.
Mr. MONTGOMERY.
Mrs. KENNELLY.
Mr. NOWAK.
Mr. SCHEUER.
Mr. ROYBAL.
Mr. MATSUI in two instances.
Mr. RANGEL in two instances.
Mr. JONTZ.
Mr. BONIOR of Michigan.
Mr. FASCELL. in two instances.
Mr. WOLPE.
Mr. BORSKI.
Mr. YATRON.

ADJOURNMENT

Mr. DORNAN of California. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 7 o'clock and 3 minutes p.m.), under its previous order, the House adjourned until Monday, May 4, 1987, at 12 noon.

EXECUTIVE COMMUNCIATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1290. A letter from the Secretary of Defense, transmitting a report of an alleged violation of the Anti-deficiency Act which occurred in the Department of the Air Force, pursuant to 31 U.S.C. 1351; to the Committee on Appropriations.

1291. A letter from the Secretary of the Navy, transmitting a draft of proposed legislation to amend section 305a of title 37, United States Code, relating to career sea pay, in order to provide long-term recognition of the arduous nature of duty aboard a ship; to the Committee on Armed Services.

1292. A letter from the Adjutant General, the Veterans of Foreign Wars of the United States transmitting the proceedings of the 87th National Convention of the Veterans of Foreign Wars of the United States, held in Minneapolis, MN, August 17-22, 1986, pursuant to 36 U.S.C. 118; 44 U.S.C. 1332 (H. Doc. No. 100-73); to the Committee on Armed Services and ordered to be printed.

1293. A letter from the Director, Administrative Office of the U.S. Courts, transmitting the eighth annual report on applications for delays of notice and customer challenges under provisions of The Right To Financial Privacy Act of 1978, pursuant to 12 U.S.C. 3421; to the Committee on Banking, Finance and Urban Affairs.

1294. A letter from the Secretary of Education, transmitting notice of final funding priorities for the research and demonstration projects and knowledge dissemination and utilization projects programs, pursuant to 20 U.S.C. 1232(d)(1); to the Committee on Education and Labor.

1295. A letter from the Director, Information Security Oversight Office, transmitting a copy of the office's "Annual Report to the President FY 1986," together with a copy of the President's letter in response to the report; to the Committee on Government Operations.

1296. A letter from the Director, Administrative Office of the U.S. Courts, transmitting a report on the number of applications for orders authorizing the interception of wire or oral communications, and the number of such orders and extensions granted or denied during calendar year 1986, pursuant to 18 U.S.C. 2519(3); to the Committee on the Judiciary.

1297. A letter from the Attorney General, Department of Justice, transmitting a report of the Department's progress on implementing Public Law 99-578, authorizing the Attorney General to retain private counsel to collect government debts, pursuant to Public Law 99-578; to the Committee on the Judiciary.

1298. A letter from the Assistant Secretary of the Army (Civil Works), transmitting a report dated October 29, 1984, from the Chief of Engineers on North Branch Chicago River, IL, together with other pertinent reports (H. Doc. No. 100-72); to the Committee on Public Works and Transportation and ordered to be printed.

1299. A letter from the Acting Secretary of Agriculture, transmitting the second quarterly commodity and country allocation table showing current programing plans for food assistance under Title II of Public Law 480 for fiscal year 1987, pursuant to 7 U.S.C. 1736b(a); jointly, to the Committees on Agriculture and Foreign Affairs.

1300. A letter from the Assistant Secretary of the Army (Installations and Logistics), transmitting a draft of proposed legislation to amend title 10, United States Code, to delegate to the Secretary of Defense the authority to operate a military education and training program known as the School of the Americas; jointly, to the Committees on Armed Services and Foreign Affairs.

1301. A letter from the Assistant Attorney General, Office of Legislative and Intergovernmental Affairs, Department of Justice, transmitting a draft of proposed legislation to be cited as the Capital Punishment Procedures Act of 1987; jointly, to the Committees on the Judiciary and Armed Services.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. UDALL: Committee on Interior and Insular Affairs. H.R. 1044. A bill to establish the National Maritime Museum at San Francisco in the State of California, and for other purposes; with amendments (Rept. 100-73). Referred to the Committee of the Whole House on the State of the Union.

Mr. BROOKS: Committee on Government Operations. A report on patients at risk: "A Study of Deficiencies in the Veterans Administration Medical Quality Assurance Program" (Rept. 100-74). Referred to the Committee of the Whole House on the State of the Union.

Mr. MONTGOMERY: Committee on Veterans' Affairs. H.R. 733. A bill to exempt retired members of the Armed Forces called to active duty and assigned to full-time duty with the American Battle Monuments Commission from grade limitations on officers of the Armed Forces (Rept. 100-75, Pt. 1). Ordered to be printed.

Mr. DINGELL: Committee on Energy and Commerce. H.R. 1207. A bill to amend the Federal Food, Drug, and Cosmetic Act to ban the reimportation of drugs produced in the United States, to place restrictions on the distribution of drug samples, to ban certain resales of drugs by hospitals and other health care facilities, and for other purposes; with an amendment (Rept. 100-76). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred to as follows:

By Mr. DAUB:

H.R. 2228. A bill to amend the Internal Revenue Code of 1986 to change certain provisions added by the Tax Reform Act of 1986 which affect farmers, and for other purposes; to the Committee on Ways and Means.

By Mr. STAGGERS (for himself, Mr. MURPHY, Mr. DAUB, Mr. RAHALL, Mr. EMERSON, Mr. LEWIS of Georgia, Mr. BEVILL, Mr. LIPINSKI, Mr. GRAY of Illinois, Mr. BATES, Mr. YATRON, Mr. RICHARDSON, Mr. WISE, Mr. OLIN, Mr. FAUNTROY, Mr. FLORIO, Mr. OBERSTAR, Mr. DOWDY of Mississippi, Mr. SCHEUER, Mr. BRENNAN, Mr. SHUSTER, Mr. DEFAZIO, Mr. HOWARD, and Mr. SIKORSKI):

H.R. 2229. A bill to amend the Railroad Retirement Act of 1974 and the Railroad Unemployment Insurance Act to provide for the removal of the trust funds established by those acts from the unified budget, and for other purposes; jointly, to the Committees on Government Operations and Energy and Commerce.

By Mr. ANDREWS:

H.R. 2230. A bill to provide that past-due amounts owed by physicians and other health professionals who breached a contract under the National Health Service Corps Scholarship Program shall be deducted from amounts otherwise payable to the physician under the Medicare and Medicaid Programs, and for other purposes; jointly, to the Committees on Ways and Means and Energy and Commerce.

By Mr. BRYANT:

H.R. 2231. A bill to prescribe an end strength level of U.S. forces assigned to permanent duty in NATO countries and Japan and to provide for the reduction of U.S. forces in these countries under certain circumstances; jointly, to the Committees on Armed Services and Foreign Affairs.

By Mr. LOTT (for himself, Mr. MICHEL, and Mr. LATTA):

H.R. 2232. A bill to improve the congressional budget and appropriations processes by requiring stricter enforcement of budget resolutions, discouraging omnibus, continuing appropriations measures, giving the President special rescission authority over items in such omnibus bills, and by restoring automatic sequestration under the Gramm-Rudman-Hollings Deficit Control Act through the creation of a Deficit Reduction Commission; jointly, to the Committees on Governmental Operations and Rules.

By Mr. CRANE:

H.R. 2233. A bill to provide for the privatization of the U.S. Postal Service; to the Committee on Post Office and Civil Service.

By Mr. DE LUGO (for himself (by request) Mr. UDALL, Mr. LAGOMARSINO, and Mr. YOUNG of Alaska).

H.R. 2234. A bill to amend the Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America, and for other purposes; jointly, to the Committees on Interior and Insular Affairs and the Judiciary.

By Mr. DUNCAN:

H.R. 2235. A bill to amend section 4052 of the Internal Revenue Code of 1986; to the Committee on Ways and Means.

By Mr. GEJDENSON:

H.R. 2236. A bill to extend for 3 years the suspension of duty on uncompounded allyl resins; to the Committee on Ways and Means.

By Mr. GLICKMAN:

H.R. 2237. A bill to recognize the organization known as the Red River Valley Fighter Pilots Association; to the Committee on the Judiciary.

By Mr. GLICKMAN (for himself, Mr. MINETA, Mr. CARR, Mr. FISH, Mr. DENNY SMITH, Mr. GINGRICH, Mr. ANDERSON, Mr. HAMMERSCHMIDT, Mr. GEKAS, Mr. BOUCHER, Mr. NELSON of Florida, Mr. BARNARD, Mr. NICHOLS, Mr. COUGHLIN, Mr. SLATTERY, Mr. HORTON, Mr. LIGHTFOOT, Mr. PETRI, Mr. COBLE, Mr. THOMAS of Georgia, Mr. ROBERTS, Mr. CHANDLER, Mr. BOULTER, Mr. WHITTAKER, Mr. ROWLAND of Connecticut, Mr. DAUB, Mrs. MEYERS of Kansas, Mr. SHAW, Mr. INHOFE, Miss SCHNEIDER, Mr. SCHUETTE, Mr. KOLTER, Mr. ARMEY, Mr. IRELAND, Mr. LUJAN, Mr. CALLAHAN, Mr. CLINGER, Mr. MCDADE, and Mr. KOLBE):

H.R. 2238. A bill to amend the Federal Aviation Act of 1958 relating to general aviation accidents; jointly, to the Committees on Public Works and Transportation, the Judiciary, and Energy and Commerce.

By Mr. GREEN:

H.R. 2239. A bill to amend the Internal Revenue Code of 1986 to disregard, in the valuation for estate tax purposes of certain items created by the decedent during his life, any amount which would have been ordinary income if such item had been sold by the decedent at its fair market value, to allow a charitable deduction based on the fair market value of such items, and for other purposes; to the Committee on Ways and Means.

By Mr. HUGHES:

H.R. 2240. A bill to establish a national estuarine and coastal waters program, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. HUNTER (for himself, Mrs. BENTLEY, Mr. HEFLEY, Mr. DREIER of California, Mr. ROWLAND of Connecticut, and Mr. SOLOMON):

H.R. 2241. A bill to place prohibitions on certain foreign corporations; jointly, to the Committees on Ways and Means and Armed Services.

By Mr. KASICH:

H.R. 2242. A bill to amend title 5, United States Code, to improve the awards program under which the Government recognizes superior accomplishments of Federal employees; to the Committee on Post Office and Civil Service.

By Mr. KENNEDY (for himself, Mr. BOLAND, Mr. EARLY, Mr. MAVROULES, Mr. DONNELLY, Mr. STUDDS, Mr. ATKINS, Mr. MOAKLEY, Mr. MARKEY, Mr. CONTE, Mr. ST GERMAIN, Mr. ROE, Mr. FORD of Michigan, Mr. ANNUNZIO, Mr. BROOKS, Mr. MINETA, Mr. LAFALCE, Mr. MONTGOMERY, Mr. HAWKINS, Mr. GRAY of Pennsylvania, Mr. FASCELL, Mr. RODINO, Mr. DIXON, Mr. DE LA GARZA, Mr. WHITTEN, Mr. JONES of North Carolina, Mr. FOLEY, Mr. COELHO, Mr. MICHEL, and Mr. BONIOR of Michigan):

H.R. 2243. A bill to designate the Federal Building located at 10 Causeway Street, Boston, MA, as the "Thomas P. O'Neill, Jr. Federal Building"; to the Committee on Public Works and Transportation.

By Mr. LUJAN:

H.R. 2244. A bill to permit American prisoners of war held by the Japanese after the Bataan death march to sue in the U.S. Claims Court; to the Committee on the Judiciary.

By Mr. MARTINEZ:

H.R. 2245. A bill to establish programs to provide comprehensive employment, training, educational, and other services for recipients of, and applicants for, aid to families with dependent children in order to promote economic self-sufficiency for such persons and their families, and for other purposes; jointly, to the Committees on Education and Labor and Ways and Means.

By Mr. MARTINEZ (for himself, Mr. ATKINS, Mr. HAYES of Illinois, Mr. OWENS of New York, Mr. JONTZ, Mr. MURPHY, Mr. CLAY, Mr. CHANDLER, Mr. BRYANT, Mr. PERKINS, Mr. KENNEDY, Mrs. KENNELLY, Mr. WISE, Mr. COOPER, Mr. PENNY, Mr. MFUME, Mr. FAWELL, Mr. ROBINSON, and Mr. COELHO):

H.R. 2246. A bill to amend the Job Training Partnership Act to establish an incentive bonus for the successful placement of certain employable dependent individuals, and for other purposes; to the Committee on Education and Labor.

By Mr. MATSUI:

H.R. 2247. A bill to amend the Internal Revenue Code of 1954 to allow individual retirement accounts and individually directed accounts to acquire coins issued by North American countries; to the Committee on Ways and Means.

By Mr. MONTGOMERY (for himself, Mr. SOLOMON, Mr. APPLEGATE, Mr. HAMMERSCHMIDT, Mr. MICA, Mr. STUMP, Mr. DOWDY of Mississippi, Mr. MCEWEN, Mr. EVANS, Mr. BURTON of Indiana, Ms. KAPTUR, Mr. BILIRAKIS, Mr. STAGGERS, Mr. RIDGE, Mr. ROWLAND of Georgia, Mr. ROWLAND of Connecticut, Mr. BRYANT, Mr. DORNAN of California, Mr. FLORIO, Mr. DAVIS of Illinois, Mr. GRAY of Illinois, Mr. STENHOLM, Mr. KENNEDY, Mrs. PATTERSON, Mr. JOHNSON of South Dakota, Mr. JONTZ, Mr. RAVENEL, Mr. DANIEL, Mr. BENNETT, Mr. SPENCE, Mr. HUTTO, Mr. ORTIZ, Mr. BATEMAN, Mr. LEATH of Texas, Mr. BADHAM, Mr. RAY, Mr. SWEENEY, Mrs. BYRON, Mr. COLEMAN of Texas, Mr. DE LA GARZA, Mr. ROBERTS, Mr. NICHOLS, Mr. HOCHBRUECKNER, Mrs. LLOYD, Mr. FAZIO, Mr. PRICE of Illinois, Mr. BUSTAMANTE, Mr. BLAZ, Mr. HEFNER, and Mrs. SCHROEDER):

H.R. 2248. A bill to recognize the organization known as the Non Commissioned Officers Association of the United States of America; to the Committee on the Judiciary.

By Ms. OAKAR:

H.R. 2249. A bill to change the title of employees designated by the Librarian of Congress for police duty and to make the rank structure and pay for such employees the same as the rank structure and pay for the Capitol Police; to the Committee on House Administration.

By Mr. PANETTA:

H.R. 2250. A bill directing the Secretary of Defense to prescribe regulations giving the commanding officer of each military installation authority over contracting out for commercial activities performed on the military installation; to the Committee on Armed Services.

By Mr. PETRI:

H.R. 2251. A bill to amend the Internal Revenue Code of 1986 with respect to the definition of preproductive period under the uniform capitalization rules; to the Committee on Ways and Means.

By Mr. RICHARDSON (for himself, Mr. PEPPER, Mr. DYMALLY, Mr. TORRES, Mr. WHEAT, and Mr. LELAND):

H.R. 2252. A bill to establish a forbearance program for thrift institutions including minority associations; to the Committee on Banking, Finance and Urban Affairs.

By Mr. SCHEUER (for himself, Miss SCHNEIDER, Mr. HENRY, Mr. MCMILLEN of Maryland, Mr. MCCURDY, Mr. SMITH of New Hampshire, Mr. VALENTINE, and Mr. WAXMAN):

H.R. 2253. A bill to establish within the Environmental Protection Agency a comprehensive program of environmental research, development, and demonstration relating to ground water contamination and ground water resources; jointly, to the Committees on Energy and Commerce and Science, Space, and Technology.

By Mr. SCHULZE:

H.R. 2254. A bill to permit the Joint Committee on the Library to accept gifts of personal property for use in the Botanic Garden, and for other purposes; to the Committee on House Administration.

H.R. 2255. A bill to provide for the temporary suspension of the duty on m-Hydroxy-

benzoic acid; to the Committee on Ways and Means.

H.R. 2256. A bill to provide for the temporary suspension of the duty on 2-n-octyl-4-isothiazolin-3-one, and on mixtures of 2-n-octyl-4-isothiazolin-3-one and application adjuvants; to the Committee on Ways and Means.

H.R. 2257. A bill to provide for the temporary suspension of the duty on mixtures of 5-chloro-2-methyl-4-isothiazolin-3-one, 2-methyl-4-isothiazolin-3-one, magnesium choloride, stabilizers and application adjuvants; to the Committee on Ways and Means.

H.R. 2258. A bill to extend for 3 years the existing temporary suspension of the duty on mixtures of 5-chloro-2-methyl-4-isothiazolin-3-one, 2-methyl-4-isothiazolin-3-one, magnesium choloride and magnesium nitrate; to the Committee on Ways and Means.

By Mr. SCHULZE (for himself, Mr. WALKER, Mr. VANDER JAGT, Mr. STUMP, Mr. KOSTMAYER, Mr. HILER, Mr. SHUMWAY, and Mr. LAGOMARSINO):

H.R. 2259. A bill to amend the Internal Revenue Code of 1986 and title II of the Social Security Act to provide an exemption from coverage under the social security program on a current basis (pursuant to applications filed in advance) for employers and their employees in cases where both are members of faiths opposed to participation in such program; to the Committee on Ways and Means.

By Mr. SMITH of New Hampshire (for himself, Mr. DAVIS of Illinois, Mr. DORNAN of California, Mr. ROWLAND of Connecticut, Mr. DREIER of California, Mr. HUNTER, Mr. MCCLOSKEY, Mr. DENNY SMITH, Mr. SUNDQUIST, Mr. APPLEGATE, and Mr. LIPINSKI):

H.R. 2260. A bill to direct the heads of Federal departments and agencies holding records concerning reported live sightings of American military personnel classified as prisoners of war or missing in action in Southeast Asia to make such records available to the public; jointly, to the Committees on Armed Services, the Permament Select Committee on Intelligence, and Foreign Affairs.

By Mr. ARMEY:

H.J. Res. 262. Joint resolution to void certain agreements relating to the site of the Soviet Union's embassy in the District of Columbia; to the Committee on Foreign Affairs.

By Mr. KEMP (for himself and Mr. UDALL):

H.J. Res. 263. Joint resolution making an urgent supplemental appropriation for emergency assistance to the Polish independent trade union organization NSZZ "Solidarnosc" for the fiscal year ending September 30, 1987, and for other purposes; to the Committee on Appropriations.

By Mr. LEVINE of California:

H. Con. Res. 113. Concurrent resolution concerning military unrest in Argentina; to the Committee on Foreign Affairs.

By Mr. MCCLOSKEY:

H. Con. Res. 114. Concurrent resolution urging the President to implement a new policy with respect to the countries of Indochina in order to resolve the issue of American prisoners of war and Americans missing in action; to the Committee on Foreign Affairs.

By Mr. SCHEUER (for himself, Mr. ACKERMAN, Mr. KEMP, Mr. DOWNEY of New York, Mr. BIAGGI, Mr. SOLARZ, Mr. GARCIA, Mr. NOWAK, Mr. OWENS of New York, Mr. BOEHLERT, Mr. MANTON, Mr. LENT, Ms. SLAUGHTER of New York, Mr. HOCHBRUECKNER, Mr. MCHUGH, Mr. DIOGUARDI, Mr. SCHUMER, Mr. MCGRATH, Mr. TOWNS, Mr. MRAZEK, Mr. LAFALACE, Mr. STRATTON, Mr. WEISS, Mr. FLAKE, Mr. MOLINARI, Mr. GILMAN, Mr. HOUGHTON, Mr. HORTON, Mr. GREEN, Mr. MARTIN of New York, Mr. RANGEL, Mr. WORTLEY, Mr. FISH, and Mr. SOLOMON):

H. Con. Res. 115. Concurrent resolution providing for participation by delegations of Members of both Houses of Congress in ceremonies to be held in April 1989 in New York City marking the 200th anniversaries of the implementation of the Constitution as the form of government of the United States, the inauguration of President George Washington, and the proposal of the Bill of Rights as the first 10 amendments to the Constitution; to the Committee on Post Office and Civil Service.

MEMORIALS

Under clause 4 of rule XXII,

62. The SPEAKER presented a memorial of the general assembly of the State of Vermont, relative to the National Chapter 1 Compensatory Education Program; to the Committee on Education and Labor.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII,

Mr. SHUMWAY introduced a bill (H.R. 2261) to confer jurisdiction upon the U.S. Claims Court to render judgment upon the claim of John King, and for other purposes; to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 17: Mr. FAWELL.

H.R. 18: Mr. HUGHES, Mr. CLINGER, Mr. PANETTA, Mrs. BYRON, Mr. ROYBAL, Mr. KANJORSKI, and Mr. TAUZIN.

H.R. 39: Mr. JONTZ.

H.R. 51: Mr. HAYES of Illinois, Mr. FAZIO, and Mrs. KENNELLY.

H.R. 285: Mr. BOEHLERT.

H.R. 536: Mr. CRANE.

H.R. 594: Mr. MCDADE and Mr. ROE.

H.R. 660: Mr. FIELDS.

H.R. 733: Mr. APPLEGATE, Mr. HAMMERSCHMIDT, Mr. MICA, Mr. WYLIE, Mr. DOWDY of Mississippi, Mr. STUMP, Mr. EVANS, Mr. MCEWEN, Ms. KAPTUR, Mr. SMITH of New Jersey, Mr. PENNY, Mr. BURTON of Indiana, Mr. STAGGERS, Mr. BILIRAKIS, Mr. ROWLAND of Georgia, Mr. RIDGE, Mr. BRYANT, Mr. ROWLAND of Connecticut, Mr. FLORIO, Mr. DORNAN of California, Mr. GRAY of Illinois, Mr. SMITH of New Hampshire, Mr. KANJORSKI, Mr. DAVIS of Illinois, Mr. ROBINSON, Mr. STENHOLM, Mr. HARRIS, Mr. KENNEDY, Mrs. PATTERSON, Mr. JOHNSON of South Dakota, and Mr. JONTZ.

H.R. 758: Mr. OXLEY.

H.R. 922: Mr. RIDGE.

H.R. 953: Mr. BATEMAN, Mr. BENNETT, Mrs. BENTLEY, Mr. BLAZ, Mr. BONKER, Mr. BORSKI, Mr. BOSCO, Mr. BROOKS, Mr. CARPER, Mr. DE LA GARZA, Mr. DIOGUARDI, Mr. DYSON, Mr. FIELDS, Mr. FOGLIETTA, Mr. HERTEL, Mr. HUBBARD, Mr. HUTTO, Mr. LEWIS of Georgia, Mr. LIPINSKI, Mr. LOWRY of Washington, Mr. MANTON, Mr. MARTINEZ, Mr. MAVROULES, Mr. MILLER of Washington, Mr. ORTIZ, Mr. OWENS of New York, Mr. PICKETT, Mr. QUILLEN, Mr. SCHEUER, Mr. STUDDS, Mr. SWEENEY, Mr. TALLON, Mr. THOMAS of Georgia, Mr. TOWNS, Mr. VANDER JAGT, and Mr. YOUNG of Alaska.

H.R. 957: Mr. FISH, Mr. HERTEL, and Mr. ATKINS.

H.R. 1025: Mr. MCCOLLUM.

H.R. 1053: Mr. LATTA.

H.R. 1064: Mr. JONTZ, Mr. MINETA, Mr. OWENS of Utah, and Mrs. VUCANOVICH.

H.R. 1152: Mr. TALLON, Mr. WEISS, and Mr. ECKART.

H.R. 1170: Mr. EVANS.

H.R. 1207: Ms. SLAUGHTER of New York.

H.R. 1213: Mr. OWENS of Utah, Mrs. BENTLEY, Mr. BUECHNER, Mr. MURPHY, Mr. DORNAN of California, Mr. OWENS of New York, Mr. LIPINSKI, Mr. DYMALLY, Mr. GALLO, Mr. LEVINE of California, and Mr. HORTON.

H.R. 1271: Mr. ECKART and Mr. ROGERS.

H.R. 1425: Mr. RANGEL.

H.R. 1428: Mr. LUNGREN and Mr. DANNEMEYER.

H.R. 1444: Miss SCHNEIDER, Mr. BALLENGER, and Mr. HOLLOWAY.

H.R. 1495: Mr. CONYERS, Mr. DARDEN, Mr. DEFAZIO, Mr. GARCIA, Mr. HUGHES, Mr. KILDEE, Mr. KOLTER, Mr. LANCASTER, Mr. MURPHY, Mr. OWENS of Utah, Ms. SLAUGHTER of New York, Mr. SOLARZ, Mr. TOWNS, and Mr. VALENTINE.

H.R. 1506: Mr. LIPINSKI.

H.R. 1568: Mr. HOWARD.

H.R. 1580: Mr. MILLER of California, Mr. LEVINE of California, Mr. DIXON, Mr. COELHO, and Mr. GEJDENSON..

H.R. 1583: Mr. STUMP, Mr. LAGOMARSINO, Mr. HASTERT, Mr. TAUKE, and Mr. HILER.

H.R. 1604: Mrs. BENTLEY, Mrs. COLLINS, Mr. GRADISON, Mr. RANGEL, Mr. GILMAN, and Mr. ROWLAND of Connecticut.

H.R. 1626: Mr. BOEHLERT.

H.R. 1708: Mr. RAHALL, Mrs. BOXER, Mr. PEASE, Mr. GUARINI, Mr. LANTOS, Mr. ROE, Mr. SCHUMER, Mr. RUSSO, Mr. RICHARDSON, Mr. ANDERSON, and Mr. GILMAN.

H.R. 1807: Mr. DWYER of New Jersey.

H.R. 1840: Mr. PETRI and Mr. MARTINEZ.

H.R. 1843: Mr. HAYES of Illinois, Mr. SOLARZ, Mr. LEHMAN of Florida, Mr. MINETA, Mr. FORD of Tennessee, Mr. TOWNS, Mr. LEWIS of Georgia, Mr. GRAY of Illinois, and Mr. SIKORSKI.

H.R. 1872: Mrs. BOXER and Mr. VANDER JAGT.

H.R. 1885: Mr. HUCKABY.

H.R. 1950: Mr. BEILENSON, Mr. CARPER, Mr. COELHO, Mr. CONYERS, Mr. DERRICK, Mr. DYSON, Mr. FROST, Mr. GLICKMAN, Mr. HERTEL, Mr. HOCHBRUECKNER, Mr. KENNEDY, Mr. KILDEE, Mrs. LLOYD, Mr. PRICE of North Carolina, Mr. ROWLAND of Connecticut, Mr. SCHEUER, Mr. SMITH of Florida, and Mr. WOLPE.

H.R. 1953: Mr. WOLF, Mr. FROST, Mr. CLINGER, Mr. MCGRATH, and Mr. HUGHES.

H.R. 1958: Ms. KAPTUR and Mrs. BYRON.

H.R. 1973: Mr. COLEMAN of Missouri and Mr. CLINGER.

H.R. 1974: Mr. DAVIS of Illinois, Mr. BALLENGER, Mr. ROBINSON, Mr. LAGOMARSINO, Mrs. JOHNSON of Connecticut, Mr. SMITH of Florida, Mr. HORTON, Mr. LIPINSKI, Mr. PORTER, Mr. GORDON, Mr. MARTINEZ, Mr. FRANK, and Ms. KAPTUR.

H.R. 2017: Mr. SOLARZ, Mr. FRANK, and Mr. ATKINS.

H.R. 2036: Mr. BEILENSON, Mr. TRAFICANT, Mr. MCCLOSKEY, Mr. PEASE, Mr. FAZIO, Mr.

CLINGER, Mr. JEFFORDS, Mr. LAFALCE, Mr. JACOBS, Mr. FRANK, Mr. VENTO, Mr. ROYBAL, and Mr. STUDDS.

H.R. 2062: Mr. BORSKI and Mr. ECKART.

H.R. 2070: Ms. KAPTUR, Mr. BOEHLERT, Mr. HATCHER, and Ms. SNOWE.

H.R. 2125: Mrs. MORELLA.

H.R. 2132: Mr. BLAZ, Mr. LAGOMARSINO, and Mr. FROST.

H.R. 2191: Mrs. LLOYD.

H.J. Res. 55: Mr. HOWARD, Mr. LAGOMARSINO, Mr. KEMP, Mr. BEVILL, Mr. DE LA GARZA, Mr. RAHALL, Mr. CARDIN, Mr. CHAPMAN, Mrs. VUCANOVICH, Mr. RINALDO, Mr. GOODLING, Mr. GALLO, Mr. RITTER, Mr. LIPINSKI, Mr. WILSON, Mr. ST GERMAIN, Mr. SHAW, Mr. DWYER of New Jersey, Mr. TRAXLER, Mr. KOSTMAYER, Mr. TORRICELLI, Mr. HUGHES, Mr. COURTER, Mr. JOHNSON of South Dakota, Mr. MCEWEN, Mr. SMITH of New Jersey, Mr. WELDON, Mr. IRELAND, Mr. FASCELL, Mr. BROWN of California, Mr. LEWIS of Florida, Mr. LEHMAN of California, Mr. CARPER, and Mr. TAUKE.

H.J. Res. 58: Mr. MINETA, Mr. RINALDO, and Mr. MCEWEN.

H.J. Res. 127: Mr. GARCIA, Mrs. PATTERSON, Mr. EMERSON, Mr. FOGLIETTA, Mr. RAVENEL, Mr. OBERSTAR, Mr. KENNEDY, Mr. SCHAEFER, Mr. OWENS of New York, Mr. INHOFE, Mr. ST GERMAIN, Mr. NEAL, Mr. DAVIS of Michigan, Mr. BOLAND, Mr. COUGHLIN, Mr. FEIGHAN, Mr. NELSON of Florida, Mr. SPENCE, Mr. PARRIS, and Mr. ALEXANDER.

H.J. Res. 139: Mr. JONTZ and Mr. MINETA.

H.J. Res. 180: Mr. FASCELL.

H.J. Res. 192: Mr. ANDREWS, Mr. APPLEGATE, Mr. BATES, Mrs. BOGGS, Mr. BONIOR of Michigan, Mr. BORSKI, Mrs. BOXER, Mr. BRENNAN, Mr. CLAY, Mr. CONYERS, Mr. DORGAN of North Dakota, Mr. DWYER of New Jersey, Mr. EVANS, Mr. FEIGHAN, Mr. FISH, Mr. FORD of Tennessee, Mr. GARCIA, Mr. GEJDENSON, Mr. GORDON, Mr. GRANT, Mr. HAMILTON, Mr. HENRY, Mr. HOWARD, Mr. HOYER, Mr. HUGHES, Mrs. JOHNSON of Connecticut, Mr. JOHNSON of South Dakota, Mr. JONES of North Carolina, Mr. JONTZ, Mr. KASTENMEIER, Mr. KILDEE, Mr. LANCASTER, Mr. LOWRY of Washington, Mr. MARKEY, Mr. MATSUI, Mr. MOLLOHAN, Mr. MORRISON of Connecticut, Mr. MRAZEK, Mr. MURPHY, Mr. OBERSTAR, Mr. PRICE of Illinois, Mr. RHODES, Mr. ST GERMAIN, Mrs. SCHROEDER, Mr. SMITH of Florida, Mr. STUDDS, Mr. WISE, and Mr. UDALL.

H.J. Res. 214: Mr. FAUNTROY, Mr. DYMALLY, Mr. STAGGERS, and Mr. TOWNS.

H.J. Res. 246: Mr. KASICH, Mr. GARCIA, Mr. RANGEL, Mr. PEPPER, Mr. CROCKETT, Mr. DYMALLY, and Ms. SNOWE.

H. Con. Res. 48: Mrs. BOXER, Mr. FOGLIETTA, Mr. DEFAZIO, Mr. BERMAN, Mr. MATSUI, Mr. ACKERMAN, Mr. LEVIN of Michigan, Mr. DIXON, Mr. OBERSTAR, Mr. FORD of Michigan, Mr. LOWRY of Washington, Mr. GEJDENSON, Mr. MRAZEK, Mr. ATKINS, Ms. KAPTUR, Mr. LEVINE of California, Mr. STUDDS, Mr. TOWNS, Mr. RICHARDSON, Mr. GARCIA, Mr. MOAKLEY, Mr. PEASE, Mr. HALL of Ohio, Mr. FAUNTROY, Mr. FUSTER, Mr. GREEN, Mr. EVANS, Mr. LEHMAN of Florida, Mr. KOSTMAYER, Mr. DWYER of New Jersey, and Mr. FRANK.

H. Con. Res. 69: Mr. VALENTINE.

H. Con. Res. 96: Mr. WEBER, Mr. DORNAN of California, Mr. RITTER, Mr. INHOFE, Mr. ACKERMAN, Mr. SOLOMON, Mr. HYDE, Mr. BURTON of Indiana, Mr. GRANDY, Mr. DAVIS of Illinois, Mr. STUMP, Mr. MCCOLLUM, Mr. SPENCE, Mr. SHAW, Mr. LEATH of Texas, Mr. DANNEMEYER, Mr. LEWIS of Florida, Mr. DEWINE, Mr. PARRIS, Mr. BAKER, Mr. MARTINEZ, Mr. DYSON, Mr. SCHUETTE, Mr. DANIEL, Mr. FLIPPO, Mr. HUTTO, Mr. SWINDALL, Mr. TRAFICANT, Mr. BARTON of Texas, Mr. DONALD E. LUKENS, Mr. LUNGREN, Mr. CLINGER, Mr. HAMMERSCHMIDT, Mr. DARDEN, Mr. KEMP, Mr. DAUB, and Mr. MCEWEN.

H. Res. 62: Mr. PURSELL, Mr. FLORIO, and Ms. SLAUGHTER of New York.

H. Res. 65: Mr. EDWARDS of Oklahoma, and Mrs. MARTIN of Illinois.

H. Res. 137: Mr. HUGHES and Mrs. SMITH of Nebraska.

PETITIONS, ETC.

Under clause 1 of rule XXII,

36. The SPEAKER presented a petition of city council of the city of Lake Worth, TX, relative to the formula for eligibility under the Community Development Block Grant Program for local governments; which was referred to the Committee on Banking, Finance and Urban Affairs.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 1748

By Mr. CHAPPELL:

[As amended by a substitute H.R. 2169; delete sections 105(c), 113, 201(b), and 301(c)]

—On page 10 of the bill, delete the matter beginning after line 12 and all following thereafter through line 22.

On page 19 of the bill, delete the matter beginning after line 6 and all following thereafter through line 11.

On page 22 of the bill, delete the matter beginning after line 16 and all following thereafter through line 20.

On page 49 of the bill, delete the matter after line 12 and all following thereafter through line 18.

H.R. 1748

By Mr. ROBINSON:

[Page and line references are to H.R. 2169]

—In section 204 of division A (page), insert the following after line :

(4) The Naval Airship program.

—Strike out section 224 of title II of division A (page , lines through).