

Calendar No. 132

104TH CONGRESS }
1st Session }

SENATE

{ REPORT
104-99

FOREIGN AID REDUCTION ACT OF 1995

JUNE 23 (legislative day, JUNE 19), 1995.—Ordered to be printed

Mr. HELMS, from the Committee on Foreign Relations,
submitted the following

REPORT

together with

ADDITIONAL AND MINORITY VIEWS

[To accompany S. 961]

The Committee on Foreign Relations having had under consideration an original bill to amend the Foreign Assistance Act of 1961 and the Arms Export Control Act to authorize reduced levels of appropriations for foreign assistance programs for fiscal years 1996 and 1997 and for other purposes, reports favorably thereon and recommends that the bill do pass.

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BACKGROUND AND PURPOSE

The Foreign Aid Reduction Act of 1995 will allow the United States to maintain its role as the only superpower in the world and to further American national interests overseas, while recognizing the extreme budget constraints facing our Nation. This legislation

reduces spending on foreign assistance for fiscal years 1996 and 1997 and establishes new directions and priorities for foreign aid.

The goals of this bill are to ensure that: (1) U.S. national security interests are protected; (2) export markets are increased for U.S. businesses; (3) transnational threats to American security, such as narcotics trafficking, terrorism, and weapons proliferation, are reduced; (4) private sector economic growth and democracy take hold around the globe; (5) and the U.S. Government maintains tools to respond effectively to urgent international humanitarian crises.

The Foreign Aid Reduction Act of 1995 reduces foreign aid by levels consistent with those the President recently recommended to achieve a balanced budget. In an address to the Nation on June 14, 1995, the President stated, "I propose to cut spending in discretionary areas other than defense by an average of 20 percent, except education." This bill is a significant reduction in both the fiscal year 1995 appropriated level for foreign aid and the fiscal year 1996 budget request as submitted by the President. This bill cuts \$2.104 billion from the fiscal year 1995 enacted level, and \$2,994,000,000 from the President's fiscal year 1996 request, including denying the administration's \$1.25 billion requested authorization for the International Development Agency [IDA] and \$25 million request for the Enhanced Structural Adjustment Facility [ESAF].

CUTS FAIRLY DISTRIBUTED

The Foreign Aid Reduction Act of 1995 cuts foreign aid across the board 19 percent below the fiscal year 1995 funding levels and 25 percent below the President's fiscal year 1996 budget request. These reductions have been distributed over nearly every account in the bill.

While the committee places a high priority on security assistance programs in the foreign aid budget, these programs cannot be immune from funding reductions. Every effort was made to preserve this funding, which directly benefits American security and assists our friends and allies around the world. This bill, however, reduces funding for the Foreign Military Financing [FMF] program by \$15 million below the current fiscal year level and 5 percent below the President's request for fiscal year 1996, providing less than \$100,000,000 for all receipts other than the Camp David countries. The bill reduces by 32 percent the Administration request for the International Military Education and Training [IMET] program. Funding for the Economic Support Fund [ESF] essentially has been maintained at the fiscal year 1995 appropriated level. The committee also recommends \$25 million for nonproliferation and disarmament programs, as requested by the administration.

Recognizing the importance of certain humanitarian programs, the committee, has authorized funding at the level requested by the administration. The United Nations Children's Fund [UNICEF], the Peace Corps, and the Disaster Assistance account also have been fully funded at requested levels. The committee also has provided full funding for those programs which directly benefit Americans or which assist U.S. business. Assistance for antiterrorism programs and for the Trade and Development Agency

is provided at the level requested by the President. Antinarcotics assistance is funded at the fiscal year 1995 appropriated level.

The committee is recommending consolidation of several existing development and economic assistance programs. The committee believes this consolidation is consistent with the administration's request for additional flexibility. Under this bill, Development Assistance [DA], the Development Fund for Africa [DFA], funding for Eastern Europe and the Baltics [SEED], and aid for the Newly Independent States [FREEDOM Support Act], have been combined into a single funding source. This allows the administration unprecedented flexibility in meeting the rapidly changing needs of an uncertain world. The administration will have expanded latitude to determine which regions of the world—indeed which countries and which programs—are of greatest significance to U.S. national interest. Overall funding for the Development Assistance Fund will be 23 percent below current year funding and 27.5 percent below the administration's combined requests for these programs.

The committee recommends sharp reductions in multilateral programs. Supporters of multilateral aid argue that these programs leverage U.S. assistance with that of other donors. Leveraged assistance, however, is beneficial only if it is directed to friendly nations and allies. Too often, multilateral programs carried out through the United Nations and international financial institutions have benefited nations not supportive of U.S. foreign policy goals. Funding for the international organizations and programs [IO&P] account have been cut 47 percent below the fiscal year 1995 appropriated level. This account funds more than 2 dozen United Nations voluntary programs. The committee does not believe that the United States should continue to contribute to many of these voluntary U.N. programs in the future. America continues to contribute more through its assessed contributions than any other nation to the United Nations. The committee has rejected the administration's request to fund the third year authorization for the International Development Association [IDA] and the IMF's Enhanced Structural Adjustment Facility [ESAF].

This bill does not authorize funding for either the Agency for International Development's operating expenses [OE] or its Inspector General's Office [IG]. Traditionally, both OE and IG funding have been authorized as part of the foreign assistance legislation. However, the committee this year passed landmark legislation to consolidate and streamline the U.S. foreign policy apparatus. A key component of this reorganization legislation (S. 908) is the abolition of AID and the integration of its essential operations into the Department of State. For this reason, AID/OE and IG accounts are authorized in S. 908.

COMMITTEE ACTION

The Committee on Foreign Relations held a number of hearings on the International Affairs budget and on the future of U.S. foreign assistance programs. Several of these hearings served a dual purpose: To consider legislation to reorganize and streamline U.S. foreign affairs agencies and to review U.S. bilateral and multilateral foreign aid programs. Hearings on these issues are as follows:

February 14, 1995—the Honorable Warren Christopher, Secretary of State, testified on the President's international affairs budget request for fiscal year 1996.

March 23, 1995—the Honorable Lawrence Eagleburger, former Secretary of State, partner at Baker, Donelson, Bearman and Caldwell; the Honorable Brent Scowcroft, former National Security Advisor, current president of the Forum for International Policy; the Honorable McGeorge Bundy, former Special Assistant for National Security Affairs, scholar-in-residence, Carnegie Corporation; the Honorable Fred Ikle, former Director of the Arms Control and Disarmament Agency, Center for Strategic and International Studies; Ms. Julia Taft, former Director of the Office of Foreign Disaster Assistance, president and CEO of InterAction-American Council for Voluntary International Action; and the Honorable Lannon Walker, Chairman, Senior Foreign Service Association, testified on the implications of reorganizing the United States foreign affairs apparatus to include the dismantlement of the Arms Control and Disarmament Agency, the Agency for International Development and the U.S. Information Agency and folding their functions and personnel into a more effective, streamlined Department of State.

March 30, 1995—Ms. Linda F. Powers, vice president, Global Finance, ENRON Development Corporation; Dr. John D. Kasarda, director, Kenan Institute for Private Enterprise; and Mr. John Sewell, president, Overseas Development Council offered alternatives to traditional bilateral and multilateral foreign aid and to its traditional conduit for funding, the Agency for International Development.

The Subcommittee on International Operations held two hearings at which representatives of four Federal agencies testified. These hearings focused primarily on efforts by the committee to reorganize and streamline U.S. foreign policy bureaucracies. Significant attention was paid to the role of foreign aid in foreign policy formulation.

March 30, 1995—the Honorable Richard M. Moose, Under Secretary of State for Management; the Honorable John D. Holum, Director, Arms Control and Disarmament Agency, the Honorable Joseph D. Duffey, Director, U.S. Information Agency; the Honorable J. Brian Atwood, Administrator, Agency for International Development; and the Honorable Jeffrey E. Garten, Under Secretary of Commerce for International Trade testified on the administration's position on the implications of reorganizing the U.S. foreign affairs agencies. The Honorable Robert M. Kimmitt, managing director, Lehman Brothers; Dr. William Schneider, Jr., president, International Planning Services, Inc.; and Mr. John Rhinelander, partner at Shaw, Pittman, Potts and Trowbridge presented their views on the reorganization plan.

May 11, 1995—the Honorable Mitch McConnell, U.S. Senator and Chairman, Foreign Operations Subcommittee; the Honorable Richard M. Moose, Under Secretary of State for Management; the Honorable Michael Nacht, Assistant Director, Strategic and Eurasian Affairs Bureau, Arms Control and Disarmament Agency; the Honorable Joseph D. Duffey, Director, U.S. Information Agency; and the Honorable J. Brian Atwood, Administrator, Agency for International Development appeared before the committee at their

request as a followup to the March 30 hearing and to testify on the draft committee reorganization bill that was to be considered by the committee on May 17, 1995.

The Subcommittee on Middle East held one hearing dedicated exclusively to oversight of U.S. assistance programs in the Middle East:

May 11, 1995—the Honorable Robert Pelletreau, Assistant Secretary of State for Near Eastern Affairs; the Honorable Margaret Carpenter, Assistant Administrator of the Agency for International Development for Asia and Near East; and the Honorable Molly K. Williamson, Deputy Assistant Secretary of Defense for Middle East and African Affairs. The committee heard from a public panel consisting of Mr. Neal Sher, American-Israel Public Affairs Committee; Mr. Richard W. Murphy, Council on Foreign Relations; and Mr. James J. Zogby, Arab-American Institute.

On May 23, 1995, and June 7, 1995, the Committee on Foreign Relations considered an original committee bill, the “Foreign Aid Reduction Act of 1995,” which was ordered reported favorably to the Senate floor on June 7, 1995. A majority of the members were present and voted in the affirmative, 10 to 8, to report the bill favorably.

FINAL PASSAGE

Motion by Senator Lugar (seconded by Senator Brown) to report the “Foreign Aid Reduction Act of 1995” out of committee. The bill would reduce the administration’s fiscal year 1996 budget request by \$2.994 billion and reduce \$2.104 billion from the appropriated level in fiscal year 1995.

| Name and State | Yeas | Nays | Name and State | Yeas | Nays |
|---------------------------------|-------|-------|-------------------------------|-------|-------|
| Jesse Helms, NC, Chairman | X | ..... | Claiborne Pell, RI ..... | ..... | X |
| Richard G. Lugar, IN | X | ..... | Joseph R. Biden Jr., DE ..... | ..... | X |
| Nancy L. Kassebaum, KS | X | ..... | Paul S. Sarbanes, MD ..... | ..... | X |
| Hank Brown, CO | X | ..... | Christopher J. Dodd, CT ..... | ..... | X |
| Paul Coverdell, GA | X | ..... | John F. Kerry, MA ..... | ..... | X |
| Olympia J. Snowe, ME | X | ..... | Charles S. Robb, VA ..... | ..... | X |
| Fred Thompson, TN | X | ..... | Russell D. Feingold, WI ..... | ..... | X |
| Craig Thomas, WY | X | ..... | Dianne Feinstein, CA | X | X |
| Rod Grams, MN | X | ..... | ..... | ..... | ..... |
| John Ashcroft, MO | X | ..... | ..... | ..... | ..... |
| Total ..... | ..... | ..... | ..... | 10 | 8 |

ROLLCALL VOTES ON AMENDMENTS AND MOTIONS

During committee consideration of the bill, the following recorded votes were taken:

Amendment by Senator Brown modifying section 620E of the Foreign Assistance Act of 1961 (relating to prohibitions on aid to Pakistan).

| Name and State | Yeas | Nays | Name and State | Yeas | Nays |
|---------------------------------|------|-------|-------------------------------|-------|-------|
| Jesse Helms, NC, Chairman | X | ..... | Claiborne Pell, RI | X | ..... |
| Richard G. Lugar, IN | X | ..... | Joseph R. Biden Jr., DE ..... | ..... | X |
| Nancy L. Kassebaum, KS | X | ..... | Paul S. Sarbanes, MD ..... | ..... | X |
| Hank Brown, CO | X | ..... | Christopher J. Dodd, CT | X | ..... |
| Paul Coverdell, GA | X | ..... | John F. Kerry, MA | X | ..... |

| Name and State | Yeas | Nays | Name and State | Yeas | Nays |
|----------------------------|------|-------|-------------------------------|-------|-------|
| Olympia J. Snowe, ME | X | ..... | Charles S. Robb, VA | X | ..... |
| Fred Thompson, TN | X | ..... | Russell D. Feingold, WI | X | ..... |
| Craig Thomas, WY | X | ..... | Dianne Feinstein, CA | X | ..... |
| Rod Grams, MN | X | ..... | ..... | ..... | ..... |
| John Ashcroft, MO | X | ..... | ..... | ..... | ..... |
| Total ..... |  |  | ..... | 16 | 2 |

Amendment by Senator Sarbanes to the Brown motion regarding authorization ceiling.

| Name and State | Yeas | Nays | Name and State | Yeas | Nays |
|---------------------------------|-------|------|-------------------------------|-------|-------|
| Jesse Helms, NC, Chairman | | X | Claiborne Pell, RI | X | ..... |
| Richard G. Lugar, IN | | X | Joseph R. Biden Jr., DE | X | ..... |
| Nancy L. Kassebaum, KS | | X | Paul S. Sarbanes, MD | X | ..... |
| Hank Brown, CO | | X | Christopher J. Dodd, CT | X | ..... |
| Paul Coverdell, GA | | X | John F. Kerry, MA | X | ..... |
| Olympia J. Snowe, ME | | X | Charles S. Robb, VA | X | ..... |
| Fred Thompson, TN | | X | Russell D. Feingold, WI | X | ..... |
| Craig Thomas, WY | | X | Dianne Feinstein, CA | X | ..... |
| Rod Grams, MN | | X | ..... | ..... | ..... |
| John Ashcroft, MO | | X | ..... | ..... | ..... |
| Total | | | | 8 | 9 |

Motion by Senator Brown that no amendments be offered in committee to the Foreign Aid Reduction Act of 1995 which would increase the authorization level above Senate Budget Committee's funding level.

| Name and State | Yeas | Nays | Name and State | Yeas | Nays |
|---------------------------------|-------|-------|-------------------------------|-------|-------|
| Jesse Helms, NC, Chairman | X | ..... | Claiborne Pell, RI ..... | ..... | X |
| Richard G. Lugar, IN ..... | ..... | X | Joseph R. Biden Jr., DE ..... | ..... | X |
| Nancy L. Kassebaum, KS | X | ..... | Paul S. Sarbanes, MD ..... | ..... | X |
| Hank Brown, CO | X | ..... | Christopher J. Dodd, CT ..... | ..... | X |
| Paul Coverdell, GA | X | ..... | John F. Kerry, MA ..... | ..... | X |
| Olympia J. Snowe, ME | X | ..... | Charles S. Robb, VA ..... | ..... | X |
| Fred Thompson, TN | X | ..... | Russell D. Feingold, WI | X | ..... |
| Craig Thomas, WY | X | ..... | Dianne Feinstein, CA ..... | ..... | X |
| Rod Grams, MN | X | ..... | ..... | ..... | ..... |
| John Ashcroft, MO | X | ..... | ..... | ..... | ..... |
| Total ..... |  |  | ..... | 10 | 8 |

Amendment offered by Senator Snowe expressing the Sense of Congress that the Russian Federation should be condemned if it provides nuclear technology to Iran and that United States foreign aid should be terminated.

| Name and State | Yeas | Nays | Name and State | Yeas | Nays |
|---------------------------------|-------|-------|-------------------------------|-------|-------|
| Jesse Helms, NC, Chairman | X | ..... | Claiborne Pell, RI | X | ..... |
| Richard G. Lugar, IN | X | ..... | Joseph R. Biden Jr., DE | X | ..... |
| Nancy L. Kassebaum, KS | X | ..... | Paul S. Sarbanes, MD | X | ..... |
| Hank Brown, CO ..... | ..... | ..... | Christopher J. Dodd, CT | X | ..... |
| Paul Coverdell, GA | X | ..... | John F. Kerry, MA | X | ..... |
| Olympia J. Snowe, ME | X | ..... | Charles S. Robb, VA | X | ..... |
| Fred Thompson, TN | X | ..... | Russell D. Feingold, WI | X | ..... |
| Craig Thomas, WY | X | ..... | Dianne Feinstein, CA | X | ..... |
| Rod Grams, MN | X | ..... | ..... | ..... | ..... |

| Name and State | Yeas | Nays | Name and State | Yeas | Nays |
|-------------------------|------|-------|----------------|-------|-------|
| John Ashcroft, MO | X | ..... | ..... | ..... | ..... |
| Total | | | | 17 | 0 |

Amendment offered by Senator Kassebaum to delete section 608 of the bill relating to a prohibition on funding for the International Development Association [IDA] for fiscal year 1997.

| Name and State | Yeas | Nays | Name and State | Yeas | Nays |
|---------------------------------|-------|-------|-------------------------------|-------|-------|
| Jesse Helms, NC, Chairman ..... | ..... | X | Claiborne Pell, RI | X | ..... |
| Richard G. Lugar, IN | X | ..... | Joseph R. Biden Jr., DE | X | ..... |
| Nancy L. Kassebaum, KS | X | ..... | Paul S. Sarbanes, MD | X | ..... |
| Hank Brown, CO ..... | ..... | X | Christopher J. Dodd, CT | X | ..... |
| Paul Coverdell, GA | X | ..... | John F. Kerry, MA | X | ..... |
| Olympia J. Snowe, ME ..... | ..... | ..... | Charles S. Robb, VA | X | ..... |
| Fred Thompson, TN | X | ..... | Russell D. Feingold, WI | X | ..... |
| Craig Thomas, WY | X | ..... | Dianne Feinstein, CA | X | ..... |
| Rod Grams, MN | X | ..... | ..... | ..... | ..... |
| John Ashcroft, MO ..... | ..... | ..... | ..... | ..... | ..... |
| Total | | | | 14 | 2 |

Amendment offered by Senator Feingold to provide up to \$35 million for the United Nations Fund for Population Activities [UNFPA] unless certain conditions are not met.

| Name and state | Yeas | Nays | Name and State | Yeas | Nays |
|---------------------------------|-------|-------|-------------------------------|-------|-------|
| Jesse Helms, NC, Chairman ..... | ..... | X | Claiborne Pell, RI | X | ..... |
| Richard G. Lugar, IN ..... | ..... | X | Joseph R. Biden Jr., DE ..... | ..... | ..... |
| Nancy L. Kassebaum, KS | X | ..... | Paul S. Sarbanes, MD | X | ..... |
| Hank Brown, CO | X | ..... | Christopher J. Dodd, CT | X | ..... |
| Paul Coverdell, GA ..... | ..... | X | John F. Kerry, MA | X | ..... |
| Olympia J. Snowe, ME | X | ..... | Charles S. Robb, VA | X | ..... |
| Fred Thompson, TN ..... | ..... | X | Russell D. Feingold, WI | X | ..... |
| Craig Thomas, WY | X | ..... | Dianne Feinstein, CA | X | ..... |
| Rod Grams, MN ..... | ..... | X | ..... | ..... | ..... |
| John Ashcroft, MO ..... | ..... | ..... | ..... | ..... | ..... |
| Total | | | | 11 | 5 |

Amendment offered by Senators Feinstein and Kassebaum to authorize United States participation in the Asian Development Bank and to authorize \$13.2 million in each of fiscal years 1996 and 1997 for paid-in capital.

| Name and State | Yeas | Nays | Name and State | Yeas | Nays |
|---------------------------------|-------|-------|-------------------------------|-------|-------|
| Jesse Helms, NC, Chairman ..... | ..... | X | Claiborne Pell, RI | X | ..... |
| Richard G. Lugar, IN | X | ..... | Joseph R. Biden Jr., DE | X | ..... |
| Nancy L. Kassebaum, KS | X | ..... | Paul S. Sarbanes, MD | X | ..... |
| Hank Brown, CO ..... | ..... | X | Christopher J. Dodd, CT | X | ..... |
| Paul Coverdell, GA ..... | ..... | X | John F. Kerry, MA | X | ..... |
| Olympia J. Snowe, ME ..... | ..... | X | Charles S. Robb, VA | X | ..... |
| Fred Thompson, TN ..... | ..... | X | Russell D. Feingold, WI | X | ..... |
| Craig Thomas, WY | X | ..... | Dianne Feinstein, CA | X | ..... |
| Rod Grams, MN ..... | ..... | X | ..... | ..... | ..... |
| John Ashcroft, MO ..... | ..... | X | ..... | ..... | ..... |
| Total | | | | 11 | 7 |

Amendment offered by Senator Brown expressing the sense of Congress that the Republic of China's [Taiwan] membership in the World Trade Organization [WTO] should be a priority and that the United States should support Taiwan's entry in WTO.

| Name and State | Yeas | Nays | Name and State | Yeas | Nays |
|---------------------------|------|------|-------------------------|------|------|
| Jesse Helms, NC, Chairman | X | | Claiborne Pell, RI | X | |
| Richard G. Lugar, IN | X | | Joseph R. Biden Jr., DE | | |
| Nancy L. Kassebaum, KS | X | | Paul S. Sarbanes, MD | X | |
| Hank Brown, CO | X | | Christopher J. Dodd, CT | X | |
| Paul Coverdell, GA | X | | John F. Kerry, MA | X | |
| Olympia J. Snowe, ME | X | | Charles S. Robb, VA | X | |
| Fred Thompson, TN | X | | Russell D. Feingold, WI | X | |
| Craig Thomas, WY | X | | Dianne Feinstein, CA | X | |
| Rod Grams, MN | X | | | | |
| John Ashcroft, MO | X | | | | |
| Total | | | | 17 | 0 |

Amendment offered by Senators Kerry, Pell, Sarbanes and Snowe to authorize an additional \$45 million in each of fiscal years 1996 and 1997 to the International Organizations and Programs account and to strike the prohibition on fiscal year 1996 funding for 14 United Nations voluntary programs.

| Name and State | Yeas | Nays | Name and State | Yeas | Nays |
|---------------------------|------|------|-------------------------|------|------|
| Jesse Helms, NC, Chairman | | X | Claiborne Pell, RI | X | |
| Richard G. Lugar, IN | X | | Joseph R. Biden Jr., DE | X | |
| Nancy L. Kassebaum, KS | X | | Paul S. Sarbanes, MD | X | |
| Hank Brown, CO | | X | Christopher J. Dodd, CT | X | |
| Paul Coverdell, GA | X | | John F. Kerry, MA | X | |
| Olympia J. Snowe, ME | X | | Charles S. Robb, VA | X | |
| Fred Thompson, TN | | X | Russell D. Feingold, WI | X | |
| Craig Thomas, WY | | X | Dianne Feinstein, CA | X | |
| Rod Grams, MN | | X | | | |
| John Ashcroft, MO | | X | | | |
| Total | | | | 12 | 6 |

Amendment by Senator Pell to authorize \$20 million in each of fiscal years 1996 and 1997 for the American Schools and Hospitals Abroad (ASHA) program.

| Name and State | Yeas | Nays | Name and State | Yeas | Nays |
|---------------------------|------|------|-------------------------|------|------|
| Jesse Helms, NC, Chairman | | X | Claiborne Pell, RI | X | |
| Richard G. Lugar, IN | | X | Joseph R. Biden Jr., DE | X | |
| Nancy L. Kassebaum, KS | | X | Paul S. Sarbanes, MD | X | |
| Hank Brown, CO | X | | Christopher J. Dodd, CT | X | |
| Paul Coverdell, GA | | X | John F. Kerry, MA | X | |
| Olympia J. Snowe, ME | | X | Charles S. Robb, VA | X | |
| Fred Thompson, TN | | X | Russell D. Feingold, WI | X | |
| Craig Thomas, WY | | X | Dianne Feinstein, CA | X | |
| Rod Grams, MN | | X | | | |
| John Ashcroft, MO | | X | | | |
| Total | | | | 9 | 9 |

Amendment by Senator Brown to authorize \$10 million in Economic Support Funds (ESF) in fiscal year 1996 for the development of an industrial park on the border in Gaza or the West Bank.

| Name and State | Yeas | Nays | Name and State | Yeas | Nays |
|---------------------------|------|------|-------------------------|------|------|
| Jesse Helms, NC, Chairman | | X | Claiborne Pell, RI | X | |
| Richard G. Lugar, IN | X | | Joseph R. Biden Jr., DE | X | |
| Nancy L. Kassebaum, KS | X | | Paul S. Sarbanes, MD | X | |
| Hank Brown, CO | X | | Christopher J. Dodd, CT | X | |
| Paul Coverdell, GA | | X | John F. Kerry, MA | X | |
| Olympia J. Snowe, ME | | X | Charles S. Robb, VA | X | |
| Fred Thompson, TN | | X | Russell D. Feingold, WI | X | |
| Craig Thomas, WY | | X | Dianne Feinstein, CA | X | |
| Rod Grams, MN | | X | | | |
| John Ashcroft, MO | | X | | | |
| Total | | | | 11 | 7 |

Amendment offered by Senator Brown to authorize \$15 in Economic Support Funds (ESF) in fiscal year 1996 for the International Fund for Ireland.

| Name and State | Yeas | Nays | Name and State | Yeas | Nays |
|---------------------------|------|------|-------------------------|------|------|
| Jesse Helms, NC, Chairman | | X | Claiborne Pell, RI | X | |
| Richard G. Lugar, IN | X | | Joseph R. Biden Jr., DE | X | |
| Nancy L. Kassebaum, KS | X | | Paul S. Sarbanes, MD | X | |
| Hank Brown, CO | X | | Christopher J. Dodd, CT | X | |
| Paul Coverdell, GA | X | | John F. Kerry, MA | X | |
| Olympia J. Snowe, ME | X | | Charles S. Robb, VA | X | |
| Fred Thompson, TN | | X | Russell D. Feingold, WI | X | |
| Craig Thomas, WY | | X | Dianne Feinstein, CA | X | |
| Rod Grams, MN | | X | | | |
| John Ashcroft, MO | X | | | | |
| Total | | | | 14 | 4 |

Amendment offered by Senator Dodd to allow certain types of assistance for Nicaragua.

| Name and State | Yeas | Nays | Name and State | Yeas | Nays |
|---------------------------|------|------|-------------------------|------|------|
| Jesse Helms, NC, Chairman | | X | Claiborne Pell, RI | X | |
| Richard G. Lugar, IN | X | | Joseph R. Biden Jr., DE | X | |
| Nancy L. Kassebaum, KS | X | | Paul S. Sarbanes, MD | X | |
| Hank Brown, CO | | X | Christopher J. Dodd, CT | X | |
| Paul Coverdell, GA | | X | John F. Kerry, MA | X | |
| Olympia J. Snowe, ME | | X | Charles S. Robb, VA | X | |
| Fred Thompson, TN | | X | Russell D. Feingold, WI | X | |
| Craig Thomas, WY | | X | Dianne Feinstein, CA | X | |
| Rod Grams, MN | | X | | | |
| John Ashcroft, MO | | X | | | |
| Total | | | | 10 | 8 |

Amendment by Senator Feinstein to prohibit U.S. assistance to countries that prohibit or restrict the transport or delivery of U.S. humanitarian assistance.

| Name and State | Yeas | Nays | Name and State | Yeas | Nays |
|---------------------------|------|------|-------------------------|------|------|
| Jesse Helms, NC, Chairman | X | | Claiborne Pell, RI | X | |
| Richard G. Lugar, IN | | X | Joseph R. Biden Jr., DE | X | |
| Nancy L. Kassebaum, KS | X | | Paul S. Sarbanes, MD | X | |
| Hank Brown, CO | | X | Christopher J. Dodd, CT | X | |
| Paul Coverdell, GA | X | | John F. Kerry, MA | X | |
| Olympia J. Snowe, ME | X | | Charles S. Robb, VA | X | |
| Fred Thompson, TN | X | | Russell D. Feingold, WI | X | |
| Craig Thomas, WY | X | | Dianne Feinstein, CA | X | |

| Name and State | Yeas | Nays | Name and State | Yeas | Nays |
|-------------------------|------|------|----------------|------|------|
| Rod Grams, MN | | X | ..... |  |  |
| John Ashcroft, MO | | X | ..... |  |  |
| Total | | | | 14 | 4 |

Brown amendment to Sarbanes cargo preference.

| Name and State | Yeas | Nays | Name and State | Yeas | Nays |
|---------------------------------|------|------|-------------------------------|------|------|
| Jesse Helms, NC, Chairman | X | | Claiborne Pell, RI | | X |
| Richard G. Lugar, IN | X | | Joseph R. Biden Jr., DE | | X |
| Nancy L. Kassebaum, KS | X | | Paul S. Sarbanes, MD | | X |
| Hank Brown, CO | X | | Christopher J. Dodd, CT | | X |
| Paul Coverdell, GA | | X | John F. Kerry, MA | | X |
| Olympia J. Snowe, ME | | X | Charles S. Robb, VA | | X |
| Fred Thompson, TN | | X | Russell D. Feingold, WI | | X |
| Craig Thomas, WY | | | Dianne Feinstein, CA | | X |
| Rod Grams, MN | X |  | ..... |  |  |
| John Ashcroft, MO | X |  | ..... |  |  |
| Total ..... |  |  | ..... | 6 | 11 |

Amendment by Senator Feinstein to strike section 167 of the bill relating to thresholds for notification to Congress of arms sales.

| Name and State | Yeas | Nays | Name and State | Yeas | Nays |
|---------------------------------|------|------|-------------------------------|------|------|
| Jesse Helms, NC, Chairman | | X | Claiborne Pell, RI | X | |
| Richard G. Lugar, IN | | X | Joseph R. Biden Jr., DE | X | |
| Nancy L. Kassebaum, KS | X | | Paul S. Sarbanes, MD | X | |
| Hank Brown, CO | | X | Christopher J. Dodd, CT | X | |
| Paul Coverdell, GA | | X | John F. Kerry, MA | X | |
| Olympia J. Snowe, ME | X | | Charles S. Robb, VA | X | |
| Fred Thompson, TN | | X | Russell D. Feingold, WI | X | |
| Craig Thomas, WY | | X | Dianne Feinstein, CA | X | |
| Rod Grams, MN | | X | ..... |  |  |
| John Ashcroft, MO | | X | ..... |  |  |
| Total ..... |  |  | ..... | 10 | 8 |

Sarbanes amendment regarding cargo preference.

| Name and State | Yeas | Nays | Name and State | Yeas | Nays |
|---------------------------------|------|------|-------------------------------|------|------|
| Jesse Helms, NC, Chairman | | X | Claiborne Pell, RI | X | |
| Richard G. Lugar, IN | | X | Joseph R. Biden Jr., DE | X | |
| Nancy L. Kassebaum, KS | | X | Paul S. Sarbanes, MD | X | |
| Hank Brown, CO | | X | Christopher J. Dodd, CT | X | |
| Paul Coverdell, GA | | X | John F. Kerry, MA | X | |
| Olympia J. Snowe, ME | X | | Charles S. Robb, VA | X | |
| Fred Thompson, TN | | X | Russell D. Feingold, WI | X | |
| Craig Thomas, WY | | X | Dianne Feinstein, CA | X | |
| Rod Grams, MN | | X | ..... |  |  |
| John Ashcroft, MO | | X | ..... |  |  |
| Total ..... |  |  | ..... | 9 | 9 |

AMENDMENTS AGREED TO BY VOICE VOTE

During committee consideration of the bill, the following amendments were agreed to by voice vote:

A new section expressing a statement of policy on Africa, offered by Senators Feingold and Kassebaum.

Modify section 315 relating to Private Voluntary Organizations, offered by Senator Pell.

Transfer \$108 million in each fiscal year from the international narcotics control account into the development assistance fund, offered by Senator Kassebaum.

Authorize foreign military financing [FMF] loans to Greece and Turkey in fiscal year 1997, offered by Senator Lugar.

Sense of Senate regarding Taiwan's participation in the United Nations offered by Senator Brown.

AMENDMENTS AGREED TO EN BLOC

During committee consideration of the bill, the following amendments were agreed to without objection en bloc:

A new section expressing the Sense of the Senate on continuation of free trade treatment for Gaza and Jericho.

A new section expressing the Sense of the Senate supporting the resolution to the dispute regarding Cyprus.

A new section expressing the Sense of the Senate on free trade area for Taba, Elat and Aqaba.

Delete section 722 regarding expropriation of American property.

Modify section 506 regarding sanctions against Colombia for illegal drugs and trafficking activity.

Modify section 508 regarding involvement of Mexican Government officials in illegal drug trafficking.

Delete section 703 regarding earmarks.

Add a new section requiring a report on Russian expropriation issues.

A new section expressing the sense of the Senate on countries in transition to a free market economy.

Add language to section 311 regarding percentage of assistance for the Development Fund for Africa.

Modify section 730 regarding mercenary forces.

Modify section 320 regarding limitation on waivers.

Modify section 502 regarding assistance to Nicaragua.

Modify section 605 regarding assistance to Burma.

A new section regarding deadlines for evaluation of and report on health care services provided to Peace Corps volunteers.

TECHNICAL AMENDMENTS AGREED TO EN BLOC

During Committee consideration of the bill, the following technical and conforming amendments were agreed to without objection en bloc:

Modify section 162 regarding the standardization of third country transfers of defense articles.

Modify section 302 regarding microenterprises and credit reform.

Modify section 509 regarding antinarcotics activities in Burma.

Modify section 668 regarding transportation expenses for humanitarian assistance.

Modify section 721 regarding national interest requirements.

FOREIGN AID OVERVIEW

On June 7, the Foreign Relations Committee approved the "Foreign Aid Reduction Act of 1995," which cuts from the President's

foreign aid budget request \$6.23 billion in fiscal years 1996 and 1997. On May 17, 1995, the Committee on Foreign Relations approved the "Foreign Relations Revitalization Act of 1995" (S. 908), which is an historic plan to streamline U.S. foreign policy institutions and save U.S. taxpayers more than \$3.5 billion over 5 years. These cuts are necessary to achieve the spending reductions allocated for the international affairs budget function (150 account) and a balanced Federal budget by 2002, as approved by the Senate on May 25, 1995.

For more than 50 years, Americans have handed out \$450,000,000,000 in foreign aid (not adjusted for inflation)—far more than any other nation in the world. The United States provided some form of foreign aid to 148 countries in fiscal year 1995, and for fiscal year 1996, the administration requests providing foreign aid to 145 countries. The Agency for International Development [AID] has announced that it is closing missions in 22 countries, but many of those countries will still receive foreign aid and AID personnel will remain.

What began as a temporary effort to help rebuild war-torn Europe has today become an "entitlement program" that shovels billions of dollars each year to nearly every developing nation on Earth. For example, as part of his budget, the President requested a 500 percent increase in "debt forgiveness," above fiscal year 1995 to forgive the debt which foreign countries owe to the U.S. Government. While the U.S. Government spirals deeper into debt, the President's budget proposes to cancel debt that other nations are obligated to pay to the United States, and provide some of those same countries with additional foreign aid grants.

Since foreign aid has been financed by borrowing, and interest payments have also been financed by borrowing, the actual cost of foreign aid to the U.S. according to a Congressional Research Service study, is nearly \$2 trillion dollars (not adjusting for inflation). Some of this has been recovered in the purchase of U.S. goods and services (primarily military hardware) and in repayments of government-to-government loans. U.S. Government debt stood at \$4,904,368,578,709.58 when the "Foreign Aid Reduction Act" was approved by the committee.

Since the 104th Congress began, an invigorated debate has arisen about the need for, and usefulness of, foreign aid. Defenders of the 35 years of status quo in foreign aid have attempted to justify continuing to spend more than \$14,000,000,000 annually. Others, however, question whether the United States should continue to finance high levels of foreign aid in light of the enormous U.S. budget deficit and the lack of evidence that development programs actually benefit the poorer nations they purport to assist. In fact, this failure in foreign aid prompted the Clinton administration's Task Force on Foreign Aid Reform (the Wharton report) to state, "despite decades of foreign assistance, most of Africa and parts of Latin America, Asia and the Middle East are economically worse off today than they were 20 years ago."

FOREIGN AID STIFLES FREE MARKET GROWTH

A nation does not develop a vibrant economy through development aid, but by its adoption of an economic system which encour-

ages individual initiative through minimal state intervention. Development stagnates in countries which fail to protect private property, expropriate wealth through high levels of taxation, and repress entrepreneurship through regulation and policies that favor state enterprises. Development aid at best may make a marginal contribution to the transformation of statist economies into market-based economies. Too often, the U.S. Development Aid Program, acting in conjunction with other donors, including the World Bank, regional development banks, and the International Monetary Fund, have hindered such transitions by subsidizing statist economic policies. Further, U.S. bilateral government-to-government aid programs, many involving large grant cash transfers, assisted in proping up regimes which were undemocratic and which routinely violated the rights of their own citizens.

The importance of a sound free market economy is evident in many of the development success stories, including Taiwan and Chile, which started on their road to economic development only after their development aid was ended, largely for political reasons. Only then, without the development aid subsidy, were these countries forced to implement their trying, yet ultimately successful, free market policies.

The most powerful tool to foster economic growth in developing nations is the development of the private sector. That development assistance should be concentrated on nations which promote private sector economic growth was a recommendation of the President's Commission on the Management of AID Programs (1992). The Committee supports this policy as it would supply a desperately needed focus to the development assistance program, which has been burdened with an excessive number of objectives. It is worth investing resources only in those countries supportive of private sector economic growth and which welcome the entry of the U.S. private sector in their economies.

FOREIGN AID FOSTERS DEPENDENCY

Many of the countries now being phased out of the U.S. Development Aid Program through consolidation of AID missions are not "graduates" in the traditional sense—that is, these are not countries whose development aid has ended due to their new-found prosperity. Instead, AID has been justifiably eliminating programs in countries which are not good "development partners." Thus it is possible that with changed conditions—that is, a democratically elected government coming to power in Zaire—the number of countries receiving development aid could once again increase. It is essential, however, that there be some degree of pressure for final termination of U.S. development aid programs. The U.S. Development Aid Program, as well as the international development aid community, has lost any sense that its assistance efforts are to be transitional.

Development aid has become a matter of how many dollars can be transferred between the governments of the developed and the developing world, with the Organization for Economic Cooperation and Development [OECD] keeping score and chastising "laggard" countries, for what it has determined to be ungenerous official development aid spending levels. This phenomenon has never been

more clear as in a recent internal AID document which in a May 3, 1995, memo states that the Assistant Administrator for Management, "announced that we are 62 percent through this fiscal year and we have 38 percent of the dollar volume of procurement actions completed; we need to do \$1.9 billion in the next 5 months. So let's get moving." While AID has attempted to dismiss this memo as the informal views of mid-level staff, it is clear that the mentality of the bureaucracy and the leadership at AID is to spend as much money as quickly as possible. Whether or not this money is spent wisely and on projects which benefit U.S. national interests appears not to be a concern for AID.

This traditional approach extracts a cost throughout the developing world, including bolstering the debilitating sense of entitlement. This is antithetical to the spirit of independence that is crucial to successful national development. A reaffirmation of the temporary nature of development aid through an annual determination of graduation dates, as proposed by the committee, will reinterject into these programs the sense of transition that accompanied the establishment of the development aid program and which has been lost over the succeeding 35 years.

AID recently announced its intent to close a number of overseas missions. Currently, AID operates 90 overseas missions and the U.S. Government provides some form of assistance to nearly every developing country. In fiscal year 1995, the United States provided foreign aid to 148 nations; for fiscal year 1996, the President has requested aid for 145 countries. Lacking a cold war rationale and confronting dramatically decreasing financial resources as proposed by this legislation, the development aid program simply is spread too thin to be effective.

Eleven countries—almost all in Latin America—have been receiving foreign aid since 1946. More than 70 countries have been receiving United States foreign aid for more than 35 years. Most African recipients have been receiving United States foreign aid since before, or immediately after, gaining their independence from European countries. In most instances these nations have only stopped receiving assistance for negative reasons—overthrow of government, human rights abuses, government-sponsored drug trafficking, failure to pay international debt—and very few have actually graduated from United States aid. Rather than helping countries gain economic independence or democracy, the committee believes that foreign aid has often created a destructive cycle of dependency, allowing governments to postpone or avoid free market economic and democratic reform. The following is a list of countries that have received United States foreign aid for 35 years or more:

CREATING DEPENDENCY

| Country | Years | Total years in dependency |
|-------------------|---------------|---------------------------|
| Bolivia | 1946-96 | 51 |
| Chile | 1946-96 | 51 |
| Columbia | 1946-96 | 51 |
| Costa Rica | 1946-96 | 51 |
| Ecuador | 1946-96 | 51 |
| El Salvador | 1946-96 | 51 |
| Guatemala | 1946-96 | 51 |

CREATING DEPENDENCY—Continued

| Country | Years | Total years in dependency |
|----------------|---------------------|---------------------------|
| Haiti | 1946-96 | 51 |
| Honduras | 1946-96 | 51 |
| Panama | 1946-96 | 51 |
| Peru | 1946-96 | 51 |
| Philippines | 1946-96 | 51 |
| India | 1946,48-96 | 50 |
| Indonesia | 1946-47,49-96 | 50 |
| Mexico | 1946-70,72-96 | 50 |
| Turkey | 1946-75,77-96 | 50 |
| Uruguay | 1946-87,89-96 | 50 |
| Liberia | 1946,48-95 | 49 |
| Ethiopia | 1946-47,51-96 | 48 |
| Nicaragua | 1946-84,88-96 | 48 |
| Lebanon | 1946,51-96 | 47 |
| Thailand | 1946,51-96 | 47 |
| Israel | 1951-96 | 46 |
| Jordan | 1951-96 | 46 |
| Morocco | 1952-96 | 45 |
| Nepal | 1952-96 | 45 |
| Dominican Rep | 1953-96 | 44 |
| Egypt | 1946,48,51-67,72-96 | 44 |
| Tunisia | 1952,54-96 | 44 |
| Kenya | 1954-96 | 43 |
| Guyana | 1952,55-96 | 43 |
| Afghanistan | 1950-79,85-95 | 42 |
| Sierra Leone | 1952,55-57,59-96 | 42 |
| Sri Lanka | 1955-96 | 42 |
| Zaire | 1952,54-95 | 42 |
| Belize | 1956-96 | 41 |
| Jamaica | 1956-96 | 41 |
| Malawi | 1956-96 | 41 |
| Somalia | 1954-71,75-96 | 40 |
| Uganda | 1954-56,58-76,79-96 | 40 |
| Gambia | 1956-58,61-96 | 39 |
| Ghana | 1952,54-96 | 39 |
| Portugal | 1950-69,72,75-92 | 39 |
| Sudan | 1956,58-95 | 39 |
| Tanzania | 1958-96 | 39 |
| Benin | 1959-96 | 38 |
| Guinea | 1959-96 | 38 |
| Madagascar | 1959-96 | 38 |
| Togo | 1959-96 | 38 |
| Zambia | 1953-54,60-68,70-96 | 38 |
| Cameroon | 1960-96 | 37 |
| Gabon | 1960-96 | 37 |
| Mauritania | 1954,60-69,71-96 | 37 |
| Mauritius | 1958-59,61-93,95-96 | 37 |
| Burma | 1947,51-73,77-89 | 37 |
| Burkina Faso | 1961-96 | 36 |
| Burundi | 1961-96 | 36 |
| Sen Africa Rep | 1961-96 | 36 |
| Lesotho | 1961-96 | 36 |
| Mali | 1961-96 | 36 |
| Niger | 1961-96 | 36 |
| Nigeria | 1954-76,86-96 | 36 |
| Senegal | 1961-96 | 36 |
| Seychelles | 1961-96 | 36 |
| Swaziland | 1961-96 | 36 |
| Chad | 1961-80,82-96 | 35 |
| Rwanda | 1962-96 | 35 |

FOREIGN AID: PROPPING UP UNDEMOCRATIC REGIMES

In its fiscal year 1996 congressional presentation, AID attempts to link foreign aid spending to the transition from unfree societies to democracy in developing countries. AID claims that in the past 15 years, it has maintained programs in 36 of the 57 nations that made the transition from unfree societies to democracy. But, AID also has programs in 54 countries currently designated "not free" by the Freedom House publication Freedom Review.

Supporters of development aid argue that much of the development and economic aid provided during the cold war went not for true development purposes, but to buy the support of dictators in strategically important proxy states. These same supporters argue that today's AID development budget, not overshadowed by cold war concerns, goes to assist nations most in need and which are moving unalterably toward democracy. The following list prepared by Freedom House shows otherwise.

FISCAL YEAR 1996 FOREIGN AID: NATIONS DESIGNATED "NOT FREE" BY FREEDOM REVIEW

[In thousands of dollars]

| Nation | DA | ESF | SAI/NIS | PL 480 | NARCS | Peace Corps | FMF/IMET/Mil | Total |
|--------------------------|--------|---------|---------|--------|-------|-------------|--------------|-----------|
| Afghanistan | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Algeria | 0 | 0 | 0 | 0 | 0 | 0 | 75 | 75 |
| Angola | 0 | 10,000 | 0 | 0 | 0 | 0 | 0 | 10,000 |
| Azerbaijan | 0 | 0 | 9,000 | 0 | 0 | 0 | 0 | 9,000 |
| Bahrain | 0 | 0 | 0 | 0 | 0 | 0 | 100 | 100 |
| Bhutan | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Bosnia-Herzegovina | 0 | 0 | 80,640 | 0 | 0 | 0 | 200 | 80,840 |
| Brunei | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Burma (Myanmar) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Burundi | 4,813 | 0 | 0 | 0 | 0 | 0 | 125 | 4,938 |
| Cameroon | 315 | 0 | 0 | 0 | 0 | 1,970 | 100 | 2,385 |
| Chad | 616 | 0 | 0 | 0 | 0 | 1,488 | 100 | 2,204 |
| China (P.R.C.) | 0 | 0 | 0 | 0 | 0 | 604 | 0 | 604 |
| Cote d'Ivoire | 229 | 0 | 0 | 0 | 0 | 1,823 | 160 | 2,212 |
| Cuba | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Djibouti | 100 | 0 | 0 | 0 | 0 | 0 | 150 | 250 |
| Egypt | 0 | 815,000 | 0 | 0 | 0 | 0 | 1,301,000 | 2,116,000 |
| Equatorial Guinea | 25 | 0 | 0 | 0 | 0 | 0 | 0 | 25 |
| Eritrea | 9,624 | 0 | 0 | 4,060 | 0 | 1,215 | 250 | 15,149 |
| Ethiopia | 41,087 | 0 | 0 | 66,353 | 0 | 1,385 | 300 | 109,125 |
| Gambia | 1,841 | 0 | 0 | 2,088 | 0 | 1,543 | 0 | 5,472 |
| Guinea | 25,666 | 0 | 0 | 0 | 0 | 2,155 | 175 | 27,996 |
| Indonesia | 61,391 | 0 | 0 | 1,863 | 0 | 0 | 600 | 63,854 |
| Iran | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Iraq | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Kazakhstan | 0 | 0 | 62,000 | 0 | 0 | 2,089 | 375 | 64,464 |
| Kenya | 31,620 | 0 | 0 | 6,951 | 0 | 2,777 | 350 | 41,698 |
| Korea, North | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Laos | 0 | 0 | 0 | 0 | 2,000 | 0 | 0 | 2,000 |
| Liberia | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Libya | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Maldives | 0 | 0 | 0 | 0 | 0 | 0 | 80 | 80 |
| Mauritania | 956 | 0 | 0 | 0 | 0 | 1,199 | 0 | 2,155 |
| Nigeria | 26,827 | 0 | 0 | 0 | 0 | 0 | 0 | 26,827 |
| Oman | 0 | 0 | 0 | 0 | 0 | 0 | 110 | 110 |
| Qatar | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Rwanda | 5,451 | 0 | 0 | 0 | 0 | 0 | 0 | 5,451 |
| Saudi Arabia | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sierra Leone | 749 | 0 | 0 | 0 | 0 | 0 | 120 | 869 |
| Somalia | 5,563 | 0 | 0 | 0 | 0 | 0 | 0 | 5,563 |

FISCAL YEAR 1996 FOREIGN AID: NATIONS DESIGNATED "NOT FREE" BY FREEDOM REVIEW—Continued
 [In thousands of dollars]

| Nation | DA | ESF | SAI/NIS | PL 480 | NARCS | Peace Corps | FMF/IMET/Mil | Total |
|---------------------------|---------|---------|---------|--------|-------|-------------|--------------|-----------|
| Sudan | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Swaziland | 359 | 0 | 0 | 0 | 0 | 1,294 | 80 | 1,733 |
| Syria | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Tajikistan | 0 | 0 | 7,000 | 0 | 0 | 0 | 0 | 7,000 |
| Tanzania | 42,632 | 0 | 0 | 0 | 0 | 2,175 | 175 | 44,982 |
| Togo | 265 | 0 | 0 | 0 | 0 | 2,272 | 0 | 2,537 |
| Tunisia | 0 | 0 | 0 | 0 | 0 | 1,912 | 800 | 2,712 |
| Turkmenistan | 0 | 0 | 4,000 | 0 | 0 | 1,232 | 225 | 5,457 |
| United Arab Emirat | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Uzbekistan | 0 | 0 | 11,000 | 0 | 0 | 1,199 | 225 | 12,424 |
| Vietnam | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Yemen | 9,465 | 0 | 0 | 0 | 0 | 0 | 0 | 9,465 |
| Yugoslavia (Serb/M) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Zaire | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 269,594 | 825,000 | 173,640 | 81,315 | 2,000 | 28,332 | 1,305,875 | 2,685,756 |

DUBIOUS LINKAGE BETWEEN FOREIGN AID AND U.S. EXPORTS

The Agency for International Development claims that foreign aid is a boon for the U.S. private sector. The General Accounting Office, however, disagrees. In 1993, GAO called "Foreign Assistance: Accuracy of AID Statistics on Dollars Flowing Back to the U.S. Economy is Doubtful." The report showed how AID skews its own statistics to persuade its critics that foreign aid is good for U.S. business.

According to the GAO report, AID's statistics show no link between foreign aid and exports; the methodology of AID's analysis is faulty; and foreign aid expenditures are not large enough to have a significant positive affect on U.S. trade, even if there was a legitimate link between foreign aid and exports. Specifically, the report stated:

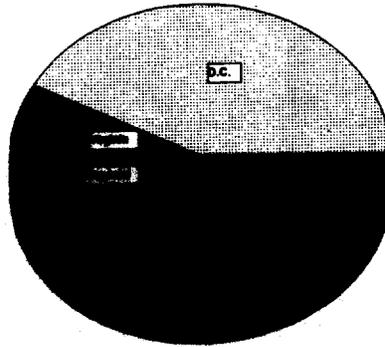
The accuracy and reliability of AID reflow statistics is doubtful because of significant data limitations and the methodologies used to generate the statistics. AID agrees that reflow statistics cannot be verified.

AID officials said [its Buy American Reporting System or] BARS statistics are not useful, nor are they being used for management decision-making. The number of additional jobs cannot be readily determined.

In response to the report, AID claimed that "while [its] direct impact on the U.S. economy is not large, AID's success in promoting economic growth significantly affects U.S. exports to developing countries." But, GAO strongly disagreed. GAO stated that AID's analysis "does not document a direct linkage between the U.S. foreign aid program to any specific country and increased U.S. exports to that country."

Chart 1

1994 AID \$ to Beltway Firms



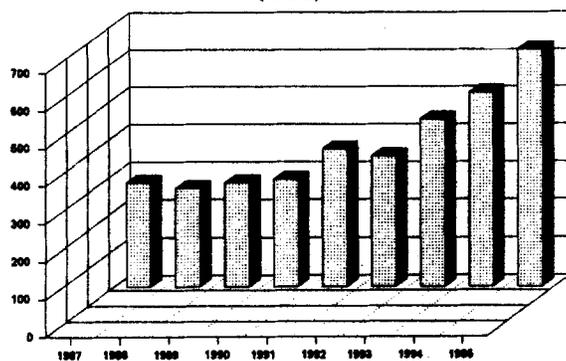
Further, even though AID claims that foreign aid benefits businesses across the United States, its own figures confirm that more money goes from AID to firms in the District of Columbia, Virginia, and Maryland than to the other 48 States combined. This chart is based on information provided by AID.

AID is more interested in funding development programs that have little if any relationship to promoting U.S. trade or promoting free markets and private enterprise. According to the Congressional Research Service (CRS), the President's \$1,300,000,000 fiscal year 1996 budget request for the Development Assistance Fund sets aside 69 percent of the funds for population control and environment programs. The administration proposes an increase of \$54 million for population control programs and a \$24 million increase for environment programs. The Administration proposes to cut "economic growth activities" by \$87 million. Less than \$15 million is proposed for microenterprise programs, which assist small enterprises in developing countries. Further, AID appears to have a unique definition of "economic growth." According to AID's fiscal year 1996 Congressional Presentation Documents, funding for the prevention of "sexually transmitted diseases" falls under the category of "economic growth."

Chart 2

AID Funded Population Control

(Millions)



Finally, many foreign aid recipients are many years away from having a viable trade relationship with the United States despite decades of assistance. The Agency for International Development, in its fiscal year 1996 congressional presentation document, states clearly the insignificance of the U.S. export market to sub-Saharan Africa. Assuming a growth rate of 7 percent over the next 30 years, AID expects the total market of all sub-Saharan Africa countries will only be equal to the size of the Japanese market today. Since the United States' economy is expected to grow considerably over this same period, trade with sub-Saharan Africa would not necessarily increase relative to other trading partners. AID does not state whether or not it expects these nations to continue to receive U.S. foreign assistance for the next three decades.

STABILITY NOT GUARANTEED BY DEVELOPMENT AID

AID claims that foreign aid assists in preventing man-made and natural disasters and improves economies of third world nations. While it is impossible to know if foreign aid has prevented any disasters, it is clear that, despite billions in assistance, many nations are still racked by civil unrest and man-made crisis that foreign aid was supposed to avert. For example, from 1962 through 1993, the United States taxpayers provided to Rwanda \$244.4 million in development and economic aid, with \$34.9 million in foreign aid as recently as 1993. During that same period the United States provided to Somalia \$855.6 million in development and economic aid, with \$103.4 million in aid as recently as 1993. Haiti has received foreign aid for 51 years, and before that, the U.S. occupied Haiti for 19 years. Yet Haiti still awaits its first truly elected democratic government. Liberia, which continues to face severe civil unrest, has received more than \$90 million in economic assistance since 1962.

AID RECIPIENTS OPPOSE U.S. AT THE UNITED NATIONS

The administration continues to operate programs in nations which routinely violate the rights of Americans overseas, which have no respect for free enterprise or democracy, and which have no qualms opposing the United States at the United Nations. The following is a list of nations that routinely vote against the United States in the United Nations, yet receive U.S. foreign aid. (Vote percent is the frequency that each nation votes with the United States.) Nations listed voted with the U.S. 25 percent of the time, or less.

[FY 1996—Dollars in Thousands]

| Nation | Vote (in percent) | IMET/FMF | ESF | DA | Total |
|------------------|-------------------|----------|----------|----------|----------|
| Algeria | 23.1 | \$75 | 0 | 0 | \$75 |
| Angola | 22.0 | 0 | \$10,000 | 0 | \$10,000 |
| Bangladesh | 25.0 | 258 | 0 | \$61,232 | 61,490 |
| Brunei | 23.1 | 0 | 0 | 0 | 0 |
| Burundi | 23.3 | 125 | 0 | 4,813 | 4,938 |
| Cape Verde | 24.0 | 100 | 0 | 113 | 213 |
| Chad | 22.4 | 100 | 0 | 616 | 716 |
| China | 10.6 | 0 | 0 | 0 | 0 |
| Colombia | 25.0 | 900 | 0 | 2,808 | 3,708 |
| Comoros | 22.9 | 75 | 0 | 370 | 445 |

[FY 1996—Dollars in Thousands]

| Nation | Vote (in per- cent) | IMET/FMF | ESF | DA | Total |
|---------------------|------------------------|------------------|----------------|----------------|------------------|
| Congo | 23.8 | 165 | 0 | 1,089 | 1,254 |
| Cuba | 6.3 | 0 | 0 | 0 | 0 |
| DPR-Korea | 7.8 | 0 | 0 | 0 | 0 |
| Egypt | 22.9 | 1,300,000 | 815,000 | 0 | 2,116,000 |
| Eritrea | 10.0 | 250 | 0 | 9,624 | 9,874 |
| Gabon | 24.3 | 0 | 0 | 50 | 50 |
| Ghana | 20.5 | 250 | 0 | 45,294 | 45,544 |
| Guinea-Bissau | 22.0 | 100 | 0 | 5,450 | 5,550 |
| Haiti | 24.5 | 7,400 | 90,270 | 0 | 97,670 |
| India | 15.7 | 364 | 0 | 70,433 | 70,797 |
| Indonesia | 18.9 | 600 | 0 | 61,391 | 61,991 |
| Iran | 18.9 | 0 | 0 | 0 | 0 |
| Iraq | 12.2 | 0 | 0 | 0 | 0 |
| Jordan | 22.0 | 31,200 | 7,200 | 7,858 | 46,258 |
| Laos | 12.2 | 0 | 0 | 0 | 0 |
| Lebanon | 17.5 | 475 | 4,000 | 4,000 | 8,475 |
| Lesotho | 24.5 | 75 | 0 | 172 | 247 |
| Libya | 12.2 | 0 | 0 | 0 | 0 |
| Madagascar | 22.9 | 100 | 0 | 31,277 | 31,377 |
| Malaysia | 20.8 | 600 | 0 | 0 | 600 |
| Mali | 21.3 | 150 | 0 | 35,790 | 35,940 |
| Mauritania | 18.4 | 0 | 0 | 956 | 956 |
| Mozambique | 23.8 | 125 | 0 | 38,825 | 38,950 |
| Myanmar | 18.4 | 0 | 0 | 0 | 0 |
| Namibia | 23.1 | 250 | 0 | 9,935 | 10,185 |
| Philippines | 17.0 | 1,400 | 0 | 70,372 | 71,772 |
| Senegal | 23.4 | 600 | 0 | 29,103 | 29,703 |
| Seychelles | 20.0 | 60 | 0 | 180 | 240 |
| Sudan | 20.0 | 0 | 0 | 0 | 0 |
| Syria | 13.7 | 0 | 0 | 0 | 0 |
| Thailand | 17.4 | 1,600 | 0 | 0 | 1,600 |
| Togo | 19.1 | 0 | 0 | 265 | 265 |
| Tunisia | 25.0 | 800 | 0 | 0 | 800 |
| Uganda | 18.6 | 200 | 0 | 45,666 | 45,866 |
| UR Tanzania | 18.4 | 175 | 0 | 42,632 | 42,807 |
| Vietnam | 6.5 | 0 | 0 | 0 | 0 |
| Yemen | 20.0 | 0 | 0 | 9,465 | 9,465 |
| Zimbabwe | 18.4 | 250 | 0 | 23,388 | 23,638 |
| Total | | 1,349,822 | 926,470 | 613,167 | 2,889,459 |

¹ Eritrea voted only twice, both times against the United States.

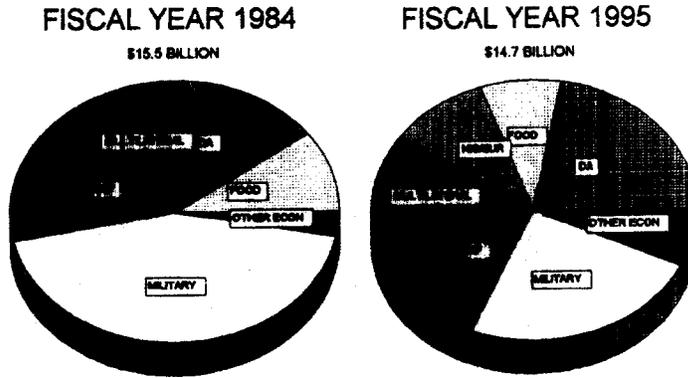
Source: Voting Practices in the United Nations 1993, Submitted to Congress March 31, 1994.

SECURITY ASSISTANCE HAS BEEN CUT OVER THE YEARS

Supporters of increased foreign aid argue that aid has been cut over the last decade at the expense of development and humanitarian assistance. The facts, however, do not support this claim. The committee notes that during the past 10 years the pool of money available for foreign aid remained relatively constant, while the resources obligated for development aid increased significantly at the expense of military aid to United States allies and security partners. In 1984, the foreign aid budget allocated 43 percent to military assistance; only one quarter of all foreign assistance now goes to support the security needs of our allies. In that same period, U.S. bilateral and multilateral development and economic saw a 19 percent increase, resulting in a 1995 budget that devoted 47 percent to development assistance. Food aid, which is not included in these figures, has remained stable throughout that period at about 10 percent. The committee emphasizes that this bill fully

funds the Administration's request for humanitarian disaster assistance. These diagrams show this shift in the focus of U.S. foreign aid.

Chart 3



1984

1995

| <u>Category</u> | <u>Percent</u> | <u>Category</u> | <u>Percent</u> |
|-----------------|----------------|-----------------|----------------|
| Military | 43 | Military | 25 |
| Other | 3 | Other | 7 |
| Food | 10 | Food | 9 |
| Development | 16 | Development | 22 |
| Multilateral | 9 | Multilateral | 12 |
| Economic | 18 | Economic | 16 |
| | | NIS/Eur | 8 |

SECTION-BY-SECTION ANALYSIS

Section 1. Short title

Section 2. Table of contents

Section 3. Congressional findings; statement of policy

Section 4. Definition

TITLE I—DEFENSE AND SECURITY ASSISTANCE

CHAPTER 1—MILITARY AND RELATED ASSISTANCE

SUBCHAPTER A—FOREIGN MILITARY FINANCING PROGRAM

Section 101.—Authorization of appropriations

Section 101 authorizes \$3,185,000,000 for fiscal year 1996 and \$3,160,000,000 for fiscal year 1997 for Foreign Military Financing (FMF) Program. The administration request for fiscal year 1996 for FMF (grants and loans) is \$3,331,910,000. The actual level of FMF funding for fiscal year 1995 is \$3,199,196,000.

Section 102.—Loans for Greece and Turkey

Section 102 authorizes for fiscal years 1996 and 1997 not more than \$26,620,000 for the subsidy cost for FMF loans to Greece and \$37,800,000 for Turkey. This authorization level would support loan programs of \$224 million for Greece and \$320 million for Turkey. These levels maintain the traditional 7:10 ratio. The loan program level of \$320 million for Turkey funds the completion of the Peace Onyx II Program in fiscal year 1996.

Section 103.—Loans for European countries emerging from Communist domination

Section 103 establishes a new program by authorizing not more than \$25,000,000 for the subsidy cost for FMF loans to the Czech Republic, Hungary, Poland, Estonia, Latvia, Lithuania and Slovenia. Poland currently is not eligible for FMF loans, but authority is provided in the event its economy improves and it meets administration-determined criteria. The other nations each would be eligible for approximately a \$100 million loan program at this level of funding.

In order to receive assistance, the President must determine that the recipient of military loans has met the criteria established in the NATO Participation Act of 1994 (and any subsequent amendments thereto). Under those criteria, the President would have to determine that the country has made significant progress towards establishing, for example, shared values and interests, democratic governments, free market economies, civilian control of the military, adherence to the rule of law.

The committee encourages the President to use this authority to develop a credit program for military sales to those countries which are likely to be future members of the North Atlantic Treaty Organization (NATO). Through a targeted use of resources to credit-worthy recipients the United States can facilitate the military improvements necessary for Central European countries to qualify as

members of NATO. The President should use the authority in this section in coordination with funds authorized for the Warsaw Initiative and the Baltic Peacekeeping Battalion.

Section 104.—Terms of loans

Section 104 updates and codifies in the Arms Export Control Act the FMF loan terms that have been carried annually in the Foreign Operations Appropriation bill.

Section 105.—Nonrepayment of grant assistance

Section 105 codifies in the Arms Export Control Act a provision carried in annual appropriations bills which states that the President shall not require repayment of grant assistance provided under the Foreign Military Financing program under section 23 of the Arms Export Control Act.

SUBCHAPTER B—OTHER ASSISTANCE

Section 111.—Defense drawdown special authorities

Section 111 increases the special drawdown authorities of defense articles and services from defense stocks to assist foreign countries from \$75 million to \$100 million (for unforeseen emergencies) and from \$75 million to \$150 million (for national interests relating to international narcotics, international disaster assistance, and migration and refugee assistance).

Current law grants the President the authority to draw down from existing stocks within the Department of Defense to assist in emergencies or when he determines it is in the national interest. This section would increase the special drawdown authorities of defense articles and services from defense stocks to assist foreign countries from \$75,000,000 to \$100,000,000 (for unforeseen emergencies) and from \$75,000,000 to \$150,000,000 (for national interests relating to international narcotics, international disaster assistance, and migration and refugee assistance). These increases were requested by the administration as a part of its comprehensive foreign assistance rewrite last year. These increases will allow the President greater flexibility in responding to unforeseen emergencies and foreign policy objectives relating to combatting international narcotics, international disaster assistance, and migration and refugee assistance.

Section 112.—Stockpiles of defense articles

Section 112 authorizes \$50 million for additions to stockpiles of DOD articles in Korea (\$40 million) and Thailand (\$10 million) and permit the President to establish additional stockpiles pursuant to congressional notification procedures. Stockpiles allow the U.S. military to pre-position the U.S. military equipment overseas in case of emergency. This section also would provide Israel with a permanent authorization for additions to DOD stockpiles in that country—the same authority that is already in law for NATO member states.

Under current law, War Reserve Stockpiles can only be utilized by foreign countries with the authority of the United States. In all cases, title to, and control of, these stockpiles remain with the U.S.

Government. Stockpiles have been established in countries pursuant to military criteria and needs. The additions to stockpiles come from existing U.S. stocks and may only be used in emergencies. Any transfers to the governments must be in accordance with the provisions of the security assistance law prevailing at the time.

Section 113.—Transfer of excess defense articles

Section 113 reduces and streamlines the authorities of DOD to transfer excess defense articles by authorizing the President to transfer excess equipment or funds from the Department of Defense or Coast Guard to foreign nations, if: (1) articles are drawn from existing DOD stock; (2) DOD procurement funds are not expended; (3) U.S. military readiness is not adversely impacted; (4) the President determines that a grant is better than a sale; (5) the President considers the effects of the transfer on national technology and the industrial base; and (6) the transfer is consistent with the policy framework for the Eastern Mediterranean. Excess articles may be transferred without cost to the recipient country.

No expenditures would be made for transportation, unless the President determines: (1) it is in the national interest to do so; (2) the recipient is a developing country receiving less than \$10 million in U.S. assistance; (3) the total weight of the transfer is less than 25,000 pounds; and (4) such transportation is on a space available basis. These transfers are capped at \$350 million annually, and for any transfer of more than \$7 million, appropriate congressional committees must be notified. This section repeals section 31(d) of the Arms Export Control Act and sections 517 through 519 of the Foreign Assistance Act.

This rewrite of the EDA authority is supported by the administration and reflects in large part their request in last year's comprehensive rewrite bill. It would rewrite current law with respect to the provision of excess defense articles in order to consolidate and revise existing authorities which are confusing and contradictory.

This new consolidated authority requires a justification for any recipient of EDA in the annual Congressional Presentation Documents submitted to Congress or separately during the fiscal year. The new provision retains current limitations that: prohibit the expenditure of DOD funds in connection with transfers; require articles be drawn from existing DOD stocks; require that the transfer of such articles will not have an adverse impact on military readiness of the United States; and require the priority of delivery of EDA be given to NATO and major non-NATO States on the southern and southeastern flank of NATO, as well as those countries eligible under the NATO Participation Act of 1994.

The committee is aware that the State and Defense Departments have in recent years used grant EDA transfers as a supplement to the declining security assistance budget. For some countries, EDA has represented a significant percentage of their overall security assistance. The committee, therefore, expects the administration to provide further detail in its annual presentation documents about which countries it intends to provide EDA during the upcoming fiscal year. The committee expects these countries to include those important to United States security interests such as the Phil-

ippines. The committee does not accept the explanation from the administration that it cannot provide Congress an illustrative list of equipment which will become excess during a fiscal year.

CHAPTER 2—INTERNATIONAL MILITARY EDUCATION AND TRAINING

Section 121.—Authorization of appropriations

Section 121 authorizes \$27,000,000 for International Military Education and Training (“IMET”) in fiscal years 1996 and 1997. The committee recognizes that IMET is a high priority program for the administration. However, the committee was forced to make deep reductions in bilateral and multilateral assistance programs and IMET could not be exempted from these cuts. The fiscal year 1995 level is \$26.35 million. The fiscal year 1996 request is \$39.781 million, a \$13 million increase over fiscal year 1995 levels.

IMET is provided on a grant basis to students from allied and friendly nations. Since 1950, IMET and its predecessor programs have trained more than 550,000 foreign officers and enlisted personnel in areas ranging from professional military education to basic technical skills. The purpose of the IMET program is to expose foreign students to the U.S. professional military establishment and the American way of life, including the U.S. regard for democratic values, respect for individual and human rights and belief in the rule of law.

Section 122.—Additional requirements relating to international military education and training

Section 122 amends section 541 of the Foreign Assistance Act of 1961 so that nongovernment organizations (NGOs) may be eligible for the expanded IMET program. This change is consistent with language which has been carried in the annual foreign operations appropriations bill in recent years.

This section also provides a new authority allowing foreign military and civilian defense personnel to attend U.S. test pilot flight schools if such attendance is agreed to on a reciprocal basis with a foreign country and is accomplished without charge to the IMET program. This new authority will allow for the reciprocal training of American, British and French test pilots. This provision was included at the request of the administration.

CHAPTER 3—ANTITERRORISM ASSISTANCE

Section 131.—Authorization of Appropriations

Section 131 provides funding for Antiterrorism Assistance (ATA), from \$15,000,000 in fiscal year 1996 and \$15,000,000 in fiscal year 1997. This programs provides training and equipment to foreign governments which are committed to stopping international terrorism. A major focus of this program has been in Egypt, Turkey and Greece—each of which is a strong ally of the United States and which stands on the front lines against international terrorists.

The Committee believes that funding for antiterrorism programs is one of the very few places in this bill which should not be subject to spending cuts. These programs directly affect the safety and security of every American.

Section 132.—Antiterrorism Training Assistance

Section 132 amends section 573 of the Foreign Assistance Act of 1961 which restricts Antiterrorism Assistance (ATA) by eliminating general limitations that apply to other foreign assistance programs. It would also remove restrictions on the kinds of training services that may be conducted outside the United States and on the ability of the United States to give advice outside the United States to other eligible countries regarding antiterrorism matters. This section prohibits the use of ATA funds for the procurement of weapons and ammunition, except small arms and ammunition, listed under categories I and II of the United States Munitions List, if the President notifies Congress. This section also limits the value of all equipment and commodities provided under this chapter to 25 percent of funds made available in a fiscal year and repeals the requirement for an annual report.

Section 132 allows assistance through the ATA program to be provided outside the United States, mirroring other current law enforcement training authorities. This modification will make the program more efficient as well as more cost effective. Section 132 also removes the specific list of material assistance that may be provided in favor of a restriction on the provision of arms and ammunition. Such arms and ammunition may only be provided if they are directly and integrally related to training being provided and if the Congress is notified 15 days in advance in accordance with regular reprogramming procedures. This change also makes the program consistent with other U.S.-supported law enforcement training programs.

CHAPTER 4—NARCOTICS CONTROL ASSISTANCE

Section 141.—Authorization of Appropriations

Section 141 authorizes \$105,000,000 in both fiscal year 1996 and 1997 to carry out chapter 8 of the Foreign Assistance Act, relating to International Narcotics Control.

The Committee recognizes and acknowledges the importance of the Andean nations and Mexico to United States international narcotics control efforts. A continued program focus on cooperative initiatives with these nations is essential to implement successfully the objectives of disrupting and, ultimately, eliminating the illegal drug trade.

CARIBBEAN ANTINARCOTICS EFFORTS

The committee notes that continued counterdrug efforts are important in other parts of the Western Hemisphere, notably the Caribbean, as the traffickers are pressured in areas where they concentrate their operations. The committee recognizes that until the "source country" strategy shows significant results, many Caribbean nations will continue to be an important line of defense against the cocaine cartels. The United States should continue to signal Latin American drug traffickers that the United States is not relaxing its attention on the Caribbean transshipment points.

Historically, the Eastern Caribbean has been a significant trafficking route for marijuana and cocaine entering the United States. Ten years ago, the primary entry point into the United States for

illegal drugs was the Caribbean. Cooperative efforts with our Caribbean neighbors has disrupted this flow. Yet the Eastern Caribbean remains a gateway to U.S. ports of entry in Puerto Rico and the U.S. Virgin Islands, with more than a quarter of airborne cocaine smuggling attempts into the United States in 1994 coming via this route. The region is also a transit route to Western Europe. Between South American and the United States a virtual unbroken chain of inadequately patrolled waters provides opportunities for traffickers and frustrates U.S. enforcement efforts on the high seas.

The committee notes that drug trafficking remains an important issue for the United States in the Caribbean. There are reports of increased cocaine and heroin trafficking and drug use in the Eastern Caribbean. Trafficker activities constitute a threat to the region's political stability, as traffickers make efforts to penetrate the governments or political party systems on some of the islands. The committee notes an increasing number of disturbing reports from the region: In the first week of May 1995, the younger brother of Prime Minister Bird of Antigua was arrested in connection with an attempt to smuggle a multi-kilo load of cocaine; allegations have been raised in St. Vincent about traffickers being protected by high level officials; and a senior police official and the son of a deputy prime minister were killed in separate drug-related incidents in St. Kitts. The same deputy prime minister had to resign after his other sons were arrested on drug and weapons charges.

The committee recognizes that the U.S. Government has taken steps to mobilize local governments against the drug threat through the expansion of legal and law enforcement ties. But many regional governments and political parties are vulnerable to corruption, especially trafficker influence. Many of these small island states are ill equipped to face the enormous financial and organizational capacity of the drug cartels; and trafficker money can provide a high payoff in elections when only a few votes need be swayed to gain influence over a country.

The committee is aware that a number of Caribbean governments have expressed growing concern about trafficking, cultivation, and drug use, and have expressed their determination to fight the traffickers. All but St. Lucia have acceded to the 1988 U.N. Convention on Narcotics. They welcome outside assistance, and with few exceptions, cooperation with U.S. authorities and agencies is excellent.

At a time of reduced budgets, the committee recognizes that more has to be done with fewer resources. The committee notes that in the case of the Caribbean a small amount of support can achieve significant results, and that other sources of assistance should be pursued in order to maximize U.S. support to these small nations. The committee urges that any review of U.S. counterdrug programs take into account that Caribbean nations have demonstrated the political will and commitment to implement a counterdrug strategy, and the impact that past budget cuts have had on Caribbean programs over the past 3 years.

In contacts with the committee, both Caribbean and United States officials of these Caribbean states have emphasized the importance of law enforcement and judicial reform, as well as demand

reduction. There has been general support for U.S. military counterdrug activities in the region.

In the case of the Eastern Caribbean, programs to strengthen regional counterdrug links and to encourage good governance through institution building should be continued, as should enforcement programs that focus on basic police needs, strengthened evidence collection and case preparation, and judicial programs to improve court efficiency, raise conviction rates and promote tough sentencing. The committee recognizes that U.S. funds are the principal source of antinarcotics funds for these small police forces and that the United States has helped improve local enforcement and training levels.

The committee is aware that the greatest potential impact would be from increased military assistance funds, with FMF funds having been reduced at the same time as U.K. and Canadian funding. The concern is that these reductions will lead to a drop in existing enforcement capabilities. The committee encourages the administration to explore, with the U.K. and Canada, the requirements to maintain the islands' Coast Guard capabilities, subject to the successful completion of "ship rider" agreements (Maritime Law Enforcement Agreements).

The committee recognizes that the Bahamas sits astride the shortest route between Colombia and the United States (40 miles at the nearest point) and that the Government of the Commonwealth of the Bahamas (GCOB) cooperates fully with the United States in counterdrug efforts. Nevertheless, due to the nation's size and limited financial resources, The Bahamas remains an ideal target for trafficker exploitation. Due to the short distance between the United States and the Bahamas, and the extensive maritime and air traffic between the countries, it is virtually impossible to stop cocaine from entering the United States once it has arrived in the Bahamas.

The committee encourages continued support for programs in this Caribbean nation, including: reviewing the question of maintaining the Narcotics Affairs Section office in Nassau or in implementing some other mechanism to administer and coordinate U.S. counterdrug programs with the Bahamas; support for the Bahamian judicial system, which has been plagued by inefficiency, but where progress has been made in keeping traffickers in jail; support for Bahamian police, including training to meet the smuggling threat and high tech equipment needed to fight sophisticated traffickers; and, most significantly, continued support for Operation Bahamas Turks and Caicos (OPBAT), which, in the committee's view, has been a successful operation to seize drugs moving through the Bahamas and to arrest drug traffickers.

Jamaica is an important ally in United States efforts to fight illicit narcotics production and trafficking. Jamaica is a producer of marijuana and a major transit country for cocaine. However, the Committee recognizes that its government actively cooperates with the United States, and commends the government for its recent enactment of an asset forfeiture law, and its continued cooperation in extraditing drug traffickers and eradicating marijuana. The committee supports the United States objective to work with Jamaica to improve its counterdrug laws and institutions. The Committee

encourages continued support for judicial reform initiatives to speed the prosecution of drug cases in Jamaican courts, programs to provide a system to curb passport fraud and illegal entry into the United States, demand reduction and eradication.

The Dominican Republic has expressed a commitment to fight the illegal drug trade, but has limited resources to address the drug problem. The committee commends the Government of the Dominican Republic for signing, on March 24, a bilateral maritime counterdrug agreement. The committee encourages the administration to continue working with the GODR to pursue avenues of support for maintaining that nation's counterdrug capabilities, especially those vessels, aircraft, vehicles, and equipment necessary for coastal patrol work. The committee also encourages the administration to give consideration to the GODR's formal request for a decommissioned Coast Guard cutter.

Trinidad and Tobago has become increasingly important as a drug transshipment point, and local drug gang activities have become more disruptive to this nation. The committee commends Trinidad and Tobago for ratifying the Vienna Convention, and for its commitment to better cooperation between United States and Trinidadian agencies. The committee encourages the administration to consider continuing programs to upgrade the nation's administration of justice, including initiatives to address problems in both the court and prison systems; to assist the Trinidadians in developing a witness protection program for key witnesses in drug cases; and to support the Organized Crime and Narcotics Unit, Trinidad's primary counterdrug force, which needs basic equipment.

CHAPTER 5—PEACEKEEPING OPERATIONS

Section 151.—Peacekeeping operations

Section 151 authorizes \$40,000,000 for fiscal year 1996 and \$35,000,000 for fiscal year 1997 to carry out chapter 6 of the Foreign Assistance Act, relating to Peacekeeping Operations (PKO) which are not mandated by the United Nations, are not funded by United Nations assessments or which are carried out by other multilateral organizations. The administration had requested \$100,000,000 for fiscal year 1996.

The committee is concerned by the dramatic increase in administration requests for this account. In fiscal year 1993, Congress provided \$27,000,000 for voluntary PKO. Only 2 years later, Congress approved \$75,000,000 for this same account and the administration has requested \$100,000,000 next year. The committee also is concerned that much of the money in this account was provided for operations other than those justified to Congress at the beginning of the fiscal year. The largest portion of this account went to fund the Haiti operation, an operation which lacked bipartisan support in Congress.

The committee notes that the United States has provided more than any other nation for assessed United Nations peacekeeping operations all over the world in the last few years. Yet, while the United States is expected to pay a greater and greater amount for

United Nations actions, the cost of these U.N. and other multilateral voluntary peacekeeping operations continues to grow as well.

The U.S. share for U.N. assessed peacekeeping operations is as follows: Fiscal year 1993—\$460,315,000; fiscal year 1994—\$1,071,607,000; and fiscal year 1995—\$1,205,304,000.

The committee authorized level for voluntary PKO will allow the administration to meet its commitment to the important Multilateral Force of Observers (MFO) in the Sinai as well as providing funding for Sanctions Assistance Monitors (SAMs) in the former Yugoslavia.

CHAPTER 6—OTHER PROVISIONS

Section 161.—Standardization of congressional review procedures for arms transfers

Section 161 eliminates anomalies in current law with respect to congressional notifications procedures for arms transfers by standardizing those procedures for third country transfers, direct commercial sales, government-to-government sales, commercial manufacturing agreements and government-to-government leases. This section was included at the request of the administration.

This section provides that when dealing with NATO, Australia, New Zealand and Japan, all congressional notification periods are 15 days, regardless of the type of transfer. For all other countries, current law is retained, requiring a 30 day notification period.

The provision also requires the statutory period of time for enactment of a joint resolution of disapproval of a transfer to parallel the period of time stipulated for review of that transfer. In other words, transfers that require 15 day notifications would have to be acted upon by the Congress in that period of time and transfers that require 30 day notification periods would have to be acted upon by the Congress in that period of time.

This section also standardizes the requirement for all types of sales for any Presidential waiver of congressional notification. The standard is not changed; it is simply applied in all cases regardless of the type of transfer.

Section 162.—Standardization of third country transfers of defense articles

Section 162 standardizes the rules governing the retransfer of certain U.S. origin military equipment for both direct commercial sales and foreign military sales. This section was included at the request of the administration.

It establishes an equivalent practice for government-to-government Foreign Military Financing (FMS) sales. By standardizing the rules governing third party transfers of FMS equipment with those of commercial sales, the bill provides equitable treatment for equipment previously bought through FMS or direct commercial sales.

While requests to approve retransfers of the type permitted under this proposal are routinely granted under the current system, the requirement to seek U.S. Government approval is administratively burdensome for both the foreign parties and the U.S. Government. There is no basis for distinguishing in this area be-

tween components transferred on an FMS basis and those transferred under direct commercial sales.

Section 163.—Increased standardization, rationalization, and interoperability of assistance and sales programs

Section 163 amends section 515(a) of the Foreign Assistance Act of 1961. This section was included at the request of the administration. By eliminating the country-specific references in current law, this section would authorize the President to permit members of the Armed Forces assigned to foreign countries to promote rationalization, standardization, interoperability and other defense cooperation measures with other nations as U.S. assistance and sales programs are implemented.

The committee believes that in the post-cold-war environment, it is becoming increasingly likely that American forces will fight alongside allies other than those from NATO, Japan, Australia, or New Zealand. However, under current law these are the only countries with which the United States may promote rationalization, standardization, and interoperability. Especially in the Middle East, this limitation is inconsistent with the U.S. strategic goal of achieving greater interoperability with our allies in the region.

Section 164.—Repeal of price and availability reporting requirement relating to proposed sale of defense articles and services

Section 164 repeals the requirement for a separate price and availability report on the sales of defense articles and services. Sales offers to foreign countries as well as actual sales are reported in a much broader scope (above the \$1 million threshold) on a quarterly basis as required by section 36(a) of the Arms Export Control Act. The costs of redundant reporting would be reduced to permit better utilization of resources in order to meet other statutory and congressionally mandated reporting requirements. This section was included at the request of the administration.

Section 165.—Definition of significant military equipment

Section 165 defines significant military equipment for purposes of the Arms Export Control Act. The definition is drawn from the International Traffic in Arms Regulations (ITAR).

This amendment simply places in statute a definition of Significant Military Equipment which is used throughout the Foreign Assistance Act and the Arms Export Control Act. The definition is based on that in the International Traffic in Arms Regulations.

Section 166.—Designation of major non-NATO allies

Section 166 designates Australia, Egypt, Israel, Japan, Korea, and New Zealand as major non-NATO allies for purposes under the Foreign Assistance Act and Arms Export Control Act and requires the President to notify the Congress 30 days before making additional designations or terminating designations under this authority.

Section 167.—Competitive pricing for sales of defense articles and services

Section 167 ensures that government-to-government arms sales made to countries utilizing grant FMF shall be priced on the same costing basis as is applicable to procurement of like items purchased by the Department of Defense. This section reduces prices for grant aid recipients, therefore allowing them to purchase additional goods and services with existing resources. These savings could be applied to the purchase of additional defense items in the United States, thereby assisting U.S. defense industry and creating American jobs.

Section 168.—Depleted uranium ammunition

Section 168 places within the Foreign Assistance Act of 1961 provisions of past foreign operations appropriations bills that would restrict the sale or transfer of depleted uranium shells to foreign countries, except for NATO member states, major non-NATO states and Taiwan. This section also contains a national security interest waiver for the President.

Section 169.—Police training for certain foreign countries

Section 169(a) authorizes the President to provide training, advice, financial support, and equipment for police, prisons, or other law enforcement of a foreign government, unless a government is not democratically-elected, or the police or law enforcement forces engage in a consistent pattern of gross human rights abuses or those forces do not maintain an effective policy against the trafficking or production of illegal drugs by police force personnel. Section 169(b) repeals section 660 of the Foreign Assistance Act of 1961.

The committee notes that the section 660 prohibition on police training largely reflected congressional concerns about the human rights record of a number of nations, especially those in Latin America that have used police forces, often in the name of "fighting communism", as instruments of repression against legitimate opposition individuals or movements, as well as those who were allied with the Soviet Union, People's Republic of China, Castro's Cuba, or other so-called socialist states of Europe and actually advocated the violent overthrow of existing state institutions as part of an "international revolution".

Since the enactment of section 660, and the end of the cold war, there has been a dramatic drop in revolutionary guerrilla movements and an increase in the number of governments which respect human rights and the need to strengthen democratic civilian institutions, and encouraging governments to respect human rights and develop effective civilian institutions also have become a central element of U.S. foreign policy. To this end, the United States has implemented a number of programs to strengthen the entire range of judicial and law enforcement activities, from the initial investigatory work to the adjudication process. Significant strides have been made by many nations in developing civilian law enforcement forces.

In the case of the Western Hemisphere, the Committee views section 169 as an important step for the United States to assist nations in dealing with governance issues and provide support in im-

plementing the Summit of the Americas "Plan of Action" provisions regarding the promotion and protection of human rights.

The committee also notes that the executive branch favors revising the existing prohibitions on police training. In its "Peace, Prosperity, and Democracy Act of 1994", the administration proposed authorizing assistance for law enforcement similar to that contained in section 172. Also, in testimony before Congress, executive branch officials, including the Assistant Secretary of State for Human Rights and Humanitarian Affairs, have urged Congress to modify the manner in which assistance to law enforcement must be approved, and in an answer to a February 14, 1995, "question for the record", the Secretary of State told the committee that "The [State] Department continues to believe that it would be desirable to modify section 660 of the Foreign Assistance Act to permit police training and other law enforcement assistance when it is in the interest of the United State to do so."

Section 170.—Utilization of defense articles and services

Section 170 amends section 502 of the Foreign Assistance Act of 1961 to allow the President greater authority under which to sell or furnish defense articles and defense services, including for law enforcement purposes, to friendly foreign nations.

Section 502 of the Foreign Assistance Act of 1961 (FAA), as amended, authorizes the provision of defense articles and defense services to friendly countries on a grant basis. Currently, section 502 states, in part, that defense articles and defense services "shall be furnished solely for internal security, for legitimate self-defense, to permit the recipient country to participate in regional or collective arrangements or measures consistent with the Charter of the United Nations, or otherwise to permit the recipient country to participate in collective measures requested by the United Nations for the purpose of maintaining or restoring international peace and security, or for the purpose of assisting foreign military forces in less developed friendly countries * * * to construct public works and to engage in other activities helpful to the economic and social development of those less developed countries."

The committee notes that the term "internal security" in section 502 has been interpreted by the executive branch to refer to counter-insurgency, but not to law enforcement or police operations. At a time when U.S. policy strongly advocates and supports the creation, development, and sustainment of law enforcement forces that respond to democratically-elected civilian leadership, the Committee believes that this narrow interpretation of "internal security" in section 502 limits the United States ability to support the civilian-led law enforcement of friendly nations.

With the global threats of international organized crime, terrorism, and drug trafficking, amongst others, being defined as areas requiring a law enforcement response, the committee strongly supports the provision of those defense articles and services which have a law enforcement function or role.

It is the committee's view that in the post-cold war era the new opportunities and priorities of U.S. foreign policy, including support for expanded law enforcement in foreign nations, combined with shrinking budgetary resources, make it imperative that U.S. mili-

tary assistance policy on the utilization of U.S. defense articles and services be amended to remove the cold war interpretations and allow for greater flexibility in supporting legitimate law enforcement operations in foreign nations.

Many defense articles and services provided under the Foreign Assistance Act can serve law enforcement purposes, yet the interpretation of section 502 denies these exact same defense articles and services for law enforcement. This can result in duplication in our foreign assistance programs that neither is an efficient use of resources nor serves U.S. national interests.

Section 171.— Reports on arms sales

Section 171 amends section 36 of the Arms Export Control Act (AECA) pertaining to information required in notifications to the Congress on prospective international defense exports. It specifically mandates that congressional notifications on proposed defense exports include additional information on: (1) the foreign availability of major defense equipment, articles or services similar to those included in the notification to Congress; and (2) the other countries, if any, to whom the United States has previously offered defense equipment, articles and services comparable to that included in the notification to the Congress. This new information would supplement the information that is already required in all government-to-government and commercial arms sales notifications to the Congress. The committee believes this additional information will be helpful to the Congress as it deliberates on accepting or disapproving proposed defense exports under section 36 of the AECA notified to the Congress.

Section 172.—Elimination of the requirement for Recoupment of nonrecurring cost charges

Section 172 amends section 21(e) of the Arms Export Control Act. Section 172 eliminates the statutory requirement that a proportional cost of the nonrecurring research and development (R&D) investment on major defense equipment be recovered on export sales. U.S. defense manufacturers have downsized and merged in response to declining U.S. defense procurement following the end of the cold war. Remaining companies will not survive on the basis of current and projected U.S. defense procurement levels: only 100 aircraft by DOD, for example, are authorized for procurement for all of fiscal year 1995. Increasingly, preservation of the U.S. defense industry will rely on our ability to export to friends and allies.

The United State has long dominated the international defense trade market. However, with national defense procurement budgets in most arms-producing countries declining, more defense manufacturers are turning to exports to maintain production lines. U.S. defense items once dominated the market because of their superior quality and the important connection with the US. However, the end of the cold war undercuts the value of an investment in an American connection. At the same time, the end of the Soviet military threat has weakened the need of many nations to have the best equipment they can buy. A low threat from a weakened Russian army means that “good enough” rather than “the best” is ac-

ceptable in arms purchasing countries which are also looking for ways to cut defense spending.

The result is a far more competitive environment for U.S. defense exports. While our manufacturers still offer the best product available, they are expected to compete on an equal basis with others who are offering inferior products but who, working hand in hand with generous support or subsidies from their governments, provide offsets, financing and/or lease arrangements.

Strengthening US arms manufacturers' ability to compete does not mean encouraging arms exports. Nothing in this bill changes the existing requirements about whom the United State can or cannot sell. It is not necessary to change U.S. policies used to determine whether a prospective arms sale should be licensed. But where a sale to a friend or ally is desirable, there is much we could do to improve prospects that the American bidder has a fair chance to win the contract.

The committee has examined the system of recoupment of non-recurring costs from government-to-government defense sales and has determined that on balance it is more important to preserve U.S. defense industry competitiveness abroad than to recover a portion of weapons system development costs. In the current highly price-sensitive international market, these non-recurring cost surcharges can make the difference between winning and losing a foreign contract. Over the long run, the United State stands to save more from preserving a minimum number of currently active defense production lines than it would from recovering a small portion of development costs expended years ago.

Section 173.—Reduction in valuation of defense articles not intended for replacement

Section 173 amends section 21(a) of the Arms Export Control Act, relating to sales of defense articles from DOD stocks. The committee understands that frequently foreign buyers of military equipment will purchase used items with a contract to upgrade. These sales, like sales of new equipment, are in the U.S. national interest. The committee, however, does not expect the Defense Department to actively pursue sales under this section. Rather, the committee believes this section 173 should only be used in those rare instances in which a proposed sale would otherwise not be made. Section 173(c) allows this section to be used only subject to the availability of appropriations and, therefore, should not represent new direct spending.

Section 173 requires that three important criteria be met before the President may consider reducing the price for the sale of a defense article. First, the sale must facilitate the sale of a similar or related defense article. Second, the sale must support the national defense industrial base. Finally, the sale must serve the national security interests of the United States.

In addition, the committee urges the administration to keep the administrative fees it charges for government-to-government (FMS) sales as low as possible in order to maximize the competitiveness of U.S. defense products abroad. Maintenance of U.S. defense exports is a matter both of U.S. economic and national security interest.

Section 174.—Elimination of Special Defense Acquisition Fund Annual Report

Section 174 deals with issues related to the Special Defense Acquisition Fund (SDAF). Section 174 repeals an annual reporting requirement which is no longer needed or useful. Section 53(a) of the Arms Export Control Act requires a report on specific SDAF issues related to the SDAF fund for which monies are no longer being appropriated. The report is therefore obsolete and this section eliminates the report.

TITLE II—TRADE AND EXPORT DEVELOPMENT

Section 201.—Trade and Development Agency

Section 201 gives the Trade and Development Agency added flexibility to carry out its projects by eliminating project dissemination requirements and transferring the responsibility of submitting an annual report to the Director of the TDA rather than the President. It would authorize \$67,000,000 in appropriations for fiscal year 1996 and \$75,000,000 for fiscal year 1997.

The Committee commends the Trade and Development Agency (TDA) in its efforts to extend its cost-sharing efforts with the private sector to implement a new “success fee” program. Under this program, a company undertaking a feasibility study that anticipates a significant return on its investment must reimburse the TDA for the cost of such feasibility study. The Committee supports the efforts of TDA to reduce overhead operating costs and increase the impact of the taxpayer dollars in promoting U.S. business abroad.

Section 202.—Countries in Transition to a Free Market Economy

Many of the nations of Central and Eastern Europe have made important, rapid progress in transition from centrally-planned economies to free market economies. The key to this rapid integration has been their development of an effective trading relationship with the European Union and the United States. To encourage the rapid assimilation of nations such as Poland, Hungary, the Czech Republic, Slovakia, Latvia, Lithuania, Estonia, Bulgaria and Romania the United States extended trade benefits under the generalized system of preferences (GSP) easing their transition into the world’s highly competitive trading system.

Section 202 expresses the sense of the Congress that the United States should continue to accord GSP treatment to all countries of central and eastern Europe in transition to a free market economy, provided that these countries are abiding by all applicable statutory requirements. Such continued treatment will ensure the consolidation of a vibrant free market in what was only a few short years ago a communist wasteland.

TITLE III—PRIVATE SECTOR, ECONOMIC, AND
DEVELOPMENT ASSISTANCE

CHAPTER 1—PRIVATE SECTOR ENTERPRISE FUNDS

Section 301.—Support for private sector enterprise funds

Section 301 authorizes \$64,000,000 in fiscal year 1996, to remain available until expended, for the President to create enterprise funds for promoting private sector development in eligible countries. The President is authorized to designate a private, nonprofit organization to receive funds for countries eligible for assistance under part I of the Foreign Assistance Act. The authorities in this section would not apply to enterprise funds already authorized for the independent states of the former Soviet Union. This section would also direct the President to create a Trans-Caucasus Enterprise Fund and would authorize \$12,000,000 to remain available for such fund.

In 1989, as the collapse of communism engulfed Central and Eastern Europe and the former Soviet Union, the United States recognized that it had to quickly demonstrate to the people of these countries the value of political and economic reform. Recognizing that traditional AID programs were not well suited to address this unprecedented challenge, the enterprise funds—government funded and privately managed—were established.

Today, 5 years after their creation, the enterprise funds have proven themselves to be highly effective vehicles of U.S. foreign assistance. Their impact has been significant as exemplified by the Polish Fund's approval of more than \$111 million in small loans to more than 4,000 Polish entrepreneurs with a collection rate of 98 percent, the Hungarian Fund's participation in the privatization of the food processing, packaging, and printing, and food products industries, and the more than \$100 million in private foreign capital that the enterprise funds have attracted for investment. The enterprise funds' unique characteristics of leveraging the best U.S. private sector talent for foreign policy purposes and the potential for the United States to receive back funds initially appropriated for their creation underscores the usefulness of the Enterprise Funds.

Perhaps the best illustration of the high quality and potential of the enterprise funds is the persons who serve on their Board of Directors on a pro bono publico basis. Among this group are the leading American men and women in banking, investment banking, venture capital, and Fortune 500 corporations. These individuals provide invaluable expertise and management oversight to ensure that both the public policy and commercial purposes of the enterprise funds are accomplished in a way that maximizes the impact of each Enterprise Fund. For all these reasons, the committee believes that the Congress should take strong and clear action to continue to support and expand the enterprise fund concept.

The committee expects AID to honor its funding commitments to the existing enterprise funds at such funding levels as were originally announced by the administration, agreed to by the Congress through the congressional notification process, and referenced in grant agreements between AID and each of the Enterprise Funds. To this end, the committee further directs that any reductions in

AID funding for its “Eastern Europe and the Baltic States” and “NIS” accounts neither be applied nor have any effect on AID’s funding of the Enterprise funds.

The committee is pleased with the Hungarian-American Enterprise Fund’s performance and finds that the Hungarian Fund continues to play an important role in the development of Hungary’s private sector. The committee also supports the Hungarian Funds’ efforts to raise private capital as a way to achieve ultimately self-sustainability. The committee notes, however, that the Hungarian Fund is in need of an additional \$30 million of AID funding beyond its original \$70 million in order to continue its programs and to attract private capital. Accordingly, the committee directs AID to provide the Hungarian Fund an additional \$30 million in fiscal 1996, of which \$20 million is to be used for its core investment programs and \$10 million is to be used for its small year program.

Transcaucasus enterprise fund

Section 301 also establishes a Transcaucasus Enterprise Fund and makes available to it \$12 million in fiscal year 1996. The committee emphasizes the importance of establishing enterprise funds to augment and solidify the private sector in the Transcaucasus region of Armenia, Georgia, and Azerbaijan. Development of the region’s infrastructure would benefit from this fund, including the building of port, rail, and communications facilities. Given the bureaucratic inertia that often hinders the establishment of such funds, it makes sense for the Congress to grant the authority and funding now for the creation of a Transcaucasus Enterprise Fund.

The Committee notes that enterprise funds already exist for other countries of Eastern Europe and the former Soviet Union—only the countries of the Transcaucasus region do not benefit from such funds. The Russian Enterprise Fund was established with planned funding of \$340 million; a Central Asia Fund was set to assist five Central Asian Republics with planned funding of \$150 million; a Western NIS Fund was established with a planned funding of \$150 million for Ukraine, Belarus, and Moldova. Further, enterprise funds exist for the Baltics, Bulgaria, Albania, Slovenia, and the Czech and Slovak Republics. A similar enterprise fund in the Transcaucasus would create real incentives for privatization and would foster regional cooperation, vital to the future of the Transcaucasus.

Section 302.—Micro- and small-enterprise development credit program

Section 302 authorizes the President to increase the availability of credit to micro- and small-enterprises lacking full access to credit, including through: (1) loans and guarantees to credit institutions, (2) training programs for lenders, and (3) training programs for micro- and small-entrepreneurs.

CHAPTER 2—DEVELOPMENT ASSISTANCE FUND AND OTHER
AUTHORITIES

Section 311.—Development assistance fund

Section 311 authorizes a single appropriation of \$2,475,000,000 in fiscal year 1996 and \$2,324,000,000 in fiscal year 1997 to fund: (1) Section 104 of the Foreign Assistance Act, relating to population and health; section 105 of the Foreign Assistance Act, relating to education and resources development; section 106 of the Foreign Assistance Act, relating to energy, private voluntary organizations, and selected development activities; section 107 of the Foreign Assistance Act, relating to technology; and section 108 of the Foreign Assistance Act, relating to private sector revolving funds; (2) Section 497 of the Foreign Assistance Act, relating to the Development Fund for Africa; (3) Chapter 11 of part I of the Foreign Assistance Act, the FREEDOM Support Act; (4) The Support for Eastern European Democracy or SEED; and (5) title III of chapter 2 of part I of the Foreign Assistance Act, relating to housing and other guarantee programs. Funds in this section may also be used in support of Inter-American Foundation, African Development Foundation, American Schools and Hospitals Abroad and International Fund for Ireland.

The Administration has repeatedly requested Congress to give it flexibility to carry out its programs. Since the budget reductions severely limit the amount of money that Congress will approve for foreign aid, the Committee has decided to provide the Administration with as much flexibility as possible.

The committee recognizes that budget cuts prohibit funding all accounts at current levels. The administration will have to choose where it believes U.S. strategic interests lie; ranging from Eastern Europe or Africa, population control and environment programs, or private sector assistance for Russia. Requiring the administration to make these choices in exchange for increased flexibility is reasonable and fair. The committee expects the administration to provide funding at the proposed levels below.

[In thousands of dollars]

| Account | Fiscal year— | | | |
|---|------------------|--------------|---|---|
| | 1995 estimate | 1996 request | 1996 ¹ Com- mittee ap- proved bill | 1997 ¹ com- mittee ap- proved bill |
| Development Assistance | 1,319 | 1,300 | 840 | 826 |
| Development Fund for Africa | 802 | 802 | 619 | 582 |
| SEED (Eastern Europe) | 359 | 480 | 311 | 271 |
| Freedom Support Act (NIS/Russia) | 719 | 788 | 673 | 619 |
| Microenterprises-Housing Guarantees | 20.8 | 28.7 | 32 | 26 |
| African Development Foundation | 16.9 | \$17.4 | 0 | 0 |
| Inter-American Development Foundation | 30.9 | 31.7 | 0 | 0 |
| Total | 3,267 | 3,447 | 2,475 | 2,324 |

¹ Committee approved bill.

Assistance for Africa

Section 311(b) requires that not less than 25 percent of this account be provided consistent to the terms of the Development Fund

for Africa. This would allow \$619,000,000 for Africa in fiscal year 1996 and \$582,000,000 in fiscal year 1997.

Private and voluntary organizations

Section 311(c) directs the President to seek to ensure that at least 32 percent of the funds for development programs, including the Development Fund for Africa and international disaster assistance, is channeled through private and voluntary organizations and cooperatives. The purpose of this section is to prevent cuts in development assistance from being taken disproportionately out of the programs implemented by such organizations and cooperatives. The Foreign Aid Reduction Act of 1995 cuts development assistance 19 percent below the fiscal year 1995 appropriated level. The committee recognizes that PVOs are a more efficient means of delivering assistance programs and that priority should be placed on supporting the U.S. Government's partnership with U.S. PVOs and non-profit intermediary organizations and cooperatives, which have proven themselves to be an efficient and cost-effective means of promoting people-to-people assistance.

World ports

The committee believes that expanding American exports, creating new jobs, and expanding market opportunities in a global economy are vital to U.S. national interests. The U.S. Government should encourage and support nonprofit organizations dedicated to improve infrastructure of developing world ports (including technical assistance to facilitate new terminal landside facilities, dredging, improved roadway access to terminals, etc.) that facilitate efficiency in the movement of U.S. goods through seaports. Congress notes that the enhancement of port operations, maritime terminal development, cargo handling, harbor improvements, environmental planning, and other port activities will increase bilateral trade opportunities for the United States and increase domestic jobs associated with exports.

Independent foundations

Section 311 leaves intact the structures of the Inter-American Foundation and the African Development Foundation but does not provide specific funding for either organization. The committee intends that the administration have discretion to finance either or both of these organizations, from funds made available in the Development Assistance Fund, at levels appropriate to their role in advancing United States foreign policy objectives in Latin America and Africa, but not to exceed the funding levels they received in fiscal year 1995. To the extent necessary, the committee intends to allow the administration to use existing transfer authorities to provide funding for these organizations.

The committee is encouraged by the work of the Eurasia Foundation and calls on the coordinator to ensure an allocation of up to \$19 million in funding for the foundation in fiscal year 1996. At the same time, the committee expects the foundation to focus its small grants on projects and efforts that most directly contribute to political reform and market-based economic transformation. The foun-

dation is also strongly encouraged to raise substantial financing for its programs from the private sector as well.

Physicians for peace

The committee supports the work of Physicians for Peace, a non-profit, humanitarian organization, which exemplifies the best in American volunteerism. Through multinational and multi-disciplinary teams of volunteer physicians and other medical professionals, Physicians for Peace develops partnerships with medical professionals in developing nations to provide medical education and free medical service in those nations.

Assistance for education

The committee believes that efforts to educate the young people of Central and Eastern Europe and the NIS in the skills and values of the market economy and democratic society are of particular importance, both in assuring the future of economic and political reform and in building the human infrastructure of these new democracies. Here, as in other areas of assistance to democratization and market reform, U.S. private voluntary organizations provide an effective, low-cost means of delivering expert assistance. The committee believes that U.S. Government technical assistance efforts should give priority to partnership with private entities whenever feasible, particularly those that emphasize local capacity-building, education and grass roots political and economic reform. Programs which mobilize U.S. professors as volunteers to assist educational reform and which train the next generation in Central and Eastern Europe and the NIS are particularly beneficial.

Educational and medical institutions overseas

The committee believes that institutions such as the Haddassah Medical Organization in Israel, the Lebanese American University and the American University in Beirut exemplify the possibilities of U.S. assistance. With seed money provided over the years, spurred on by more significant contributions from the private sector, these institutions promote U.S. policy and provide outreach and assistance in lieu of U.S. personnel.

The committee further believes that within the fiscal constraints of diminishing U.S. assistance programs, direct assistance provided to such institutions, avoiding to the maximum extent possible the involvement of foreign governments, consultants and other middle men, will continue to benefit the United States and to leverage to the maximum extent possible our foreign aid dollars.

Deficiencies in AID management of cash advances

The committee notes with concern a review by the AID Office of the Inspector General (OIG) which found that deficiencies resulting from unnecessary interest costs and unrealized interest income by the AID Washington Office of Financial Management and five overseas missions cost the U.S. Treasury an estimated \$4.5 million. Specifically, OIG found that the six offices failed to limit the amount of Treasury check advances to the immediate needs of recipient organizations and did not adequately monitor recipients' interest earnings. Further, OIG found that the Office of Financial

Management in Washington did not always limit letter-of-credit cash advances to immediate needs or use letters of credit in lieu of checks to fund recipients as prescribed by U.S. Treasury requirements.

Improving effectiveness in distribution of technical assistance to the NIS

The committee finds that much of AID's technical assistance effort in the New Independent States and Central and Eastern Europe has produced little positive result. Closed procurement practices and AID's own lack of experience in the region has too often led to the awarding of contracts to organizations who themselves have little regional or area competence. In many instances, AID has relied on its network of contractors which have experience in the poorest developing nations. The result has often been wasteful expenditures on contractor field office infrastructure, poor recruitment of participants and expensive, and misdirected short-term training in the United States which has often had negative impact on NIS professionals participating in the program.

The committee recommends expanded funding for programs, such as the Partnerships and Training Project, which bypasses many of the weaknesses of traditional AID approaches to technical assistance by enabling experienced organizations in the United States to partner with regional counterparts to achieve needed training of NIS professionals with a minimum of bureaucratic intervention; conducting training activities on the ground in the region—a far more cost effective and far reaching approach than expensive short-term training in the United States; and promoting mutual partnerships that enable American businessmen, university personnel, and nonprofit trade and other organizations and their counterparts in the region to demonstrate the benefits of technical assistance.

Section 312.—Economic Support Fund

Section 312 authorizes the appropriation of \$2,375,000,000 for fiscal year 1996 and \$2,375,000,000 for fiscal year 1997 for Economic Support Funds (ESF). This is \$105 million below the administration's request of \$2.49 billion.

Subsection (2) provides \$15,000,000 only for Cyprus in fiscal years 1996 and 1997. Subsection (3) provides \$15,000,000 only for the International Fund for Ireland in fiscal year 1996. Subsection (4) provides \$10,000,000 only for the development of an industrial park in Gaza in fiscal year 1996.

Section 313.—Nonintervention concerning abortion

Section 313 prohibits the use of funds for any program, project or activity which violates laws of a foreign country concerning the circumstances under which abortion is permitted, regulated or prohibited and for any program, project, or activity which seeks to alter laws or policies in a foreign country regarding the circumstances under which abortion is permitted, regulated or prohibited. The section explicitly states that this prohibition does not apply to activities in opposition to coercive abortion or involuntary

sterilization, inasmuch as coercive abortion and sterilization are human rights violations.

The committee is deeply concerned about a number of statements from numerous administration officials regarding its worldwide policy of promoting abortion-on-demand. The committee notes Secretary of State Christopher's March 16, 1994 cable to all U.S. Embassies which stated that "A comprehensive strategy begins with the need to ensure universal access to family planning and related reproductive health services, including access to safe abortion * * * The United States believes that access to safe, legal and voluntary abortion is a fundamental right of all women * * * The United States delegation [to the Cairo Conference] also will be working for stronger language on the importance of access to abortion services." The committee also notes AID Administrator Brian Atwood's February 22, 1994 keynote address at a meeting of the Office of Population Cooperating Agencies regarding abortion in developing countries in which he stated that "While obstacles cannot be removed overnight, this administration will continue to stand for the principle of reproductive choice, including access to safe, voluntary abortion." The committee further notes Under Secretary of State Timothy Wirth's May 11, 1993, statement at the Second Preparatory Committee for the U.N. International Conference on Population and Development that "The U.S. Government believes the Cairo Conference would be remiss if it did not develop recommendations and guidance with regard to abortion. Our position is to support reproductive choice, including access to abortion."

The committee believes that foreign aid should never be used as a carrot or a stick by any administration, any multilateral bank, or any other international organization to promote worldwide legalization of abortion-on-demand. The committee further believes that policies that promote "reproductive rights" or abortion-on-demand in foreign countries are contrary to U.S. foreign policy interests as many third world countries have laws protecting unborn children and are understandably sensitive to attempts from foreign governments or international organizations to change laws or policies in their countries regarding the circumstances under which abortion is permitted, regulated or prohibited, and regard such policies as intrusive cultural imperialism.

Section 314.—Host country cost-sharing

Section 314 raises the amount a host country must contribute to development assistance projects from 25 to 30 percent. This section maintains the waiver for the poorest of the poor nations required by section 124 of the Foreign Assistance Act of 1961.

Current law requires that countries contribute 25 percent of the cost of each U.S. development project so that they have a stake in the outcome of the programs. Host countries, however, often do not take development projects seriously. AID admits that its efforts to account for host country contributions are sporadic at best. "In kind" contributions are often made in ways which cannot be accurately counted. The committee further believes that if American taxpayers are asked to pay the lion's share for an overseas project, recipient nations can contribute at least 30 percent. AID missions

and AID/Washington must more accurately account for the country contributions.

According to the AID Office of the Inspector General's (OIG) Semiannual Report to Congress on March 31, 1995, AID missions generally do not assign values or identify what types of "in-kind," or non-cash contributions host government agencies are expected to contribute over the life of the project. The OIG found that without clearly identifying contributions at project inception, verification that such contributions have been made to satisfy project needs is not possible. OIG further found that verification that host governments' contributions meet the required 25 percent minimum of total project costs was not possible. The committee notes with concern the OIG finding that this failure to properly identify and assign values resulted in some host countries contributing local currencies equivalent to much less than their share calculated in U.S. dollars, while others contributed much more, depending upon rate fluctuations.

Section 315.—Private funding of private and voluntary organizations

Section 315 adds a new section to section 129 of the Foreign Assistance Act of 1961. Section 315 prohibits funding to any private and voluntary organization, except a cooperative development organization, which obtains less than 25 percent of its total annual funding for international activities from non-U.S. Government sources.

Subsection (b) of the new section 129 reinstates a waiver currently in law, which allows the President to make funding available on a case-by-case basis to private and voluntary organizations and cooperatives which do not meet the privateness percentage requirement, but which have otherwise proven themselves effective and independent organizations.

Section 123(g) of the Foreign Assistance Act (FAA) and each foreign operations appropriations bill currently require Private and Voluntary Organizations (PVOs) to receive at least 20 percent of their funding from non-U.S. Government sources to make them eligible to receive AID funds. Any organization receiving less than 20 percent from private sources is neither "private" nor "voluntary." Of the 417 Private and Voluntary Organizations registered in 1995 at AID, only eight groups would be prohibited from receiving AID funds pursuant to this 25 percent requirement.

Section 316.—Documentation requested of private and voluntary organizations

Section 316 prohibits funds to any private voluntary organization which fails to provide the agency primarily responsible for carrying out development assistance with material required for audits or fails to register with that agency. The committee believes that this is a "good government" measure to ensure that U.S. foreign aid is being spent as intended. Organizations seeking U.S. taxpayers' dollars that refuse to provide the documentation necessary for audits should not receive U.S. foreign aid.

Section 317.—Prohibition on use of foreign assistance by private and voluntary organizations for office equipment in the United States

Section 317 prohibits funds from Development Assistance, Development Fund for Africa, FREEDOM Support Act, SEED, or Economic Support Funds to be used to buy or lease office equipment for use in the United States.

The committee notes that for years AID funds have paid for private groups to buy computers, fax machines, and any number of other kinds of office equipment for use solely in the United States. The committee is concerned that such expenditures could facilitate the success of certain PVOs to write improved project proposals so that they can receive additional aid grants, but that no true development goals are met. The committee believes that Americans do not want their tax dollars being spent to furnish the Washington offices of grant recipients.

Section 318.—Prohibition on circumvention of aid restrictions

Section 318 places a criminal penalty on officers and employees of the United States who circumvent statutory prohibitions or restrictions regarding aid prohibitions imposed by Congress. This section would not limit the President's ability to express views, nor would it limit any officer or employee of the United States from expressing the policies of the President or communicating the reasons for the prohibitions or restrictions under this bill.

Section 319.—Foreign government parking fines

Section 319 directs that an amount equivalent to 110 percent of unpaid parking fines owed to the District of Columbia, Virginia and Maryland at the end of a fiscal year by the government of a foreign country be withheld from the foreign assistance obligated to that country under Part I of the Foreign Assistance Act in the next fiscal year. Virtually the same provision has been included in the fiscal years 1994 and 1995 Foreign Operations, Export Financing, and Related Programs appropriations bills. As a result of the appropriation provision, more than \$250,000 in parking fines have been paid to the District of Columbia government.

Section 320.—Limitation on waiver of sanctions against major drug producing and drug-transit countries

Section 320 amends section 490 of the Foreign Assistance Act of 1961 by adding a paragraph prohibiting the President from granting a "vital national interests" waiver to any major drug-producing or major drug-transit nation "in any year which immediately follows a period of two consecutive years" in which certifications have been made with respect to a particular country. The two consecutive year limitation begins with the certification due on March 1, 1996, meaning the limitation would affect the March 1, 1998 certification process.

It is the committee's view that the interests of the United States are best served if countries are duly noted and sanctioned for their lack of cooperation. Otherwise, the United States sends the inappropriate signal to all drug-producing and -transit countries that they can continue performing at an inadequate level of cooperation

and still enjoy U.S. bilateral assistance and support in international financial institutions. The “vital national interests” waiver allows the President not to invoke sanctions against a nation that does not cooperate effectively with the United States in fighting narcotics in spite of that country’s failure to meet the certification requirements of section 490 of the Foreign Assistance Act of 1961, as amended.

The committee believes that 2 years provide ample opportunity for a country to meet the narcotics cooperation certification requirements and for a country to improve its performance in fighting illegal drug production or trafficking.

Moreover, the committee is deeply committed to upholding the overall integrity and credibility of the certification process. In that regard, it is fair to raise concerns about a nation’s commitment and political will to combat the illegal narcotics trade when that nation has received national interests waiver for two consecutive years. It is appropriate for Congress to ask whether such a nation is performing in accordance with the spirit of the process and of established standards. Section 320 is intended to improve the administration’s accountability with regard to the certification process.

The committee strongly supports assistance to those countries that cooperate with the United States in combating drug trafficking. Those countries that aggressively combat the cultivation, production, and distribution of drugs should and will continue to receive U.S. assistance and cooperation.

Section 321.—Engaging the United States private sector in development

Section 321 recommends that, of the funds made available under section 311 of this bill, significant resources must be made available to engage the U.S. private sector in the development of recipient nations. Section 321(a)(3) requires that the ratio of private sector investment to U.S. government assistance be no less than 2.5 to 1. Section 321(b) requires the Secretary of State to report to Congress annually detailing the Administration’s efforts to meet the requirements of this section.

The committee recognizes that the United States’ most powerful tool for economic development is the U.S. private sector—including small, medium, and large businesses, farm groups, entrepreneurs, and others. These groups should play a major cooperative role in U.S. foreign assistance programs worldwide.

When U.S. private enterprises risk their own resources to establish profitable joint ventures in developing countries, there is financial incentive for projects to be successful and self-sustaining over the long term. The U.S. development programs should build partnerships with these enterprises—thus leveraging the technology, creativity, and financial resources of the U.S. private sector to help achieve significant economic development and restructuring goals in developing countries. Projects with private sector principles at their core are self-sustaining and, therefore, will continue to contribute to economic development in developing countries long after U.S. funding is depleted.

The administration should expand, enhance, and improve programs that leverage private sector resources to establish self-sus-

taining development projects. Such programs will use U.S. technology and know-how to foster development in agriculture, food systems, transportation, communications, and other important economic sectors that will be significant markets for U.S. exports in developing countries in the future. As a result, U.S. national security will benefit from increased growth and stability worldwide, and the U.S. economy will benefit from increased export opportunities in developing international markets.

The administration is allocated significant resources of economic development funding for programs in which U.S. enterprises leverage their invested resources with foreign assistance funds. The ratio of private sector to public sector investment in these programs is to be at least 2.5:1. Each participant in these projects, including the indigenous business partner, must be a direct stakeholder to ensure a relationship of mutual respect and mutual benefit.

To implement economic development programs with private sector enterprises, the administration should work, to the extent possible, through experienced intermediary business-related development organizations. These intermediary organizations will engage those U.S. private enterprises that are willing to invest their own private resources in projects with local partners in countries targeted for U.S. economic development assistance. These intermediary organizations are vital elements in creating cooperative business relationships that can provide effective economic development assistance.

Accountability will be the top priority for assistance projects involving the private sector—as it should be with all U.S. foreign aid programs. Therefore, the administration should perform independent evaluations of each project to ensure effectiveness and compliance with cost-sharing requirements.

Kenan development partnership model

Expanding and opening new markets for U.S. business abroad should be a central element of U.S. foreign policy. Aid is no exception. Assistance can be an effective way to promote overseas economic development that serves U.S. interests. Using aid to bring the resources, technologies, and know-how of America's dynamic private sector to bear on development problems, in certain instances, can benefit both developing nations and the U.S. private sector. Committee hearings on the issue showed clearly that current aid programs limit their effectiveness by failing to involve fully the U.S. business sector, and confirmed the value of a successful new model to remedy this gap. For example, AID developed in Thailand, in cooperation with the Kenan Institute of Private Enterprise, a highly cost-effective mechanism to leverage U.S. technology and private sector expertise. It tackles urgent development problems in a way that greatly reduces costs, creates immediate trade and employment gains for the U.S., and generates lasting mutual benefits for both countries without continuing infusions of taxpayers dollars. This win-win model deserves broad replication, particularly in countries where strong private sector growth has reduced the rationale for traditional aid.

MBA Enterprise Corps

In countries where private enterprise growth still lags, particularly in the former Communist bloc, business volunteer programs offer high impact results and stimulate economic development. The experience and capabilities of programs such as the International Executive Service Corps, VOCA, the Citizens Democracy Corps, and the MBA Enterprise Corps should be relied upon increasingly for the implementation of U.S. enterprise development assistance.

Private sector development in Africa

As noted in the introduction to this report, most African countries have been receiving U.S. foreign assistance since before, or immediately after, gaining independence from the colonial powers. Economic independence, unfortunately, has not followed political independence in many cases.

The Corporate Council on Africa and the U.S.-South Africa Business Council are two relatively young organizations which are harnessing the power of private enterprise to promote economic development and encourage rational economic policies in the countries of Africa. Their efforts should be encouraged and duplicated.

CHAPTER 3—PEACE CORPS

Section 331.—Peace Corps

Section 331 authorizes the appropriation of the President's budget request of \$234,000,000 for fiscal year 1996 and \$234,000,000 for fiscal year 1997 for expenses necessary to carry out the provisions of the Peace Corps Act.

Section 332.—Deadlines for evaluation of and report on health care services provided to Peace Corps volunteers

The committee has included a provision to delay by 1 year an outside evaluation of the Peace Corps' health system. This evaluation is the final of three evaluations required by P.L. 102-565. Its purpose is to assess the adequacy of the Peace Corps' health system to provide for the needs of Peace Corps volunteers, to conduct health examinations of applicants for enrollment as volunteers and to provide immunization and other preparatory services to persons who have accepted an invitation to begin training as a Peace Corps volunteer. The outside evaluation is required to include recommendations regarding appropriate standards and procedures for furnishing quality medical care to volunteers.

The committee recognizes that the original law provided for three evaluations in very quick succession. As a result, it allowed for little time to implement any recommendations before the next report became due. By delaying the third report from fiscal year 1996 to fiscal year 1997, the committee is allowing the Peace Corps an opportunity to put resources into the improvements recommended by the previous evaluations which should enhance the value of the third report to Congress and to the agency, itself.

CHAPTER 4—INTERNATIONAL DISASTER ASSISTANCE PROGRAMS

Section 341.—International disaster assistance

Section 341 authorizes the appropriation of the President's budget request of \$200,000,000 for fiscal year 1996 and \$200,000,000 for fiscal year 1997 for international disaster relief and rehabilitation.

TITLE IV—PEACE AND SECURITY IN THE MIDDLE EAST

Section 401. Economic Support Fund assistance for Israel

Of the amount authorized to be appropriated for the Economic Support Fund, section 401 makes available \$1,200,000,000 in both fiscal years 1996 and 1997 only for Israel. Section 401 makes available ESF for Israel as a cash transfer on a grant basis within 30 days after the beginning of the fiscal year or date of enactment of the Act appropriating such funds. The section directs the President to ensure that the level of cash transfer made does not cause an adverse impact on the total level of nonmilitary exports from the U.S. to Israel. This section is identical to current law.

Section 402.—Foreign military financing for Israel

Section 402 authorizes appropriations of Foreign Military Financing (FMF) for fiscal years 1996 and 1997 of not less than \$1,800,000,000 only for Israel to be made available as a cash transfer on a grant basis within 30 days after the beginning of the fiscal year or date of enactment of the act appropriating such funds. The section also sets a floor for funds available for procurement in Israel of advanced defense articles and defense services, including research and development. This section is identical to current law.

Section 403.—Economic Support Fund assistance for Egypt

Section 403 provides that of the amount made available by section 302 of this bill in fiscal years 1996 and 1997 for Economic Support Funds (ESF), not less than \$815,000,000 shall be made available only for Egypt in both fiscal years. This section is identical to current law.

Section 404.—Foreign military financing for Egypt

Section 404 provides that of the amounts made available for Foreign Military Financing (FMF) for fiscal year 1996 and fiscal year 1997, not less than \$1,300,000,000 shall be available only for Egypt in both fiscal years. This section is identical to current law.

Section 405.—Establishment of a free trade area for Taba, Elat, and Aqaba

Taba, Egypt and Aqaba, Jordan border Elat, Israel. Both Jordan and Egypt have entered into peace agreements with Israel, but to achieve a lasting peace, the development of trading relationships between the three parties is essential. The President's recent decision to establish a free trade area centering on Elat and extending to Taba and Aqaba will provide an important beginning for regional cooperation and the integration of regional commerce.

Section 405 expresses the sense of the Congress that the President should extend duty free treatment to products of Taba and

Aqaba if such extension would significantly benefit the development of regional economic development, would include only goods which experienced significant manufacturing change in Taba or Aqaba, and providing that effective procedures exist to ensure Taba and Aqaba are not merely used as transshipment points for goods manufactured outside these two cities and all three countries are developing laws and procedures to encourage the free flow of goods and people between these cities.

Section 406.—Continuation of free trade treatment for Gaza and Jericho

Section 406 expresses the sense of the Congress that the United States should grant duty free access to the U.S. market for products of the West Bank and Gaza. In 1985, Congress approved a free trade agreement with Israel, which at that time included the occupied territories of the West Bank and Gaza. Now that Israel and the Palestinian Authority have signed the Declaration of Principles, goods manufactured in Gaza and Jericho are subjected to less favorable treatment than those manufactured in Gaza and Jericho before the signing.

Section 407.—Authorization for an industrial park on the border between the territories and Israel

Section 407 expresses the sense of Congress regarding the U.S. appointment of a special coordinator to coordinate the development of an industrial park in Gaza and recruit U.S. investors. Section 312 of the bill authorizes \$10,000,000 in fiscal year 1996 for this purpose.

The committee recognizes that extremists in Hamas and Islamic Jihad reject the gains made since the signing of the Declaration of Principles and are using terrorist tactics to force the closing of the border between the territories and Israel. The result has been skyrocketing unemployment (more than 50 percent), increasing chaos and a downward spiral of sinking hopes and deepening poverty.

This provision expresses the sense of the Congress that the United States should take prompt, visible action before the coming elections in Gaza and Jericho that promises hope and jobs to Palestinians. In particular, the committee believes that the President should designate a special coordinator from within the administration to coordinate the rapid development of an industrial park in Gaza and to begin the recruitment of U.S. investors.

Middle East peace

The committee recognizes the national security implications to the United States of peace in the Middle East. It is important for the United States to promote economic stability and security in those nations of the Middle East allied with the United States. The United States must remain committed to Israel's strategic edge.

The committee believes that in the end, it will be those nations' own commitment to economic reform and democratization that will ensure long-term stability and provide a bulwark against extremism of all kinds. Insofar as economic support funds are leveraged to modernize infrastructure, provide a basis for U.S. firms to enter

the commercial markets in recipient countries such assistance can benefit both the United States and the receiving country.

A case in point is the telecommunications sector. Foreign assistance to Egypt has leveraged United States firms into a previously closed market and has helped modernize Egypt's telecommunications network. Currently, plans exist to privatize Egypt's telephone/telecommunications agency, with all future funding contingent upon mutually agreed upon economic reforms.

Such success stories are few and far between. Far more familiar is a lax attitude toward reform and chronic waste and inefficiency in both the Egyptian economy per se and in U.S. projects in that country. The committee believes that economic reform must be key to the continued flow of assistance to Egypt and that failure to make agreed upon economic reforms should result in a decrease in assistance. Currently, Egypt's failure to implement reforms agreed upon with the United States results only in a temporary halt in the flow of cash transfer assistance, with an understanding that such assistance will resume whether or not reforms are made. This provides few incentives to make the changes necessary to Egypt's long term economic security.

Ultimately, declining funds for foreign assistance and increasing demands on the U.S. Treasury will dictate a reduction in assistance to even the most valuable allies of the United States in the Middle East. The committee urges both Israel and Egypt to recognize the potential impact of budget imperatives in the United States, because failure to do so can only harm the ability of aid beneficiaries to begin planning for a secure and stable future.

TITLE V—OTHER REGIONAL ISSUES

Section 501.—Lending to the independent states of the former Soviet Union required to be secured by certain export earnings

Section 501 provides that either the President must certify that NIS countries are adhering to debt repayment schedules of the multilateral banks or the repayment of loans must be secured by the royalties or revenues earned by such state from the export of petroleum products, minerals or other commodities. If no certification is made or repayment is not secured as required, this section provides that no loan or credit may be extended by the United States to the NIS under: (1) the Foreign Assistance Act; (2) the Arms Export Control Act; (3) the Agricultural Trade Development and Assistance Act; (4) Section 416(b) of the Agricultural Act; and (5) the EX-IM Bank Act, and the United States shall vote against the extension of any credit or the issuance of any guarantee at the multilateral banks, including under the IMF's general arrangements to borrow. This section also directs U.S. Executive Directors at the multilateral banks to pursue a policy of securing collateral for such loans at the banks.

The committee notes that since the fall of Soviet communism \$2,454,000,000 in United States bilateral loans have been extended to the states of the former Soviet Union and multilateral financial institutions have committed \$11,400,000,000 to those countries. The committee also notes that loans to the former U.S.S.R. have been repeatedly rescheduled, perhaps never to be repaid, and some

Russian loans from the United States have received a 1-year deferral.

The committee notes that nations of the former Soviet Union have an abundance of natural resources. Countries that make up the former Soviet Union have 49 billion barrels of proven crude oil reserves compared to only 23 billion barrels of proven crude oil reserves in the United States. They rank No. 1 in the world in proven natural gas reserves with 1.6 quadrillion cubic feet, compared to only 163 trillion cubic feet of proven natural gas reserves in the United States. Mineral reserves in these nations are equally impressive.

Section 502.—Restrictions on assistance for Nicaragua

Section 502 conditions development assistance and economic support funds to the Government of Nicaragua upon a determination and certification by the Secretary of State, in consultation with the Secretary of Defense and the Director of Central Intelligence, that Nicaragua: (1) has completed a full investigation of the May 1993 Santa Rosa arms cache explosion in Managua which exposed the existence of a terrorist and kidnapping ring operating out of Nicaragua; (2) has made substantial progress in resolving American claims to confiscated properties; (3) has removed from the military and security forces all individuals implicated in the assassinations of Jean Paul Genie, Arges Sequeira, and Enrique Bermúdez, and initiated judicial proceedings against those so accused; and is making significant and tangible progress in (1) prosecuting those identified by the Secretary of State or the Attorney General as being part of a terrorist or kidnapping ring, (2) implementing the recommendations of the Tripartite Commission, including suspending from the military and security forces those individuals named by the commission as having committed human rights violations, (3) implementing changes resulting in civilian control over the military, security forces, and police, and (4) making effective reforms in the judicial system. Section 502(d) allows the President to provide assistance to Nicaragua for several purposes.

The certification made pursuant to this section shall include a detailed accounting of all evidence in support of the above determinations. For fiscal years 1996 and 1997, this section denies the President the waiver authority in section 527(g) of the Foreign Relations Authorization Act for fiscal years 1994 and 1995 (Pub. L. 103-236) regarding the resolution of expropriated property claims.

The committee has long had concerns about the situation in Nicaragua, including continued human rights violations, the absence of effective law and order which results in impunity for the military and security forces, and the lack of significant progress resolving American property claims in Nicaragua. The committee notes that despite repeated promises of reform and some \$1.3 billion in United States aid, Nicaragua still has significant areas where progress needs to be achieved. It is the committee's view that progress in the areas noted above is indispensable for the creation of a strong and stable democratic system in Nicaragua.

The committee remains concerned that there has yet to be a full investigation of the May 23, 1993 Santa Rosa arms cache, which contained surface-to-air missiles, AK-47's, rocket-propelled gre-

nades, C-4 plastic explosives, and other weapons used in terrorist actions. The committee finds disturbing that before the weapons' origin could be traced, serial numbers were removed from 16 surface-to-air missiles. In the committee's view this raises serious questions about possible involvement and/or complicity by either former or current Nicaraguan officials in the arms cache. The committee is not aware that any former or current officials implicated in the terrorist and kidnapping rings uncovered at Santa Rosa have been investigated.

The committee also notes that little, if anything, seems to have been done by the Nicaraguan Government to investigate the relationship between Nicaraguans and the February 1993 World Trade Center bombing. When asked in May 1995 about such an investigation, President Chamorro stated, "Those are old things. That happened in New York. They have the CIA and all the things they have in the United States. Let them investigate * * *" (La Prensa, May 17, 1995).

Since the Santa Rosa explosion, several dozen arms caches belonging to the Sandinistas, Salvadoran guerrilla factions, or the Spanish Basque terrorist group, ETA, have been uncovered in Nicaragua. The committee notes that the Nicaraguan Government has assured the international community that the plethora of weapons caches was a remnant of Sandinista rule. However, arms smuggling from Nicaragua, and by Nicaraguans, continues. The committee is aware of two recent cases: On March 8, 1995, four Nicaraguans crossed into Honduras and were captured with a sizable arms cache; and in April 1995, an arms shipment from Nicaragua was seized in Colombia.

The resolution of property American property claims remains an area of strong committee interest and concern. Resolution of all outstanding property claims, not just the high profile cases, should be a priority for the Nicaraguan Government, in the committee's view. There remain 1,172 unresolved confiscated property cases representing 474 United States citizens; and the Nicaraguan Government or its officials still occupy 14 properties belonging to Americans. It is the committee's view that the resolution of all claims of 84 American citizens is primarily due to U.S. pressure and the work of two U.S. embassy officials in Managua who deal with property cases. The committee notes that since November 8, 1994, the Nicaraguan Government has resolved as many property cases as were resolved in the previous 4 years. This raises the question of whether the problem is one of political will.

The committee continues to note that several prominent Sandinistas, including some who are still in official positions, occupy homes owned by American citizens. The list includes Col. Lenin Cerna, former Inspector General of the Armed Forces who was recently made Advisor to the Joint Chiefs of Staff; Lt. Col. Julio Aviles Castillo, Military Chief of Region IV; Commander Marcelino Guido, Director of the Prison System; and former Foreign Minister Miguel D'Escoto.

Human rights also remains a committee concern: Not a single person has been prosecuted and incarcerated for the murders of more than 350 former members of the Nicaraguan Resistance. According to the OAS and the two independent Nicaraguan human

rights organizations, the majority of these demobilized former Contras have been assassinated by members of the Sandinista Popular Army [EPS], national police, or security forces. The Tripartite Commission has repeatedly recommended prosecution of officers and soldiers implicated in human rights violations, but these recommendations have largely been ignored by the Nicaraguan Government. The committee is aware that some members of the police force have been reassigned, but sanctions against members of the military are lacking.

The committee continues to express its outrage at the October 1990 assassination of 16-year-old Jean Paul Genie, in which Gen. Humberto Ortega is implicated in having knowledge of the crime and in protecting the alleged killers, who were Ortega's bodyguards at the time of the killing. This case has been languishing in the Nicaraguan Supreme Court for a year. Also, the process has been slowed by the stalemate over constitutional reform, under which several new justices have been appointed, leading the executive branch not to recognize the current Supreme Court.

The committee is encouraged that the Inter-American Human Rights Court [IACHR] accepted the Genie case. However, it notes that since Nicaragua did not accept the IACHR's jurisdiction until after the Genie murder, the court will only rule on the alleged cover-up of the case by senior Nicaraguan military officials.

Before the court accepted the Genie case, the Government of Nicaragua presented an objection to the admissibility of the case in the IACHR on the grounds that all domestic judicial remedies had not been exhausted. The IACHR has decided to rule on the admissibility of the case (i.e., whether all internal judicial remedies have to be exhausted) simultaneously with the ruling on the question of the denial of justice to the Genie family. The committee is informed that the IACHR has delayed further review of the case until November 1995 because one of the five judges has been taken ill. (Five judges are required for a quorum in any IACHR case.)

In 1994, Nicaragua received international good will for accepting jurisdiction of the IACHR. However, since that time, the Government of Nicaragua has argued that the court does not have jurisdiction to hear the case. The committee is concerned that the posture of the Nicaraguan before the court is inconsistent with President Chamorro's public commitment to allow the IACHR to rule on the denial of justice in the Genie case. The committee strongly supports a swift and just resolution of this case and anticipates that the case will be judged on its merits, not political expediency.

The question of impunity also arises in the killings of Enrique Bermúdez, the former military of the Nicaraguan Resistance, and Arges Sequeira, a prominent property rights activist. Since the February 1991 assassination of Bermúdez, no one has been implicated in the crime. After 4 years, even Nicaraguan officials admit that this case has not progressed. In the case of the November 1993 murder of Arges Sequeira, the three assassins are former members of the Nicaraguan military and security services who have never been arrested. Though the Nicaraguan Government claims that their whereabouts are unknown, journalists have been able to find and talk with them. For example, in February 1994, a *Le Monde* reporter interviewed one of those implicated in the

murder; during this interview, the alleged killer of Sequeira admitted that he traveled freely around the country.

The committee has expressed its view on military reform and finds Gen. Humberto Ortega's departure a welcome action and long overdue. However, the current officer corps was shaped for 16 years under Humberto Ortega's tutelage and guidance, and the high command structure of the army remains virtually unchanged. The committee continues to question whether there is any civilian control over the military.

Impunity for members of the military continues to be a committee concern. Examples of impunity include the refusal to prosecute those named by the Tripartite Commission, as well as those responsible for the murder of Jean Paul Genie. A recent example of military impunity is the lack of effective civilian judicial review of officers involved in the January 1995 killings at La Marañosa, where members of the army tortured and killed 11 young men after they surrendered their weapons. (According to information available to the committee, the young men had reached an agreement with the army to demobilize and disarm in exchange for promises of land and assurances regarding their personal safety.) The army members also killed an old man and a teacher, both civilians. Physical evidence and witness interviews conducted by independent human rights organizations and OAS personnel indicate that the victims were unarmed. The committee has also been made aware of allegations that members of the army and police have concealed evidence and obstructed inquiries. The committee has been informed that those implicated in the La Marañosa killings have been cleared, by a military tribunal, of all charges.

Concrete reforms in the Nicaraguan judicial system have also been slow. In 1994, the National Assembly drafted and overwhelmingly ratified over 60 reforms to the 1987 Constitution adopted during Sandinista rule. The Assembly referred the reforms to the president, as required under the 1987 Constitution; however, the executive branch has refused to recognize the reforms as having legal effect. This has resulted in a stalemate and a confrontation between two branches of the Nicaraguan Government. The committee notes that a number of the reforms reflect changes advocated by the Nicaraguan President during the 1990 election. The committee further encourages a resolution of this stalemate in a manner that promotes the consolidation of democratic institutions and freedom for the Nicaraguan people.

Section 503.—Restrictions on Assistance to North Korea and the Korean Peninsula Energy Development Organization

Section 503 adds a new section 620J to the Foreign Assistance Act of 1961 placing certain restrictions on assistance to the North Korea. It reiterates that the provision of assistance to North Korea shall be made in accordance with all the requirements, limitations and procedures otherwise applicable to the provision of assistance to North Korea (i.e., Communist country prohibition, country supporting international acts of terrorism, etc.).

Subsection (b) of the new 620J requires that when the President notifies Congress that aid is to be provided to North Korea, a report must accompany the notification regarding the exact dollar

amounts pledged to the Korean Peninsula Energy Development Organization [KEDO] by participating countries, the dollar amount actually transferred to KEDO by these countries and the extent to which North Korea has complied with all aspects of the agreed framework, including, but not limited to, the delivery and use of heavy fuel oil and progress on North-South dialog.

The new subsection (c) ensures that any United States funds obligated to KEDO for use in the provision of assistance to North Korea shall be obligated under the same terms and conditions for the provision of United States assistance to North Korea. The committee envisions this to apply to the payments for the purchase and delivery of heavy fuel oil, in particular. If the President wishes to provide assistance in the form of heavy fuel oil to the North Koreans, currently applicable United States laws shall be adhered to in the process and the committee expects Presidential waivers to be issued, when necessary.

Section 504.—Future of the United States military presence in Panama

Section 504 expresses the sense of the Congress that it is in the interests of both Panama and the United States to maintain a United States military presence in Panama beyond December 31, 1999 as the best means of ensuring that the United States will be able to act appropriately to ensure that the Panama Canal remains open, neutral, secure, and accessible, consistent with the Panama Canal treaties, the Treaty Concerning the Permanent Neutrality and Operation of the Panama Canal, and the resolutions of ratification. The President is encouraged to begin negotiations with the Government of Panama for a base rights agreement that will allow the continued presence of United States military personnel and to consult with Congress throughout any such negotiations.

The committee notes that the “Exchange of Instruments of the Ratification of the Panama Canal Treaties”, a protocol in “The Treaty Concerning the Permanent Neutrality and the Operation of the Panama Canal”, makes it clear that nothing in the treaties precludes Panama and the United States from reaching agreement regarding the stationing of United States military forces or the maintenance of defense sites in Panama after December 1999.

The committee recognizes Latin America’s importance to the United States, the close relationship that exists between Panama and the United States, and the United States need for a continued strategic military capability in the region. In the committee’s view, the maintenance of United States military forces in Panama provides the United States with the best option and capability for protecting the Canal and broader United States interests in the region.

The section’s intent is to encourage the President to pursue a base rights agreement similar to those we have with a number of other countries. Given that public opinion polls in Panama consistently show that over 70 percent of the Panamanians themselves want the United States military to maintain some presence in Panama, the committee notes that this is an appropriate time to negotiate a base rights agreement.

Section 505.—Eligibility of Panama under the Arms Export Control Act

Section 505 makes Panama eligible to purchase defense articles and services under the Arms Export Control Act.

Section 506.—Certification requirements for Colombia with respect to illegal drug production and drug trafficking activity for fiscal years 1996 and 1997

Section 506 amends section 490A of the Foreign Assistance Act of 1961 by adding two subsections: a new subsection 490A(h) regarding special determination and certification procedures for Colombia for fiscal years 1996 and 1997, in lieu of the procedures currently in section 490A; and a new subsection 490A(i) outlining sanctions, in addition to those in existing law, that the President may implement for a major illicit drug-producing or -transit country that is not certified as cooperating pursuant to section 490A.

For fiscal year 1996, in order for Colombia to continue receiving United States assistance and support in the multilateral development banks, the President must certify, by March 1, 1996, that:

(A) the Government of Colombia has made substantial progress in the following matters specifically committed to by the President of Colombia: (i) Investigating contributions by drug traffickers to political parties in Colombia. (ii) Providing funding for a sustainable alternative development program to encourage Colombian farmers to grow legal crops. (iii) Utilizing law enforcement resources to investigate, capture, convict, and imprison major drug lords and their accomplices. (iv) Implementing and funding a plan to improve the administration of justice. (v) Acting to confiscate profits resulting from drug trafficking. (vi) Enacting legislation to implement the United Nations Convention Against Illicit Traffic in Narcotic Drugs. (vii) Dismantling the infrastructure used for processing illegal drugs, interdicting the chemicals used for such processing, and seizing assets used to transport illegal drugs. (viii) Investing in technology to improve surveillance systems. (ix) Tightening law enforcement capabilities and commencing construction of a Coast Guard installation on San Andrés Island, to effectively monitor air and ship traffic that departs from the island. (x) Improving the aircraft detection and interception systems of Colombia. (xi) Encouraging the adoption of an Inter-American convention to ban the establishment of financial safe havens in the Western Hemisphere.

(B) That the Government of Colombia has accomplished the following matters specifically committed to by the President of Colombia: (i) Investigating contributions by drug traffickers to political parties and prosecuting those responsible. (ii) Providing funding for a sustainable alternative development programs. (iii) Utilizing law enforcement resources to investigate, capture, convict, and imprison drug lords and their accomplices. (iv) Implementing and funding fully a proposed plan to improve the adminis-

tration of justice. (v) Acting to confiscate profits from drug-related activities. (vi) Enforcing a statute prohibiting money laundering. (vii) Implementing reforms to make drug traffickers' sentences commensurate with their crimes and to eliminate loopholes in the plea bargaining system. (viii) Deploying a unit to investigate and bring to prosecution those engaged in corruption. (ix) Dismantling the infrastructure used for processing illegal drugs, interdicting precursor chemicals, and seizing assets used to transport illegal drugs. (x) Investing in technology to improve surveillance of airports, waterways, and seaports in Colombia. (xi) Improving and utilizing aircraft detection and interception systems. (xii) Encouraging the adoption of an Inter-American convention to ban the establishment of financial safe havens in the Western Hemisphere.

(B) That Colombia has accomplished the following matters specifically committed to by the President of Colombia: (i) The enactment of legislation to implement the United Nations Convention Against Illicit Traffic in Narcotic Drugs. (ii) The destruction of all illicit crops, estimated at 70,000 hectares. (iii) The construction of a Coast Guard installation on San Andrés Island.

The section further provides that, for either fiscal year 1996 or fiscal year 1997, assistance and support in multilateral development banks may continue to be provided if the President determines and certifies that it is in the vital national interests of the United States to do so. The Secretary of State shall submit to the appropriate congressional committees a report by September 1, on the progress and accomplishments made by Colombia in the matters set forth above.

The amendment also adds a new subsection regarding additional sanctions that may be imposed by the President for countries failing to be certified under Section 490A, including: a suspension of all bilateral assistance; the suspension of Export-Import Bank financing; the suspension of funds to license the commercial export of items on the United States Munitions List under section 38 of the Arms Export Control Act; the suspension of funds for military activities in Colombia or that benefit Colombia, including joint military activities; taking reasonable steps to ensure that public officials and their associates implicated in drug-related corruption are denied entry into the United States, consistent with the provisions of the Immigration and Nationality Act, until the completion of an investigation that is satisfactory to the Secretary of State and the Attorney General of the United States; if applicable, withdrawing the designation of a country as a beneficiary under the Andean Trade Preferences Act, pursuant to the procedures set forth in that act; terminating the designation of a country as a beneficiary developing country under the Trade Act of 1974, pursuant to the procedures set forth in that act; and if applicable, denying a country participation in the discussion or implementation of a free trade agreement involving Western Hemisphere countries. Sanctions are imposed seven calendar days after the President transmits to the appropriate congressional committees a notice setting forth the sanctions to be imposed, and they terminate 15 calendar days after the

President transmits such a notice to the appropriate congressional committees.

This section expresses the sense of the Congress that the United States should not extend tariff or quota treatment equivalent to that accorded to members of the North American Free Trade Agreement, or extend participation in the North American Free Trade Agreement, to any major drug-producing country or major drug-transit country not certified as cooperating with the United States under section 490A.

The Committee notes that cocaine remains the primary drug threat to the United States, and that Colombia is both the "corporate headquarters" for the international cocaine cartels and a primary heroin producer in the Western hemisphere. At least 80 percent of the cocaine entering the United States is produced by Colombian drug cartels. The committee acknowledges that Colombia's place in United States international drug control efforts is critical, and that that nation's counterdrug performance is of strategic importance to stopping the flow of illegal narcotics into the United States.

The committee recognizes that there are courageous Colombians who risk their lives every day to fight the drug traffickers. Over the past ten years, the people of Colombia have paid a high price in fighting the illegal drug trade, including the deaths of four Presidential candidates, 23 magistrates, 63 journalists, and over 3,000 policemen.

The committee recognizes that despite its losses, including the recent killing of four policemen involved in aerial eradication, the commitment of the Colombian National Police continues, as is evidenced by their efforts during the first 5 months of 1995, including the destruction of over 8,000 hectares of coca and poppy plants, the seizure of substantial quantities of precursor chemicals used in the production of illegal drugs, and, in the committee's view most significantly, the June 9 arrest of Cali drug leader Gilberto Rodríguez Orejuela.

The committee also acknowledges the aggressive actions taken by the Chief Prosecutor of Colombia to investigate high level government officials, including members of Congress, allegedly corrupted by drug trafficking interests.

It is these individuals whom the United States—and the Colombian Government—should be supporting. The committee commends General José Rosso Serrano, the Colombian National Police, and the other United States and Colombian officials who participated in the arrest of Rodríguez Orejuela.

The committee acknowledges that the arrest of Gilberto Rodríguez Orejuela is a positive first step toward dismantling the Cali drug cartel. It is the committee's hope that this step represents a serious effort on the part of the Colombian Government to crack down on the cartels. The prosecution of Rodríguez Orejuela to the fullest extent of the law, and his incarceration and punishment commensurate with his crimes, will be a clear demonstration that Colombia is taking steps to fulfill the counterdrug agenda enunciated by President Samper. These steps, combined with increased pressure on the other Cali cartel leaders, in the committee's view, will increase respect for Colombia's efforts.

This recent positive step follows a period in which, in the committee's view, the Colombian Government's counterdrug performance lacked effective actions to dismantle the drug cartels and to reverse the influence of narco-corruption. This lack of performance was reflected in the fact that on March 1, 1995, the President gave Colombia a "vital national interests" waiver, due to its inadequate level of counterdrug cooperation.

The committee notes that Colombian President Samper has enunciated a counterdrug agenda for his government. In a July 15, 1994, letter to several members of Congress, including members of this committee, then-President-elect Samper outlined a number of "concrete initiatives" he would take to address the narcotics problem. He promised to: (1) vigorously apply all law enforcement resources to investigate, track and incarcerate the drug lords and their accomplices; (2) implement reforms to Colombia's penal code, including increasing penalties for drug traffickers, closing loopholes in the plea bargaining system, and strengthening anticorruption and money-laundering laws; and (3) implement a global export monitoring system for precursor chemicals.

It was the committee's assessment that as of the March 1, 1995 certification, President Samper had not fully implemented his July commitments.

On February 6, 1995, three weeks before the annual certification by the President of the United States, President Samper outlined a "Program of the War Against Illicit Drugs," a comprehensive counterdrug strategy for Colombia to be pursued during his administration. In that speech, President Samper stated that, amongst other goals, he would: (1) destroy 44,000 hectares of illegal crops in 1995; (2) reformulate the plea bargain policy, including a \$500 million plan to improve the administration of justice; and (3) implement laws to act more forcefully to confiscate profits resulting from illegal enrichment.

In outlining this program, President Samper stated that Colombia "will continue fighting [narcotics] because we are convinced that the struggle against this serious scourge is a moral imperative, a response to a public health problem, and, most of all, an issue of national security."

The Committee is encouraged by the program outlined by President Samper. However, concerns resulting from the past year's performance underlie the amendment adopted by the committee. A review of these concerns is as follows: (1) In 1994, the Government of Colombia did not take significant actions to dismantle drug cartels, capture drug kingpins of the Cali cartel, or reverse the influence of drug-related corruption on the political system of Colombia; (2) The political and judicial systems of Colombia continue to confront problems of drug-related corruption, which contributes to an environment in which honest officials face enormous difficulties and the fear of physical harm to themselves and their families if they maintain their integrity against the drug traffickers; (3) The plea-bargaining system in Colombia has been inappropriately applied, allowing major drug traffickers to submit to judicial authorities and receive lenient sentences rather than encouraging low-level criminals to provide evidence against leaders of criminal organizations; (4) As currently applied, the plea-bargaining system in

Colombia has allowed at least 33 percent of those convicted of drug-related offenses not to serve prison time for their crimes, leaving, in the committee's view, law-abiding citizens virtually unprotected against the drug traffickers and leading the Chief Prosecutor of Colombia to state that the judicial process "results in virtual impunity [for drug traffickers]"; (5) Colombia remains a significant center for money-laundering activities; (6) There continue to be questions about the influence of the drug kingpins in the Congress of Colombia (as is proved by the investigations currently being undertaken by the Chief Prosecutor of Colombia) and whether that same influence extends to senior levels of the executive branch of Colombia; (7) No senior Colombian government official has been prosecuted to date; (8) The Government of Colombia did not undertake a meaningful investigation into allegations that political campaigns received millions of dollars from the Cali cartel or into other allegations of extensive drug-related corruption; (9) And, until the recent arrest of Rodríguez Orejuela that many elements of the Government of Colombia had not demonstrated sufficient political will to move against major drug traffickers in Colombia.

The Colombian Government has repeatedly given assurances that it considers the war against drugs to be a "moral imperative" and a "matter of national security" requiring "an all out effort, without limits." The committee supports Colombia in its efforts as long as it shows the political will to implement the commitments made on July 15, 1994, by President-elect Samper and by President Samper in his February 6, 1995, speech.

The conditions outlined in Section 506 are taken directly from the counterdrug program enunciated by President Samper, either in his July 15, 1994, letter to the U.S. Congress or in his February 6, 1995, speech. The committee wants assurances that Colombia is fulfilling the agenda outlined by President Samper. As noted above, while the arrest of Rodríguez Orejuela is significant, continued and consistent performance remains an open question and for this reason, it is the committee's view that specific performance benchmarks are needed to provide both the U.S. President and Congress with the means of determining Colombian cooperation. If Colombia has the political will to combat effectively the traffickers, then the United States can be expected to continue its support for those efforts.

The July 15, 1994 letter from President-elect Samper and the February 6, 1995 speech by President Samper follow:

JULY 15, 1994.

Hon. JESSE A. HELMS,
Ranking, Committee on Foreign Relations, 403 Senate Dirksen Office Building, Washington, DC.

DEAR SENATOR HELMS: Next month I will assume the Presidency of Colombia at a very important time in the relations between our two countries and in our common struggle against drug trafficking. I am well aware of your dedication and interest in this issue and I appreciate your efforts in support of Colombia. As I prepare my administration for the challenges which lie ahead, I wanted to take this opportunity to share with you my views about the ways we can strengthen our fight against drug trafficking.

I know, in a very personal way, the kind of threat drug-traffickers represent to our democracies. The four bullets still lodged in my body are a constant reminder of the 1989 Cartel attempt to assassinate me at Bogota International Airport. I was lucky, unlike many of my compatriots who have fallen victim of the brutal violence the cartels have wreaked in my country.

Once again, we are the target of their diabolic machinations. The taping of telephone conversations between a Cali Cartel leader and a journalist known to be on the Cartel's payroll revealed their frustrated efforts to infiltrate the campaign organizations of Colombian presidential candidates.

I was perfectly aware of this threat when I entered the Presidential race. That is why I established an independent moral ombudsman in my campaign. That is why my campaign books and records have always been open to public scrutiny. I also expelled several sympathizers when it became evident that they were not up to our rigid ethical standards. We rejected several contributions because of their unclear or obscure origin. That is why I am completely confident that my campaign was successful in rejecting drug traffickers undercover efforts to spread their corrupting influence. Nevertheless, I have called for a special investigation to carefully examine all of these issues and will take further action as needed to protect the integrity of my government.

Those who thought that the drug war was over with the destruction of Pablo Escobar's organization were wrong. We are entering what could be the last but decisive phase of the drug war. The cartels know that their campaign of terror and intimidation has failed. Nevertheless, they will try to regain the ground lost during the past years. The Cali Cartel will rely on powerful weapons of choice: violence and fear, bank accounts, legal loopholes, computer networks and corruption.

Today, the task is much more complex and the international community has to readjust its strategy, sharpen its skills and develop new legal and institutional tools. Starting on the day of my inauguration, I will aggressively seek to secure the tools we will need to win, both at home and abroad. I invite the United States to join Colombia in leading this effort.

First, we will continue doing what we have done successfully: vigorously applying all our law enforcement resources to investigate, track and put in jail the drug lords and their accomplices. We know who the bosses of the Cali Cartel are and we will capture them. To achieve that goal we need a continuous commitment from the United States in terms of technical support, training, intelligence and evidence sharing. We must establish a high-level bilateral commission to permanently evaluate our cooperation, improve its performance and promptly overcome any problem or obstacle.

My administration will accelerate the reform of Colombia's penal code, increasing the penalties for drug traffickers and removing the loopholes in our plea bargaining system. We will not tolerate leniency.

Drug traffickers failed in taking over our democracy through terrorism and assassination. Now they want to destroy it through infiltration and corruption. They will not succeed. An "elite corp" of investigators will be created to track down corruption and send the

political cronies of the cartels to jail and we will present to Colombia's Congress stringent anticorruption legislation. Additionally, we will introduce new legislation to strengthen our laws against money-laundering, that should be enforced with the support of a United States-Colombian financial crime task force, conformed by our best prosecutors and experts.

Equally important, we will urge the U.S. Congress to establish mandatory targets for the reduction of domestic drug consumption and to provide the resources needed to achieve those targets.

Our two countries cannot solely bear the burden of the global war on drugs. Consequently, my administration will work towards the enactment of the following initiatives:

The creation of a Caribbean Basin multilateral antinarcotics force.

Joining current radar capabilities in a Hemispheric network to track trafficking activities.

The implementation of a global export monitoring system to impose strict controls on the flows of precursor chemicals, crucial to drug production, as well as assault and automatic weapons used by cartel hit-men.

The adoption of a new Inter-American convention to ban financial safe havens in the hemisphere. Drug traffickers cannot be allowed to enjoy the benefits of their ill-gotten gains.

These are concrete initiatives I will launch August 7, the day of my inauguration. I hope the United States will choose to help Colombia win the drug war instead of being paralyzed by the drug lords' disinformation campaign. I invite the United States to redouble its faith in the determination and courage of Colombians by joining us again in the difficult battles that lie ahead.

My administration looks forward to working with you on these issues and others of interest to both our countries.

Sincerely,

/s/ ERNESTO SAMPER-PIZANO,
President-elect of Colombia.

SPEECH BY DR. ERNESTO SAMPER PIZANO, PRESIDENT OF
COLOMBIA AT THE PRESENTATION OF THE POLICY
AGAINST DRUGS—SANTAFE DE BOGOTA, FEBRUARY 6,
1995

I wish to take the opportunity, on the occasion of the appointment of the Manager of the Illicit Crops Alternative Development Plan, to outline the Program of the War Against Illicit Drugs that my Administration will carry out in the years ahead. At the same time, I also wish to inform you about what we have already achieved in the first few months of my Administration.

Colombia has been seriously engaged for several years in the war against drug trafficking. Many of our countrymen have fallen in this battle, and the economic price we have had to pay has been very high, requiring us to postpone other important needs and make great sacrifices.

We are fighting this battle and we will continue fighting because we are convinced that the struggle against this serious scourge is a moral imperative, a response to a public

health problem, and, most of all, an issue of national security.

AN INTEGRATED POLICY

The challenge posed by drug traffickers demands an integrated policy. We cannot continue a cycle of action and reactions. This leads to doubt and uncertainty about the effectiveness of what we are doing. My Government is committed to an integrated policy that will be led and supervised directly by the President of the Republic.

The new policy's components are as follows:

1. Crop Eradication

Unfortunately, Colombia has become a coca producing country: 14 percent of the land under coca cultivation worldwide is in our country.

Between 1993 and 1994, the number of hectares under cultivation increased 13 percent.

We will eradicate the coca and poppy crops. We will take advantage of the fact that most of these crops are grown for commercial reasons and are not for traditional use, as in other neighboring countries.

We have begun "Operation Radiance" that will destroy all existing illicit crops in the country in the next two years. The target for this year is 44,000 hectares.

The Government will be especially careful to ensure that these operations cause the least adverse social and environmental impact.

Those who criticize spraying operations often forget that the worst ecological damage is being caused by those who are destroying our natural reserves to grow illicit drugs. Two and a half hectares of forest are destroyed in order to plant one hectare of illicit crop, at the expense of approximately 180,000 hectares each year. If production continues like this, according to U.N. calculations, before the end of the century Colombia will have lost one-third of its tropical rain forest.

2. Alternative Development Plan

The objective of the Alternative Development Plan that we are announcing today is to provide an alternative means of living for the 300,000 small coca growers.

And, simultaneously to develop preventive programs in other areas of the country which are abandoned and could become areas for producing new crops. We do not want confrontations to happen again like the ones in Guaviare and Putumayo last year.

I have requested the Solidarity Network to institute programs in the most sensitive areas so that government programs will begin work before the drug traffickers arrive.

The Plan will provide better roads, health, education and working conditions to small farmers in isolated areas.

Likewise, with the assistance of government programs, the trading and marketing of substitute crops will begin.

The Plan will duplicate substitution programs that have been successful in other places.

In order to finance this ambitious crop substitution program, we have a US\$150 million budget which we hope to double with international assistance.

My goal is to eliminate all illicit crops by the end of my term in office.

3. Industrial Production of Drugs

In addition to coca cultivation, we are also a drug producing country. To eliminate production, we will attack the infrastructure used for the processing of drugs, such as laboratories, importation of processing chemicals, and vehicles used to transport drugs.

With the use of the reinstalled radar system in the South, we will interdict the entry of coca paste, the essential raw material for the production of cocaine.

4. Distribution

Colombia will take strong actions to destroy the internal systems for the distribution and export of drugs through the following programs:

Investment in technology to improve the control capacity of airports, waterways and seaports.

Build a coast guard base on San Andres Island with resources already allocated in the 1995 and 1996 budgets, that will control all air and sea traffic arriving and departing from the island.

Improve the airplane interception system through the purchase of detectors, aerial platforms, and electronic intelligence gathering equipment.

5. Money laundering

Recent estimates show that profits from drug trafficking can reach nearly US\$500 billion a year, which is ten times Colombia's gross national product.

Most of these funds are "laundered" through world financial markets. It is very important that controls be established in each country as well as at the international level.

If we allow the income produced by drugs, 75 percent of which is held in international financial centers, to be "recycled" into legitimate businesses, we will never be able to end drug trafficking.

At the hemispheric summit called by President Clinton and held in Miami, Colombia suggested that the countries of the region hold a convention to consider a War against Money Laundering. This initiative was received with enthusiasm. The organizational details of this convention will be spelled out during the first quarter of 1995.

On the domestic front, with the support of the Attorney General's Office, the Banking Superintendency, the DIAN (tax and national customs department), and the Stock Market Superintendency, we will act more forcefully to

confiscate profits from illicit enrichment. We have already proposed changes in the law to give my Government the necessary powers to carry this out.

6. The rise of domestic consumption

Colombia is at risk of becoming a drug consuming country, according to the figures during the last few years.

We will strongly fight against any increase in drug use, particularly among our youth.

The Government's action in this regard will be directed at drug prevention, rehabilitation, special attention to individuals that are vulnerable to becoming drug users, and a massive education effort through the media and education centers, under the coordination of the Youth Vice-Ministry, on the harmful effects of drug use.

7. Law enforcement and administration of justice

The "Surrender to Justice" policy has become an open door to impunity because of inadequate convictions and sentencing by certain judges and prosecutors.

Its implementation included minimum sentences and granted maximum benefits.

We are going to reformulate the policy, so that turning oneself in is no longer perceived as a way to avoid prosecution.

We know that criminals will not turn themselves in if we do not maintain pressure on them. We will pursue them until either we catch them or they surrender.

We are convinced that the new policy, with international judicial cooperation, will enable us to successfully fight against criminal cartels.

8. Changes in justice administration

Those who think that all these changes require basic reform of our justice system are right. The battle against drugs must be fought within the rule of law. With our current weak judicial system and inefficient criminal policy, we will not be able to subject organized crime to the laws and justice of the State.

A Justice Development Plan, with allocations of around \$500 million, will make the administration of justice more effective.

It is the intention of my Government to modernize the justice system to include a new program to find ways to defeat organized crime, especially kidnappers and drug cartels.

9. Prosecution of cartels

The Government has the clear intention to pursue, apprehend, prosecute, and convict drug traffickers. We are actively working to achieve this goal as soon as possible. To obtain it, we will improve our intelligence gathering capabilities against drug cartels with technical assistance

from various foreign governments, starting, of course, with help from the Government of the United States.

10. International responsibility

It is clear that our objectives cannot be fulfilled entirely without more help and support from the international community. Colombia's efforts will have little impact on international narco-trafficking—

If the rising levels of consumption do not decrease;

If the control of air and sea traffic is not intensified;

If progress is not made to control international money laundering activities; and,

If the sale of precursor chemicals is not reduced.

Colombia will be alert to the international achievements on each of these issues while maintaining its own responsibility to combat the drug problem.

It is not a matter of unloading one's responsibility onto others. It is simply a matter of understanding that the complexity and seriousness of the drug trafficking problem are so extensive that its solution requires everyone's participation, with no exceptions nor excuses.

RESULTS

Now let me review the results obtained in the first few months since we began this integrated program.

During the first months of my administration, until December 1994:

1. 6,950 hectares of illicit crops were eradicated, double the amount from the same period last year.
2. 18,416 kilos of cocaine were seized, an increase of 428 percent compared to the same period last year.
3. 20,200 kilos of coca paste was seized, 782 percent more than the same period the year before.
4. 194 cocaine laboratories were destroyed.
5. 530,000 gallons of fluid and 213,000 kilos of solid chemical precursors were seized, up from 219,000 gallons and 108,000 kilos seized the previous year.
6. 940 people linked to drug trafficking activities were arrested, of them 59 were foreigners and 5 were extradited.
7. Special Joint Command operations, whose basic responsibility is to pursue the heads of the drug trafficking cartels, were doubled.

It is clear that these statistics indicate progress in the eradication, capture, and interdiction campaign that we expect to continue.

More than that, during the first six months of my Government:

1. A disciplinary emergency was declared for the City of Cali police. More than half of the officers were dismissed.
2. The National Police Anti-Corruption Unit was created.

3. The United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances was ratified.

4. Thanks to the action of the National Government and the cooperation of the political parties, we were able to defeat a legislative proposal that would have greatly weakened the legal barriers to illicit enrichment.

5. Money laundering was classified as a crime and national legislation has been drafted and submitted to Congress as part of the anti-corruption statute, which will soon be passed by Congress.

6. A budget of \$150 million per year was allocated for the next 3 years for the alternative development plan we are presenting today.

7. The Attorney General's Office was reorganized to make it more effective in the fight against drug trafficking.

8. The Security Administration Department [DAS] was reorganized in order to improve the professional capabilities to combat organized crime.

9. Prison Emergency was declared in order to control highly dangerous prisoners, to clean up the areas surrounding maximum security prisons, and to improve performance of prison guards.

10. The Surrender to Justice Policy Study Commission was created by decree No. 159, 1995, in order to study and report on sentences and benefits adjustments, as well as to suggest any other reforms to the policy by March 6.

CONCLUSIONS

The Government of Colombia has been active for several years in the struggle against drug trafficking.

My Government reiterates its commitment to continue our efforts as I have described above.

The country has an excellent team to undertake this program including: The Attorney General of the Nation, the Ministers of Defense and Justice, as well as the DAS Director and the National Police Director, who have been working coherently and effectively since the beginning of my administration in this struggle against drugs.

In the development of this program, Colombia has had the cooperation of several foreign governments, among them, the United States Government.

We trust that the policies and the facts presented here, together with the achievements of my predecessor's government, will renew the confidence that has characterized the relations between our two countries over the years.

Anything other than a strong bilateral relationship based on confidence would weaken the joint efforts we have undertaken and would only benefit the drug cartels' interests.

Colombia accepts international cooperation to achieve its antidrug objectives, but only after acknowledgment of its sovereign right to formulate this policy on its own.

Over the years, during many administrations, we have never accepted any type of conditions from abroad.

I am optimistic that in the near future we will defeat the scourge of narco-trafficking.

The Colombian people deserve a better international image than that created by organized crime.

We deserve to be known as a country that respects the law.

We deserve to be judged on the basis of the majority of our hard working citizens who love their country, who fight for its progress, and who desire to leave their children the possibility of a life led with dignity.

To achieve this, we all have to make a commitment to fight against violence, beginning with narco-trafficking, which has plagued us like a curse.

We do not want any more heroes or martyrs buried in our cemeteries. Therefore, we must and we will bring crime and violence under control.

As President, I am sure that this would have been the wish of the 4 Presidential candidates, the 23 magistrates, the 63 journalists, and the 3,000 policemen who in the last 10 years lost their lives fighting narco-trafficking.

In their memory we will overcome future difficulties. We are working very hard on this problem and we will continue to do so. Thank you very much.

Section 507.—Report on Israeli debt

Section 507 requires an annual report to Congress by the Secretary of State itemizing all held and guaranteed debt owed by the Government of Israel to United States public and private financial institutions, the maturity of loans and amounts of interests payments, and information explaining what it could cost the United States to cancel Israel's debt.

Section 101(i) of P.L. 99-190 exhorts the United States Government to provide enough assistance to Israel to cover interest payments on all Israel's debts to the United States. Despite that provision, several attempts by this committee to ascertain the exact extent of Israeli debt, including contingent liabilities to the United States, met with little success. This information is sought in the name of good governance and not with a view to highlight a particular nation's debt burden to the United States.

Section 508.—Report on involvement by senior Mexican Government officials in illegal drug trafficking

Section 508 requires a one-time report by the President of the United States providing all information available to the United States Government with respect to the involvement, since March 1, 1991, of senior Mexican Government officials, their relatives, and close associates, in illegal trafficking in controlled substances (as defined in section 102(6) of the Controlled Substances Act (21 U.S.C. 802(6))).

The committee is concerned about continuing revelations of corruption within the senior levels of the Mexican Government. The committee notes that these allegations involve officials from previous Mexican Governments and not that of President Zedillo, who took office in December 1994.

For instance, in one case, there are allegations linking a former Deputy Attorney General with both drug trafficking and the cover-up of his own brother's assassination. The committee is also concerned that United States and Mexican law enforcement officials believe that drug kingpin Juan Garcia Abrego routinely expends \$40–50 million a month in bribes to senior Mexican Government officials.

The committee also has heard a number of reports from United States counterdrug and law enforcement officials of corruption within Mexican law enforcement agencies. One instance occurred in the summer of 1994, when a jet loaded with an estimated 10 tons of cocaine (worth more than \$200 million) landed in Sierra Madre, Mexico. Only 2.5 tons were recovered, and it is alleged that members of the Mexican Federal police stole the rest of the cargo. Furthermore, Judicial Police personnel are allegedly involved in 19 drug organizations and kidnaping rings operating in the country. The aforementioned are but a few examples of allegations of official corruption that underlie the committee's concern about the corrosive impact of corruption throughout the Mexican Government.

Section 509.—Prohibition on antinarcotics assistance to Burma

Section 509(a) prohibits the provision of assistance to the State Law and Order Restoration Council [SLORC] to support efforts to combat illicit narcotics production and trafficking in Burma. The prohibition applies to funds made available by this act of any other act.

Section 509(b) provides for two exceptions for which the prohibition on antinarcotics assistance funding would not apply: one, it does not apply to the provision of assistance for United States Government-funded crop substitution projects funded through non-governmental organizations in areas controlled by a Burmese ethnic minority and two, it does not apply to antinarcotics training conducted by any agency of the United States Government, as long as the training does not involve the transfer of any equipment to the Burmese. It is the committee's understanding that these two activities have been agreed to through a series of interagency discussions regarding the future of United States-Burma policy and the policy of providing antinarcotics assistance to Burma, in general.

Section 509(c) prohibits funding from this act or any other act for the provision of intelligence information to the Burmese regime, the State Law and Order Restoration Council.

The executive branch is in disagreement over the future of United States-Burma policy, though the discussion is particularly intense regarding the provision of antinarcotics assistance to Burma. The President rescinded antinarcotics assistance programs to Burma in 1990. Since then, certain elements of the executive branch have continued to recommend resumption of this assistance. This assistance has been recommended to include the provi-

sion of closed-communication police radios and trucks. The committee contends that the provision of any dual-use equipment to one of the most brutal, repressive regimes in the world would be detrimental to both United States interests in the region and to the Burmese people.

The provision of assistance of this sort is troubling for a number of reasons: (1) The Burmese regime has signed 10-year truce agreements with the largest drug traffickers in Burma. (2) The Burmese regime has purchased over \$1.2 billion in military equipment from the Chinese in the last 2 years. If the regime were serious about eradicating drug production, that money could have been well-spent on such an effort. (3) The United States has information suggesting that the Burmese military in control of the government is rife with narcotics-related corruption. The provision of assistance or of intelligence information to the regime could then be used when and if the regime determines it is in its interest to do so, rather than on every case for which we transfer intelligence gathered by U.S. sources and methods. (4) The provision of antinarcotics assistance to the Burmese is a means to an end for the Burmese regime. Every year the President is required to certify to Congress, in accordance with section 490 of the Foreign Assistance Act of 1961, on the countries that have cooperated fully with the United States, or taken adequate steps on their own, to achieve full compliance with the goals and objectives established by the 1988 U.N. Convention Against the Illicit Traffic in Narcotic Drugs and Psychotropic Substances. If the President were to certify that Burma had made progress on this front, United States Executive Directors at international financial institutions would be able to vote in support of development assistance for Burma.

The Burmese regime is not serious about its desire to eradicate opium production. The provision of any assistance or any intelligence information will be used to further the regime's interests, not the interests of the United States.

Section 510.—Clarification of restrictions under section 620E of the Foreign Assistance Act of 1961

Section 510 amends section 620E(e) of the Foreign Assistance Act of 1961, as amended. Section 510(1) strikes the restrictions on all assistance to Pakistan and insert a restriction on military assistance in its stead. Section 510(1)(E) adds several sections to section 620E(e) of the Foreign Assistance Act, including: (1) a paragraph which specifies that prohibitions on military assistance to Pakistan do not apply to any assistance provided for the purposes of international narcotics control, military to military contacts, training or humanitarian assistance, peacekeeping, multilateral operations or antiterrorism activities; (2) a waiver of storage costs for military equipment not delivered to Pakistan and authorized repayment of those costs; (3) authorization for the return of Pakistani owned, unrepaired military equipment sent to the United States; (4) a sense of Congress statement relating to United States policy toward South Asia; and (5) an enhanced reporting requirement under section 620F(c) of the Foreign Assistance Act of 1961.

The United States friendship with Pakistan dates from 1947, soon after Pakistani independence. Since then Pakistan's coopera-

tion with the United States has been remarkable: Pakistan stood with the United States throughout the cold war against Soviet totalitarian expansionism; Pakistan has been in the forefront of U.S.-initiated United Nations peacekeeping operations; and Pakistan has cooperated extensively with the United States in counterterrorism, providing critical assistance in the apprehension and swift extradition of Ramzi Ahmed Yousef, the alleged mastermind of the terrorist attack on the World Trade Center in New York City.

For much of the last two decades, Pakistan has faced a nuclear threat from India. India's nuclear program, initiated in response to the threat perceived by China's development of a nuclear weapon, and three wars fought between the two countries, created the incentive for Pakistani pursuit of a nuclear program. The United States provided conventional military assistance to Pakistan, in part to discourage the development of a nuclear program. In October 1990, the President was unable to certify under section 620E(e) of the Foreign Assistance Act of 1961 as amended (known as the "Pressler Amendment") that Pakistan did not possess a nuclear explosive device, and United States assistance to Pakistan was ended.

The Pressler restrictions required a cut-off of all United States assistance to Pakistan, including assistance to United States companies doing business there. However, this legislation has not proven to be an effective tool of United States non-proliferation efforts in South Asia. In recognition of this, President Clinton called for a review of the Pressler Amendment on April 11, 1995.

After careful and extensive consideration, the committee, on a vote of 16 to 2, agreed to modify the existing prohibitions on United States assistance to Pakistan under section 620E(e). The provision included by the committee specifically exempts from restrictions all assistance provided for bilateral international narcotics control activities, military-to-military contact, humanitarian assistance, peacekeeping and counterterrorism assistance.

The committee also clarified that the prohibition shall only apply to military assistance. Currently, the State Department has interpreted the Pressler amendment to include all United States assistance and sales. The committee is aware that certain aid, such as antiterrorism assistance, and certain sales of United States goods are warranted and should be encouraged. For example, equipment that assists in confidence building measures between Pakistan and India should not be prohibited. Such items would include border surveillance equipment, radar, radar warning receivers, etc. Items such as these not only promote border security and help prevent surprise attacks, but also prevent accidental incursions and incidents that could escalate into significant confrontations. As with sales of military and non-military items to India, sales of non-military equipment to Pakistan would be made on a case-by-case basis.

Notwithstanding President Clinton's commitment to resolve the outstanding issue of \$1.4 billion worth of equipment that Pakistan bought, but that has not been delivered, the administration continues to investigate possible solutions and has yet to recommend a course of action. The committee generally agreed that some resolu-

tion of this issue is important, but took no action pending an administration recommendation.

Section 511.—Statement of policy and requirement for report on oil pipeline through Azerbaijan, Armenia, Georgia, and Turkey

Section 511 states that it is the sense of the Senate to support construction of an oil pipeline through Azerbaijan, Armenia, Georgia, and Turkey. The section also requires a report analyzing potential routes for construction of the pipeline. The report shall include a discussion of the advantages and disadvantages for different routes, including: (1) the amount of oil to be transported along each route of the pipeline; (2) the cost of constructing the pipeline; (3) options for commercial and public financing of construction of each route of the pipeline; and (4) the impact on regional stability of the pipeline along each route.

The oil-rich Transcaucasus region that stretches between the Southern border of the Russian Federation and Iran is of great geostrategic interest to the United States. Development of an oil pipeline through Azerbaijan, Armenia and Turkey or Georgia would provide the countries in the Transcaucasus with economic access outside Russian or Iranian control. The committee believes that such a pipeline would help ensure that Armenia, Azerbaijan and Georgia remain strong and independent nations while simultaneously providing the United States with a major source of petroleum outside of the Persian Gulf.

Section 512.—Reports on eradication of production and trafficking in narcotic drugs and marijuana

Section 512 requires the President to submit a semiannual report to Congress on the progress made by the United States in eradicating production of and trafficking in illicit drugs. The report shall be submitted in unclassified form with a classified annex, if required.

Section 513.—Reports on commercial disputes with Pakistan

Section 513 requires the Secretary of State, in consultation with the Secretary of Commerce, to report 30 days after the bill's enactment, and every 90 days thereafter, on the status of disputes between the Government of Pakistan and United States persons with respect to cellular telecommunications and on the progress of efforts to resolve such disputes. The requirement to submit the report shall terminate upon certification by the Secretary of State to Congress that all significant disputes between the Government of Pakistan and United States persons with respect to cellular communications have been satisfactorily resolved.

In other sections of this bill, the committee broadened the President amendment to allow, among other things, for United States trade and investment programs in Pakistan. However, the committee believes that United States companies should enjoy a friendly business atmosphere in Pakistan, without which further development of economic relations will be difficult.

Section 514.—Nonproliferation and disarmament fund

Section 514 authorizes \$25 million for each of the fiscal years 1996 and 1997 for the Nonproliferation and Disarmament Fund [NDF]. The NDF supplements United States diplomatic efforts to halt the spread of both weapons of mass destruction and advanced conventional weapons, their delivery systems, and related weapons and their means of delivery.

Under authority provided in section 504 of the Freedom for Russia and Emerging Eurasian Democracies and Open Markets Support Act of 1992 (Freedom Support Act), significant accomplishments in furthering these nonproliferation and disarmament goals have been made. The NDF has, for example, assisted in the purchase of unsafeguarded highly enriched uranium from Kazakhstan, the destruction of Hungarian SCUD missiles, and work on deploying seismic arrays in Egypt and Pakistan necessary to test a global network to verify a Comprehensive Test Ban Treaty.

The NDF seeks bilateral and multilateral project proposals that dismantle and destroy existing weapons of mass destruction, their components and delivery systems, that strengthen international safeguards, and that improve export controls and nuclear smuggling efforts.

Beginning in fiscal year 1996, the NDF will assume responsibility for export control assistance to the Newly Independent States [NIS]. This assistance has been provided by the Department of Defense in earlier legislation authorized under the Nunn-Lugar Comprehensive Threat Reduction Program.

The committee believes the NDF is an important element in achieving the high priority national security and foreign policy goal of slowing and reversing the proliferation of weapons of mass destruction and advanced conventional weapons.

Section 515.—Russian nuclear technology agreement with Iran

Section 515 expresses the sense of Congress regarding Russia's nuclear agreement with Iran. The Committee is profoundly concerned about an agreement between Russia and Iran to sell nuclear power reactors to Iran. It is the sense of this Committee that the Russian Federation should be strongly condemned if it continues a commercial agreement to provide Iran with nuclear technology which would assist that country in its development of nuclear weapons. Moreover, if such a transfer occurs, Russia would be ineligible for assistance under the terms of the Freedom Support Act.

During the May 1995 summit in Moscow, Russian President Yeltsin was asked by President Clinton to cancel the reactor sale to Iran. President Yeltsin did not halt the sale, but instead cancelled the Russian sale of a gas centrifuge to Iran and halted the training of 10 to 20 Iranian scientists a year in Moscow.

Iran is aggressively pursuing a nuclear-weapons acquisition program. The Central Intelligence Agency stated in September 1994 that Iran probably could, with some foreign help, acquire a nuclear weapons capability within 8 to 10 years. Iran is receiving that foreign help from Russia and China. Specifically, China is helping Iran build a nuclear research reactor, and in April it concluded a deal to sell Iran two light-water reactors. Pakistan, a country with

its own significant nuclear weapons program, has in the past provided key technical assistance to Iran.

The Iranian military buildup in the Persian Gulf is also a source of serious concern. Iran has acquired as many as 30 MiG-29's out of a reported deal with Russia for 50 of these modern combat jets, and Russia has also sold Iran sophisticated air-to-air missiles to arm these aircraft. Iran has received numerous surface-to-air missile systems from both Russia and China. Iran's submarine force consists of two modern Russian-made Kilo-class submarines, and a third is expected to be delivered. Russia also provided Iran with sophisticated torpedoes for these subs. In addition, Poland is going ahead with the planned sale to Iran of over 100 T-72 tanks, and Iran has also taken delivery of several hundred other T-72's from Russia.

Iran has demonstrated expansionist aims within the Persian Gulf, and has asserted control over the Persian Gulf island of Abu Musa, previously shared with the United Arab Emirates. Iran also has moved modern air defense missile systems, tanks, additional troops, artillery, and surface-to-surface missiles onto islands in the Persian Gulf.

Iran has opposed the Middle East peace process and continues to support the terrorist group Hizballah and radical Palestinian groups. Iran also poses a potential long-term threat to Russia as well.

The committee notes the leadership of Senator John McCain of Arizona who testified before the Near East and South Asia Subcommittee concerning existing conditions in the Freedom Support Act that could prohibit the delivery of assistance to Russia should the sale be consummated.

Section 516.—Supporting a resolution to the long-standing dispute regarding Cyprus

Section 516 expresses strong congressional support for a resolution to the long-standing dispute on Cyprus. The provision discusses in particular the need to find a way of breaking the paradigm of deadlock that has so long plagued this issue, including consideration of a complete demilitarization of the island.

For 20 years, the political deadlock over Cyprus has endured, while elsewhere in the world these same two decades have produced the fall of the Berlin Wall, a dissolution of the Soviet Union, mutual recognition between Israel and the PLO, and a peaceful transition to majority rule in South Africa. The committee believes that it is long past time for a similar breakthrough for peace in Cyprus.

This section takes a moderate tone in the hope of bringing together all sides to the conflict. But it also calls for parties to look at the problem of Cyprus in a radically new way. The provision: (1) declares the status quo on Cyprus to be unacceptable; (2) welcomes President Clinton's appointment of a special emissary for Cyprus; (3) calls on all parties to seek a solution based on the U.N. Security Council resolution of July 29, 1994, which states that any solution must be based on a single, federated State of Cyprus that guarantees the political equality of both ethnic communities; (4) calls for the withdrawal of all foreign troops; (5) states that proposals for a

total demilitarization of Cyprus would enhance the security of all of the Cypriot people and merits support; and (6) urges the Security Council and the U.S. Government to consider alternative approaches to promote a resolution to the long-standing dispute, including incentives or sanctions to encourage progress.

While the intent of this provision is to look toward the future, the history of this issue must not be forgotten. Two decades ago, Turkey's invasion of Cyprus drove more than 200,000 Cypriots from their homes and reduced them to the status of refugees in their own land. More than 2,000 people are still missing, including 5 American citizens. The Turkish army seized 40 percent of the land of Cyprus, representing 70 percent of the island's economic wealth. Today, Turkey continues to maintain over 30,000 troops on the island, which forms the bedrock of the continuing political impasse.

Last year, in an effort to transform this environment of deadlock and distrust, President Clerides of Cyprus offered to totally demilitarize the island in the context of a Turkish military withdrawal and political agreement to reunify the country. The committee notes that in volunteering to entirely disband its military forces, the State of Cyprus has expressed a willingness to give up this most basic attribute of sovereignty in the search for peace.

The committee emphasizes the importance of continuing to press for a negotiated settlement on Cyprus, and the importance of never accepting nor becoming comfortable with the status quo. It is critical that all parties take a new look at the problem of Cyprus and work in good faith to bring this tragedy to an end.

Cypriot Support for Serbia

The committee is deeply concerned with recent reports from the Department of State and the Department of Treasury that Cyprus is the source of financial and material support for Serb aggression in the former Yugoslavia. These reports indicate that Serbian front companies operate in Cyprus for the purpose of evading the United Nations embargo against Serbia. Allegedly, these sanctions violations are undertaken without resistance of the Cyprus Government. Because these revelations were made after the foreign aid bill was reported by the committee, no effort was made to address this issue in the legislation. However, the committee will consider the State and Treasury Departments reports prior to floor consideration in order to determine whether further legislation redress is appropriate.

Section 517.—Report on certain activities of the city of Moscow government

The committee is concerned by the actions of some Moscow government officials that are increasingly undermining the effectiveness of United States assistance programs to Russia. Specifically, the committee points to repeated reports of Moscow city officials, under the direction of the mayor and with the full knowledge and compliance of President Boris Yeltsin, quietly transferring ownership control to itself in several local property projects and joint ventures involving U.S. investors.

If such activities continue, and disdain for rule of law, private property rights and investment develops, efforts of United States policymakers and taxpayers to create a market-based economy in Russia are doomed to failure. Further, the committee believes that if the report required under section 517 points to a continuation of such practices, aid to Russia should be seriously reviewed, and aid should be reduced in an amount equal to the loss incurred by affected United States joint venture partners.

Section 518.—Statement of policy on Africa

Section 518 makes a number of findings and establishes policy toward Africa. This section was included to affirm the committee's continuing support for Africa in the context of transnational threats and U.S. national interest.

Given that the population of sub-Saharan Africa represents less than ten percent of the world's population, its importance to American geostrategic or military concerns may not have obvious relevance. The committee believes, however, that long-term development assistance to African nations can complement several U.S. foreign policy goals.

The committee believes that U.S. foreign assistance should support the activities of organizations that encourage and promote greater U.S. private sector and commercial involvement in Africa. The committee recognizes the work of the Corporate Council on Africa and the U.S.-South Africa Business Council, to name two examples, whose goals are to increase and develop the interaction between the United States and African private sectors.

The committee notes the testimony from the Corporate Council on Africa in hearings to explore opportunities for investment in sub-Saharan Africa. The committee recognizes the U.S.-South Africa Business Council's useful service as U.S. Secretariat for the Gore-Mbeki Binational Commission on Business Development.

The committee believes that the growth of jobs and new enterprises in African countries with sound economic policies and good governance will form the foundation for Africa's economic development. Fueling growth, new trade and investment in Africa has the potential to contribute to the material well-being and prosperity of Africans. The committee believes that profitable U.S. commercial involvement in Africa can create jobs and build markets on this underdeveloped continent. To this extent, U.S. foreign assistance agencies should meet regularly with the U.S. private sector and actively seek their input on strategic development initiatives.

The committee recognizes the importance of public-private partnerships in future development activities. The financial, managerial and technological resources that the American private sector can contribute to economic activities should not be overlooked.

The Agency for International Development, in its fiscal year 1996 congressional presentation document, states clearly the insignificance of the U.S. export market to Africa. Assuming a growth rate of 7 percent over the next 30 years, AID expects the total market of all sub-Saharan Africa countries will only be equal to the size of the Japanese market today. Specifically, section 518 notes that Africa has economic potential for U.S. businesses, and with politi-

cal reforms, may open new, albeit limited, export opportunities for United States business.

African nations must be willing and able to participate in global efforts to curb narcotics trafficking, halt weapons proliferation, and combat the spread of HIV/AIDS and other diseases. Further, African nations must commit themselves to democracy, free market economies and a respect for fundamental human rights. Long-term development assistance can help achieve these goals, as well as reduce the incidence of expensive, catastrophic disasters later.

APPLICABILITY OF TAIWAN RELATIONS ACT

Since the signing of the United States-China Joint Communiqué on August 17, 1982, United States military sales to Taiwan have decreased by \$20 million every year. United States law, the Taiwan Relations Act (Public Law 96-8) specifically, states that the U.S. Government "will make available to Taiwan such defense articles and services in such quantity as may be necessary to enable Taiwan to maintain a self-defense capability." The amount of defense articles and services the U.S. may supply to Taiwan should be governed first and foremost by the defensive needs of Taiwan, a policy well-articulated by the Taiwan Relations Act. The committee supports efforts of United States companies to sell any military equipment deemed necessary to defend Taiwan from threats and reiterates the intent of standing United States law. The President and the Congress' determination of Taiwan's defense needs shall supersede any provision of the Joint Communiqué of the United States and China of August 17, 1982.

In December 1992, the United States Government approved release of the Harpoon missile to Taiwan. Since then, Taiwan has bought approximately 38 ship launched Harpoon missiles. In June 1994, the Taiwan Government began discussions with administration officials concerning the release of the air launched version of the Harpoon for the F-16 A/B fighter aircraft. An F-16 aircraft equipped with Harpoon missiles would give Taiwan the ability to protect maritime approaches.

The United States Government has a commitment to Taiwan to ensure its defensive needs are met. Taiwan has a legitimate need for the air launched version of the Harpoon missile.

Chinese strategic planning and the pace of military modernization has undergone a dramatic reversal over the past five years, in part enabled by the growing economy. Beginning in 1989, the defense budget has increased annually by double-digit percentages. Estimates of the Chinese People's Liberation Army (PLA) military expenditures range from \$31 billion to \$92 billion for 1995.

Abandoning its focus on land power, China has turned its attention to its "strategic frontiers," engaging in the construction and deployment of increasingly sophisticated nuclear and conventional systems designed to enlarge its strategic horizons and enhance its power projection capabilities, most notably over the Spratly Islands in the South China Sea and the Straits of Formosa. To these ends, portions of the army and navy have been reconstituted into mechanized infantry, airborne, and naval infantry units. Taken together with the development of an airfield and anchorage on Woody Island in the Paracels, the forward basing of medium-range strike assets

on Hainan Island, the development of naval air-to-air refueling capability, and the acquisition of new classes of destroyers, amphibious assault craft, and resupply ships, provide cause for concern for Taiwanese military planners and a strong case for the provision of air-launched Harpoon missiles.

China has taken advantage of the "buyers market" in relatively sophisticated weapons systems. Beijing has acquired two dozen MiG-29 Fulcrums, slightly more than that number of Su-27 Flankers, and an assortment of other strike aircraft possibly including supersonic bombers. Moreover, the PRC produces the MiG-31 Foxhound interceptor under license from Russia. Consonant with its desire to modernize command, control, communications, and intelligence architecture, the country also has indicated interest in acquiring airborne early warning aircraft from Russia and Israel. Other likely purchases include Kilo diesel submarines, antisubmarine warfare helicopters, AA-10 air-to-air missiles, and the R-33E air-to-air missile. In the long-term, China also may be interested in a 25,000-ton Spanish-designed aircraft carrier.

Given the repeated and closely-spaced nature of PLA amphibious and airborne exercises conducted in the vicinity of Taiwan since 1993, qualitative improvements in the PRC's offensive capabilities fairly demand parallel increases in the defensive capabilities of Taiwanese forces. The need for modernization of Taiwan's anti-shiping capability is rendered all the more acute for four reasons: (1) as Taiwan approaches its first direct presidential election; (2) as the U.S. has its own in 1996; (3) because Taiwanese air-defense forces still rely upon 1950s-vintage F-104's (having not yet taken delivery of either United States F-16 or French Mirage 2000 fighters); and (4) because a new Chinese leadership may increasingly feel enabled and emboldened by growing capabilities and increased options. Further, the Chinese Government continues to refrain from ruling out the use of force as an option to forcibly "reunify" China and Taiwan, if necessary. The air-launched Harpoon has been cleared for release in both Japan and Korea. In fact, no international customer cleared for the ship launched Harpoon has been denied the air-launched version.

The committee recommends that the administration favorably review future requests for the sale of the air launched version of the Harpoon to the Taiwan Air Force.

United States Relations with Bahrain

The committee acknowledges the close political, economic and security relationship that has existed between the United States and Bahrain for almost fifty years, based on shared economic and security interests in the Arabian Gulf. The same vital interests which drew the United States into the Gulf War continue today, and Bahrain stands out among our allies and friends in the region for its cooperation and continued commitment to the security and stability of the region.

The committee believes it is in the interests of the United States to encourage the Gulf states to provide for their own security as a first line of defense against aggression by others. The committee also recognizes, however, that unlike the other GCC states, Bahrain is not an oil-rich country. Its limited resources have been dedi-

cated to improving the economic and social conditions of the country, with a lesser priority to a small but effective defense force whose needs have been met almost entirely through national funds.

In addition to an expansion of its traditional support for the United States Navy, Bahrain today permits the prepositioning of strategic defense material and grants access to its bases for United States Forces during periods of crisis. In these times of diminishing security assistance funding, the Committee encourages the administration to examine other, cost-efficient ways to recognize Bahrain's many contributions to our mutual interests and enhance Bahrain's defense posture. The committee recognizes that by contributing to the self-defense of Bahrain, it also provides a protective umbrella for United States Forces stationed in that nation. At the same time, United States support to Bahrain's defense forces sends a clear signal of continued United States commitment to the security and stability of the region.

Malaysian treatment of migrant Vietnamese

The committee notes with approval the actions taken by the Government of Malaysia in recent years to deal in a responsible and humane manner with migrant Vietnamese. There no longer appears to be a substantive basis for congressional concern of the type expressed in the past regarding Malaysian policy on this subject.

TITLE VI—INTERNATIONAL ORGANIZATIONS AND PROGRAMS

International Development Association

The Foreign Aid Reduction Act of 1995 does not authorize the Clinton administration's request of \$1.37 billion for the International Development Association (IDA). Including request would have authorized the final year of the IDA-10 agreement.

IDA is the World Bank's facility that extends low interest loans and technical advice to the world's poorest countries. IDA provides interests free loans at 40 year terms. Following a 10-year grace period (in which no principal is repaid recipients must repay 2 percent of the credit for 10 years and 4 percent for the remaining 20 years. Nations are required to pay a 0.75 percent service cost over the life of the credit. Despite an ever-increasing IDA budget, supporters of IDA defend the expenditures by asserting the necessity of these funds to avert civil unrest, refugees and food shortages in the poorest nations. The record shows that this is simply not the case.

The committee notes that during the period of 1989 to 1993, IDA provided Somalia \$143.6 million and Rwanda \$287.1 million. Certainly IDA funds did not prevent civil war in these countries. Further, the committee notes that some of the larger recipients of IDA concessional loans are China, which received \$4.1 billion, and India, which received \$5.2 billion, from 1989 to 1993. China's gross domestic product was estimated to be \$2.61 trillion in 1993 and India's was estimated to be \$1.17 trillion in 1994. To put these figures into perspective, compare these GDP's to that of France, which estimated \$1.05 trillion in 1993. The Committee is highly

skeptical of these countries' qualification as the "poorest countries" in need of concessional loans at the expense of the U.S. taxpayer.

The committee recognizes that ineffective programs that do not advance the national interests of the United States must be the first to be eliminated in an effort to balance the budget by the year 2002. The Committee, therefore, did not authorize funding of IDA.

Enhanced structural adjustment facility

The Enhanced Structural Adjustment Facility (ESAF) was established by the International Monetary Fund (IMF) in December 1987, its stated purpose being to support especially vigorous structural adjustment programs in poor countries. ESAF was enlarged and extended in December 1993. Financial support under the ESAF is on concessional terms—an interest rate of 0.5 percent to be repaid beginning after 5½-years and ending 10 years after disbursement.

This bill does not fund the Clinton administration request of \$25 million for ESAF. The committee notes that although the IMF calls the first ESAF a "valuable tool" in assisting the economic performance of low-income countries, its own statistics on these countries belie these assertions. For example, three of the countries touted by IMF as making progress toward external viability—Bangladesh, Ghana, and Togo—showed a decrease in Real GDP growth after receiving SAF and ESAF assistance. Further, the committee notes that among countries which have received assistance under ESAF are war-torn countries such as Rwanda, Somalia, Liberia and Haiti whose economies and infrastructure are in total disarray. No amount of money will assist a country divided by civil war to improve its economy. Additionally, countries such as Cameroon, cited in an April 1995 GAO report about the African Development Bank, are uncreditworthy borrowers that required aid packages in order to pay loan arrears, and are not appropriate recipients of further debt.

At a time when the United States is faced with severe budget restrictions and lacks the resources to grant foreign assistance when national interests are not at stake, funding for ESAF is clearly not possible.

Section 601.—Voluntary contributions; United Nations Children's Fund

Section 601 authorizes [\$180,000,000] for fiscal years 1996 and [\$180,000,000] for 1997 for voluntary contributions to international organizations to remain available until expended. This section sets a floor of \$103,000,000 to be appropriated only for the United Nations Children's Fund (UNICEF) for fiscal years 1996 and 1997.

The committee is deeply concerned with the recent discovery of actions by 24 staff members in the Kenya UNICEF office to defraud that organization of resources amounting to \$8 – \$9 million (of which more than \$1 was identified as personal fraud by staff members). A January 1995 audit of 1993–94 transactions by the Kenya country office identified inadequate management oversight coupled with poor staff integrity as significant factors in the breakdown. The Committee urges the United States to petition the United Nations Inspector General's Office to investigate this theft fully,

particularly the source of the breakdown of management and the potential for similar mismanagement in other U.N. organizations.

The committee supports the efforts of UNICEF to improve the plight of children around the globe. The committee will not support the notion, however, that the U.N. Convention on the Rights of the Child is the appropriate or effective means to improve the plight of children. The Committee fears that creating yet another set of unenforceable international standards will further dilute respect for international human rights norms.

The committee notes the overlap of projects in many of the U.N. organizations, including voluntary programs, funded under section 601 of this Act. For example, U.N. programs comprise numerous environmental organizations such as the United Nations Environmental Program (UNEP), the Environmental Fund of UNEP, Related Activities of UNEP, the Montreal Protocol Multilateral Fund, the International Union for Conservation of Nature, the Ramsar Convention on Wetlands, the Intergovernmental Negotiating Committee, the U.N. Framework Convention on Climate Change, the World Heritage Fund, and the World Meteorological Organization/Special Fund for Climate Change. Such redundancy compels the Committee to reemphasize the importance of reform and consolidation of U.N. organizations as stated in section 1501 of S. 908, the Foreign Relations Revitalization Act of 1995, and its accompanying report. Eliminating the overlap by reducing the U.N. bureaucracy to two organizations, one to be a unified agency for technical cooperation for development and the other to be an emergency response mechanism, would reduce costs.

The committee notes the proliferation of multilateral environmental treaties and organizations. Although the committee recognizes that conserving the global environment is in the long term interests of the United States, it does not accept that developed countries, and their industry, must disproportionately bear the burden of preserving environmental interests.

The committee notes the outcome of the First Conference of Parties at the U.N. Convention on Climate Change, including the United States, met in Berlin, Germany in March, 1995, and committed industrialized nations to reducing greenhouse gas emissions, while exempting developing nations from similar obligations. This "Berlin mandate" imposes further regulatory burdens on U.S. businesses beyond the year 2000 while leaving industry in developing nations free to engage in production without the imposition of similar regulations. These unequal obligations effectively subsidize goods produced in developing nations and, ironically, encourage those countries to base future growth on less costly and higher polluting industry. The premise of this mandate runs counter to supposed goals of environmental protection.

This mandate is not based on any econometrics model and encourages the worst of all systems. In the end, this policy, unwisely agreed to by the United States, will encourage the transfer of industry from the United States to developing countries, costing the U.S. jobs and the bulk of the responsibility for decreasing worldwide pollutants. The Committee urges the Administration to reject the notion that environmental conservation can be achieved by placing the burdens exclusively on industrialized nations and fail-

ing to provide incentives for developing nations to meet the same high regulatory standards.

Section 602.—United Nations Fund for Population Activities

Section 602 authorizes up to \$35 million for the United Nations Fund for Population Activities (UNFPA) for fiscal years 1996 and 1997 from part I of the Foreign Assistance Act of 1961. None of the funds made available shall be made available for activities in China. This sum shall not be made available unless UNFPA maintains U.S. funds in a separate account and does not commingle U.S. funds with other UNFPA funds. The Secretary of State shall report to Congress annually regarding the amount of UNFPA funds that will be used in China. If this report indicates that the amount of funds UNFPA will use for activities in China exceeds \$7,000,000, then the amount of funds made available for obligation for the remainder of the fiscal year shall be reduced by \$7,000,000.

The committee is fully aware that, under China's "one-child-per-family" population control program, women are forced to undergo an abortion or sterilization procedure if they already have one child. The committee also notes that on August 6, 1993, AID Administrator, Brian Atwood, sent the Chairman of the House Foreign Operations Appropriations Subcommittee a letter stating, "if there are not significant improvements in China's population program, the United States will not support continued UNFPA assistance to China beyond 1995 when the current program ends." The committee also notes that UNFPA has no intention of ending its association with China's population control program. The committee urges the Administration to use its voice and financial leverage to force UNFPA to terminate its association with China's grotesque population control program.

Section 603.—Withholding of U.S. Proportionate Share for Programs of International Organizations

Section 603 prohibits funds for the United States proportionate share of international organization programs or projects in Cuba, Iran, Libya, Iraq, North Korea, Sudan, and Syria. Withheld funds would be returned to the U.S. Treasury. The President would be required to review and report to Congress on the amounts of funds expended by international organizations for programs and projects in said countries and the amount the U.S. contributes to such organizations.

Section 603(b) requires that unused funds be returned to the Treasury. Current law allows these funds to be reprogrammed for other foreign aid spending. The committee expects these receipts returned to the Treasury to be used for the purpose of deficit reduction.

Section 604.—Reports on Voluntary Contributions to International Organizations by all U.S. Government Agencies

Section 604 amends reporting requirements on voluntary contributions to include a justification of the manner in which U.S. contributions to international organizations benefit U.S. national security or other national interests and the anticipated total contribution by the United States for the duration of the program.

The committee questions the impact of many of the programs on the national security of the United States. In times of tight budget constraints, every foreign aid program—especially multilateral programs—must be scrutinized closely to determine if the program truly benefits Americans.

Section 605.—Restrictions on funding for U.N. Development Program

This section would prohibit funds made available for the U.N. Development Program (UNDP) for programs and activities in or for Burma. This section would also prohibit disbursement of all funds for UNDP until the President certifies to Congress that UNDP has terminated its activities in and for Burma. Section 605(a) withholds 20 percent of the United States funding for the U.N. Development Program in fiscal year 1996, unless or until the President certifies to Congress that UNDP has terminated its activities in Burma. The funds are authorized to be made available if the President makes the certification. Section 605(b) withholds, from the fiscal year 1996 United States contribution to UNDP, the amount of funds UNDP made available to fund activities in Burma in fiscal year 1996, unless the President makes a certification under subsection (a) that UNDP terminated its activities in Burma in fiscal year 1996.

Section 431(b) of the Foreign Relations Authorization Act for fiscal years 1994 and 1995 (P.L. 103-236), the authorization act approved by the House and Senate last year and signed into law by the President, relates to UNDP activities in Burma. The provision, agreed upon by the House-Senate Conference Committee and then both Houses of Congress respectively, allowed \$27.6 million in funding for UNDP to be made available only if the President certified that: (1) UNDP has initiated no new programs and no new funding for existing programs in or for Burma since the United Nations Development Program Governing Council meeting of June 1993; (2) (UNDP programs in Burma) address unforeseen urgent humanitarian concerns, or; (3) a democratically elected government in Burma has agreed to such programs.” The Conference Committee’s intent was to ensure that no new UNDP programs were initiated in Burma once the \$18 million in programs approved at the 1993 meeting of UNDP’s Governing Council had run their course. It is anticipated these programs will have been undertaken before the end of this year.

The administration interpreted the provision in a manner consistent with the legislative intent to permit funding of projects that had already been initiated. Thus, the President was able to certify to the committee on February 15, 1995, that UNDP had “approved or initiated no new programs and no new funding for existing programs in or for Burma” since the 1993 meeting. The committee disagrees with the administration’s interpretation of the provision and adds this section to clarify the committee’s interpretation.

The duly elected representatives of the people of Burma, known as the National Coalition Government of the Union of Burma (NCGUB), do not support or agree with any UNDP program in Burma. The greatest obstacle to any aid program in Burma is the Burmese military regime’s control over all humanitarian projects.

Though the representatives recognize the need for humanitarian aid to reach the Burmese people, they also recognize that agencies operating through and under the auspices of the State Law and Order Restoration Council (SLORC) credit the regime and add to its standing in the international community.

Current United States policy towards Burma is one that calls for increasing marginalization of the regime, until there is further progress on human rights and towards democracy. In recent months, the regime has refused to release a Nobel Laureate Aung San Suu Kyi from house arrest, as it had promised, and has supported the attack and overthrow of the largest democratic stronghold in the country. In light of these events, among others, the committee remains committed to U.S. policy and notes that this provision is both consistent and supportive of that policy. This section arises out of a debate over a section in the Foreign Relations Authorization Act for fiscal years 1994 and 1995.

Section 606.—Replenishment of the Asian Development Bank

Section 606 authorizes full U.S. participation in the fourth replenishment of the Asian Development Bank, including a contribution of \$13.3 million for each of fiscal years 1996 and 1997. The committee notes that the United States succeeded in negotiating the lowest ever annual payments for the United States subscription, while maintaining its position in the Bank relative to Japan.

The committee believes the Asian Development Bank can be a cost-effective institution that can serve U.S. economic and foreign policy interests. The committee supports the effective efforts of the U.S. executive director of the bank to assist U.S. businesses in obtaining contracts for ADB projects. In the past, modest U.S. contributions to the Asian Development Bank have been leveraged to help provide over \$4 billion in loans to cofinance development projects throughout Asia. The Bank has helped to spur the rapidly growing economies of Asia, contributing to growth and development in industry, agriculture, energy, transport, and communications, and has helped to create hundreds of millions of dollars in returns to the United States. U.S. firms bid for bank contracts financed by the entire pool of donor funding, and the result is thousands of American jobs. The committee believes that continued modest U.S. contributions to the Asian Development Bank will bring benefits to Asians and Americans alike.

Section 607.—Republic of China (Taiwan's) participation in the United Nations

The committee passed Senate Concurrent Resolution 3 regarding Taiwan's participation in the United Nations earlier this year. During committee consideration of the Foreign Assistance Act, the committee adopted this resolution in slightly altered form. Section 607 expresses the sense of the Congress that the U.S. Government should immediately encourage the United Nations to take action by considering the unique situation of Taiwan in the international community and adopting a comprehensive solution to accommodate Taiwan in the United Nations and its related agencies. The committee approved by voice vote this provision, highlighting again the

importance the committee attaches to the United States relationship to Taiwan.

The fact that Taiwan is not currently a member of the United Nations and does not have its own seat there are subjects of significant concern to the Committee. The objections of those opposed to Taiwan's admission to the United Nations appear to disregard the precedent established by East and West Germany, North and South Vietnam, and North and South Korea, all of which have occupied (or continue to occupy) two seats in the United Nations prior to reunification.

Section 608.—Republic of China (Taiwan's) participation in the World Trade Organization.

Section 608 supports severing the link between Taiwan's and China's accession to membership in the World Trade Organization, citing the fact that Taiwan's economy is advanced enough to allow it immediate accession. The committee agrees that China's accession should be based on "sound commercial principles" and the United States should continue to adhere to this policy until the Chinese economy is sufficiently advanced. In the meantime, Taiwan should be accepted for membership.

The purpose of the General Agreement on Tariffs and Trade (GATT) and the World Trade Organization (WTO) is to enable member nations to conduct trade based upon free market principles, by limiting government intervention in the form of state subsidies, by limiting non-tariff barriers, and by encouraging reciprocal reductions in tariffs among members. Although China insists that Taiwan's membership in the GATT or the WTO be granted only after China becomes a full member of the GATT or the WTO, the committee notes that Taiwan has a free market economy, is the currently the world's 14th largest trading nation, the world's 20th largest GNP, has the world's second largest foreign exchange reserves and is the world's 7th largest outbound investor.

China, on the other hand, retains an intricate system of tariff and non-tariff administrative controls that significantly restrict free market competition and incompatible with GATT and WTO principles. Therefore, on a vote of 17 to 0, the Committee adopted this section which expresses the sense of the Congress that Taiwan's application for membership in the GATT and the WTO should be separated from China's and the United States should support Taiwan's earliest membership in both organizations. The section also states that the United States should support the membership of China in the GATT and the WTO only after a sound commercial agreement is reached between the United States and China and that China's application should be reviewed strictly in accordance with the rules, guidelines, principles, precedents and practices of the GATT and WTO.

United Nations Voluntary Fund for Victims of Torture

The United Nations voluntary Fund for Victims of Torture provides modest financial grants to treatment programs for victims of torture. These programs provide medical and psychological services to victims both in countries of refuge and in the victim's country of origin. Programs exist in California, Illinois, Minnesota, and

New York. Most U.S. programs receive or are applying for assistance from the voluntary fund.

In 1994, the voluntary fund had \$3.7 million to assist 106 programs in 60 countries. According to estimates by the Rehabilitation and Research Centre for Torture Victims in Copenhagen, Denmark, the fund is able to assist only a fraction of the actual worldwide need for treatment services. Moreover, the number of treatment programs worldwide is expected to double from 125 in 1994 to about 265 in 1997, and the financial need will increase to over \$90 million in 1997.

Therefore, the committee recommends that the administration maintain the U.S. contribution to the voluntary fund in fiscal year 1996 and fiscal year 1997 at its current level of \$1.5 million. The committee also urges the Department of State to undertake active diplomatic activity to encourage other governments to increase their own contributions.

TITLE VII—SPECIAL AUTHORITIES AND GENERAL PROVISIONS

CHAPTER 1—REPORTING REQUIREMENTS

Section 701. Annual allocation reports

Section 701 amends notification requirements for continuing appropriations to make them applicable only to appropriations made for a period of 90 days or more.

Section 702.—Report on expropriation of United States property

Section 702 requires the President to report at the beginning of each fiscal year: (1) countries in which a U.S. person has an outstanding expropriation claim; (2) the total number of claims in each country; (3) the period of time in which each such claim has been outstanding; (4) the status of each case and efforts made by the United States and the foreign government; and (5) each project at the multilateral banks the United States has voted against pursuant to section 722 of this act, prohibiting assistance to countries that expropriate property of a U.S. person.

CHAPTER 2—GENERAL PROVISIONS

Section 711.—National interest, economic freedom, and graduation requirements

Section 711 ensures that U.S. assistance policy include U.S. national interest, conditions supportive of economic growth, and progress toward graduation.

Section 711(b) requires the President to include in annual congressional presentation documents information regarding how U.S. bilateral assistance benefits American national interests, what steps recipient nations are taking to limit the size of their public sectors and to encourage private growth, and how that aid assists developing nations become self-sufficient.

The United States has provided more than \$450,000,000,000 in economic, military and development aid during the past five decades. While a portion of this assistance clearly has been provided for U.S. national security interests, more than \$225 billion

[CHECK] has been provided in the form of development aid. The committee is concerned that many individual development projects carried out by AID do not directly benefit U.S. national interests. American taxpayers should know how their money is being spent overseas and how that assistance directly benefits their interests.

Section 711(b)(2) requires the administration to provide information regarding conditions which support economic growth. It is a recognition of the potentially destructive impact of development aid which has led the committee to require that the President report on efforts taken by recipient countries to limit the size of their state sector. As countries doing so are the candidates for economic growth, the committee expects that these will be the countries upon which scarce development resources are focused. The congressional presentation should alert Congress to situations in which development aid focused this way is having a counterproductive affect on free market transitions. The committee recognizes that AID currently uses a variety of criteria to allocate development aid among countries, including a country's "need" as determined by health and social indicators, and its commitment to policies that are judged to be protective of the environment. It is essential in the current era of constricting foreign aid budgets that development aid be focused to the greatest extent possible on those countries which are committed to economic freedom, as free market economies are the best means for countries to address social needs. No amount of development aid will satisfy the needs of peoples living in a country with repressive, anti-growth economic policies. These needs can be satisfied only through self-generated economic growth.

Similarly, countries with statist economic policies in place will experience environmental degradation, as was evidenced throughout the former East Bloc, regardless of the amount of development aid they receive for the purpose of addressing environmental problems. Many other nations which have been recipients of U.S. bilateral and multilateral aid for decades, and which have refused to transform statist economic policies, find themselves worse off economically than when external aid began.

The task of compiling the technical information required to document efforts taken by countries receiving United States bilateral assistance to limit the size of their state sector in the requested manner is well within the capabilities of the State Department. The committee notes a 1995 Agency for International Development cable sent to Washington from Managua which addresses the criteria used to assess conditions supportive of economic growth/economic freedom reported in The Heritage Foundation's 1995 Index of Economic Freedom. Many of the factors for conditions supportive of economic growth to be included in the congressional presentation are already assessed in a systematic manner by the Agency for International Development, including trade barriers, the protection of private property and regulation.

By including the requested information in the congressional presentation, the public will be provided with this valuable information in an easily accessible format. This information will prove useful to many Americans, including businesses and investors who are continually assessing economic conditions abroad.

The information presented to Congress should be quantitative and allow for comparisons amongst recipients of U.S. development aid. The system of comparison amongst recipient countries should be biased towards those countries with the greatest degree of economic freedom—i.e., those countries with the fewest wage and price controls, the lowest tariff levels, the greatest protection of private property, etc. should fare best, or be “ranked” highest, in this comparison. Development aid for too long has been justified in congressional presentations merely with rhetoric; the committee expects future congressional presentations to provide rigorous and quantitative assessments demonstrating how development aid is fostering the conditions supportive of economic freedom and growth and which lead ultimately to graduation from U.S. foreign aid. This information, compiled over time, should allow for judgments to be made whether development aid is making an actual difference in aiding countries to gain economic self-sufficiency.

Section 711(b)(3) requires the administration to provide detailed information regarding the amount of military, development, and economic assistance provided to other nations and the number of years that these nations have received aid. The committee is aware that the Executive Branch already compiles much of this information and that it should be relatively simple to combine this information in congressional budget submission documents.

Many nations have been the beneficiaries of U.S. foreign aid for 50 years. Some nations, primarily in Africa, have been dependent on American aid since gaining their independence. Earlier in this report, a chart showing the nations which have received U.S. foreign aid for more than 35 years is provided to illustrate the large number of nations which have not graduated from U.S. aid. Too often, it appears that development is not a means to an end, but is simply viewed as an entitlement. In some cases, U.S. aid has taken the form of direct cash transfers to foreign nations, which in turn simply apply this money to that nations’ general budget. This must cease for two reasons: the United States is facing its greatest fiscal crisis of its 200 year history and dependence on development aid has stifled economic growth in the Third World.

AID recently announced that it intended to close a number of overseas missions. Supporters of foreign assistance have argued that these closures show that many countries are graduating from U.S. foreign aid. But upon closer inspection it is clear that AID has chosen to leave many of these nations not because they are now economically independent, but because, in AID’s terminology these nations have not proven to be good “development partners”. Also, simply closing an AID post does not mean a nation will not continue to receive AID funding. Ongoing projects in many of these nations will take years to complete and in other instances, regionally funded projects will simply replace country projects.

Section 712.—Termination of assistance

Section 712 rewrites section 617 of the Foreign Assistance Act to update authorities to spend funds and provide the option to assume obligations of terminated programs. This section would leave available funds under the Foreign Assistance Act to carry out any program, project or activity for obligations 8 months after such assist-

ance has been terminated in order to wind up such program, project or activity. Once obligated, such funds would remain available until expended. This section would make funds obligated prior to termination of assistance available to meet the expenditures of winding up programs, projects, and activities.

The President would be authorized to adopt as a contract or other obligation any contract made with a U.S. or third-country contractor to carry out any program, project, or activity of assistance under the Foreign Assistance Act that was subsequently terminated. Provisions of this or any other Act requiring the termination of assistance would not require the termination of guarantee commitments entered into before the termination of assistance.

Section 713.—Prohibition on assistance to foreign governments engaged in espionage against the United States

Section 713 prohibits assistance, other than humanitarian assistance or assistance for refugees, to any government which the President determines is engaged in intelligence activities within the United States harmful to the national security of the United States. Section 713 requires the President to provide to Congress a report, in classified and unclassified forms, listing all foreign governments which he determines are engaged in espionage in the United States. The committee is aware that the executive branch already compiles and provides to Congress much of this information pursuant to section 601 of the Intelligence Authorization Act for fiscal year 1985. (Public Law 98-618).

Section 714.—Foreign state support for acts of international terrorism

Section 714 amends section 620A (relating to designation and sanction of state sponsors of terrorism) of the Foreign Assistance Act. Section 714(1) adds the word "and" at the end of subsection (c)(1)(B), making clear that all three requirements for rescission of a terrorism determination must be met. Section 714(2) changes from 6 months to 1 year the period of time in which a nation must be determined to have abandoned its sponsorship of international terrorism before rescission. Section 714(3) amends the waiver provision of this section to allow the President to provide assistance only to "the people" (as opposed to "the government") of a nation designated as a state sponsor of terrorism. Section 714(4) requires a "vital national security" designation (versus simple "national security") for the President to use his waiver authority. Section 714(5) conforms the remainder of the provision to the previous subsection. Section 714(6) adds a new subsection to section 620A which clearly defines the concept of "support for acts of international terrorism" and "provided any support for international terrorism" to include assistance, support, planning or execution of an act of terrorism, as well as provision of safe haven, training, refuge, or any other assistance to a terror group.

The committee finds that the lack of definitions in current law, as well as the broadness of the waiver provisions, provide too great a loophole through which a Secretary of State or President might rescind a designation of state support for terrorism. It has become clear that the view of many nations so designated is that the des-

ignation is a mere political device which can be ignored when politically expedient. The seven nations currently designated as state sponsors of terror have directly and indirectly supported the murder of innocent civilians in the last year. Such nations do not deserve any form of assistance from the United States.

The committee commends President Clinton for his recent executive order effecting a unilateral U.S. embargo of Iran. The committee believes that terrorism constitutes one of the greatest threats to U.S. national security in the post cold war era, and that such embargoes would be in place for all state sponsors of terrorism. The President and the Congress should consider the propriety of moving in such a direction. The committee further believes that nations such as Syria, notwithstanding its participation in the Middle East peace process, must demonstrably renounce terrorism and cease training, support and providing safe haven to terrorist groups prior to any possible consideration of an improvement in U.S. relations.

Section 715.—Restriction on assistance to nuclear proliferators

Section 715 prohibits the sale, transfer or license of military equipment or foreign aid to any non-nuclear weapon state found by the President to be diverting unsafeguarded special nuclear material from a civilian to a military use. It gives the President authority to waive the prohibition for 180 days if termination of such assistance would seriously prejudice U.S. non-proliferation objectives or jeopardize the common defense and security.

Section 716.—Prohibition on foreign assistance to foreign governments not implementing extradition treaties

Section 716(a) prohibits foreign assistance to the government of a country that is not effectively implementing a treaty with the United States to extradite individuals charged with or who have committed a felony.

Section 716(b) defines a "felony offense" as an offense punishable by death or imprisonment for a term exceeding 1 year. "Foreign assistance" for purposes of section 716 means any projects, programs, and activities funded under the functional budget category 150 relating to international affairs.

The committee is concerned about the increasing number of cases in which foreign nationals commit crimes in the United States and escape justice by fleeing to their home country which either does not allow for extradition back to the United States or fails to implement an existing extradition treaty. These cases exist in a number of U.S. jurisdictions, including California, Texas, Florida, Virginia, and the District of Columbia. For example, in the metropolitan Washington, D.C., area, the committee is aware of nine cases pending against citizens of El Salvador, including one individual wanted in connection with the death of a retired D.C. police officer.

In many cases, these same nations, despite well-intentioned governments, lack effective judicial systems that would ensure some degree of justice for victims and punishment commensurate with the crime for the alleged perpetrator.

The committee has a difficult time understanding why U.S. foreign assistance should be provided to nations that effectively allow their nationals to escape justice by not implementing existing ex-

tradition treaties. The provision of foreign assistance to a nation serves a number of U.S. national interests. One of these interests should be to seek justice for American citizens who have been victimized by foreign nationals. To the extent that foreign assistance provides a useful instrument to achieve that objective, it should be used. If a nation, in effect, harbors fugitives, then it should not be the recipient of U.S. foreign assistance.

Section 717.—Impact on jobs in the United States

Section 717 carries current appropriations law restricting the use of aid funds to assist U.S. business enterprises to move from the United States or to support zones, such as foreign free trade zones, failing to meet certain minimum labor standards.

Section 718.—Nonapplicability of cargo preference requirements

Section 718 eliminates the application of cargo preference requirements, one of the most expensive and inefficient Federal subsidy programs, to food assistance. Current law requires that 75 percent of U.S. food aid be shipped on U.S. flag ships whether or not these are the least-cost carriers.

The average cost for cargo preference requirements is twice the cost on the international market, adding up to an OMB-calculated additional cost of \$126 million in transportation costs in fiscal year 1996.

The cargo preference requirement for food assistance has not advanced the program's original objective of maintaining U.S. flag ships as a naval auxiliary in time of war. The Defense Department has stated in a GAO report that "the preferred method of transporting food cargo is by bulk carrier. The Department of Defense does not rely on these bulk ships because they have negligible military utility." (GAO/GGD 94-215, p. 104) In fact, the Defense Department believes that the elimination of cargo preference for food assistance would not significantly impact readiness. (GAO, p. 31)

Operation Desert Shield/Desert Storm demonstrated the accuracy of this statement. According to the Defense Department, none of the ships who have benefitted from the cargo preference program participated in the Gulf war mobilization or supply efforts because they were not the most appropriate type of ship to transport equipment and supplies. (GAO, p.32)

In addition, the GAO found that cargo preference requirements for food aid do not contribute to ensuring that U.S. flag ships carry a substantial portion of either U.S. domestic or foreign waterborne commerce, since food aid cargo preference accounts for less than 1 percent of waterborne foreign commerce.

Most importantly, cargo preference requirements adversely affect U.S. food assistance programs. For example, Sri Lanka received \$58.9 million to purchase and transport wheat, yet 35 percent (\$20.6 million) was spent on transportation of which 52 percent was spent to pay above-market-rates for U.S. shipping. Cargo preference requirements can also cause the purchase of a commodity at a higher price, or the purchase of a different variety of commodity than originally planned, since cargo preference requirements cause the availability of U.S. ships to be the deciding factor rather than the availability of the commodity.

In a 1992 wheat purchase by Tunisia, the four lowest offers specified loading facilities in ports on the Columbia river and in Stockton, CA. Since no U.S. flag ships offered to transport wheat from these ports, Tunisia was unable to take advantage of these low prices and was eventually forced to purchase wheat offered in the Gulf of Mexico at the seventh and eighth lowest price (GAO, p.53).

In May 1993, the United States agreed to extend \$700 million of U.S. food assistance to Russia. Of this \$700 million, \$200 million was set aside for the cost of transporting the food aid, 75 percent of which was required to be shipped pursuant to U.S. cargo preference requirements. Consequently, carriers submitted bids that were more than 300 percent above world market rates, driving the cost of shipping the grain higher than the cost of the grain itself.

After a lengthy debate and a vote of 9 to 9, the committee chose to retain language in the bill prohibiting the application of cargo preference requirements to the delivery of food assistance.

Section 719.—Prohibition on foreign assistance to foreign governments employing mercenary forces

The committee is concerned by the emergence of private mercenary forces for hire, particularly in Africa. One such "company" named "Executive Outcomes," was highly effective on the side of the government in the war-torn country of Angola, and its success there has led to interest from a number of other African countries at civil war.

The committee views the use of mercenaries as a proliferation issue. The presence of an entity which has a strong financial incentive for continued warfare is certainly not helpful to conflict resolution efforts. Furthermore, any country which can afford to pay mercenary forces to participate in its wars should not be a fully-funded recipient of U.S. bilateral assistance. The committee seeks to discourage the use of mercenaries by any party to a conflict.

The definition of mercenaries is taken verbatim from the 1977 Protocol Additional to the Geneva Convention because it is a fairly restrictive definition that was deemed acceptable by many nations.

Section 720.—Transportation expenses for delivery of humanitarian assistance

Section 720 provides the President the authority to transport U.S.-origin privately donated humanitarian assistance to the Newly Independent States (NIS), the Baltic States and newly independent States of the former Yugoslavia, excluding Serbia.

This section authorizes such sums as may be necessary to carry out the provision. Similar authority has been utilized in the past to transport humanitarian assistance valued at more than \$1.2 billion to the NIS, using less than \$200 million in appropriated funds. It has provided logistics support and transportation costs on behalf of U.S.-based private organizations donating food, medical equipment, and clothing to organizations, hospitals, orphanages and other recipients in the NIS.

This provision builds upon legislation originally authorized in the 1992 Comprehensive Threat Reduction Act that was applicable solely to the NIS. Since then, additional funds have been made available in various pieces of legislation to continue this program.

Section 720 would permit the program to be extended to Eastern Europe as a pilot program. If successful in Eastern Europe, the committee believes it should be considered in the future for other areas of the world.

The committee believes that, in approving section 720, it is responding to the basic humanitarian impulses of the American people and the private sector to provide humanitarian assistance to countries in need, and is doing so in a very cost-effective way. The committee sees this program as one way to maintain our overseas humanitarian commitments as we reduce the size of the Federal budget and foreign assistance funding.

Section 721.—Prohibition on assistance to countries blocking or restricting humanitarian aid corridors

Section 721 prohibits the provision of U.S.-assistance to any country that blocks the delivery of U.S. humanitarian assistance. Subsection (a) presents Congressional findings on the problem of U.S. aid recipients blocking the provision of U.S. humanitarian assistance. Subsection (b) prohibits the provision of U.S.-assistance to any country that restricts the delivery of U.S. humanitarian assistance; allows the President to waive this prohibition if he determines and notifies Congress that it is in the national interest of the United States to do so; and allows for a resumption of assistance once the President certifies to Congress that the country has stopped restricting the delivery of U.S. humanitarian assistance. Subsection (c) requires the President to submit an annual report to Congress describing any actions by a government that receives U.S. foreign assistance to restrict the delivery of U.S. humanitarian assistance.

This section is substantially similar to S. 230, the Humanitarian Aid Corridor Act, which was introduced on a bipartisan basis early in the 104th Congress. In adopting this provision, the committee states its belief, as a matter of principle, that countries must not interfere with the delivery of U.S. humanitarian assistance. When the United States provides food, medicine, and clothing to civilian populations, in response to war or natural disaster, there is no justification for a country to block this assistance, especially when that country is itself a recipient of U.S.-assistance.

CHAPTER 3—REPEALS

Section 731.—Repeal of obsolete provisions

Section 731 repeals the following list of administration-approved, bipartisan repeals of provisions previously proposed for repeal: (8) The Special Foreign Assistance Act of 1986, except sections 1 and 204; (10) The International Security and Development Cooperation Act of 1985, except sections 1, 131, 132, 504, 505, part B of title V (other than sections 558 and 559), 1302, 1303, and 1304; (11) The Jordan Supplemental Economic Assistance Authorization Act of 1985; (12) The African Famine Relief and Recovery Act of 1985; (13) The International Security and Development Assistance Authorization Act of 1983; (14) The Lebanon Emergency Assistance Act of 1983; (15) The International Security and Development Cooperation Act of 1981, except sections 1, 709, and 714.

TITLE VIII—EFFECTIVE DATE

Section 801.—Effective date

This Act would take effect on October 1, 1995.

COST ESTIMATE

In accordance with rule XXVI, paragraph 11(a) of the Standing Rules of the Senate, the Committee provides the following estimates of the cost of this legislation prepared by the Congressional Budget Office:

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

1. Bill number: Unassigned.
2. Bill title: Foreign Assistance Reduction Act of 1995.
3. Bill status: As ordered reported by the Senate Committee on Foreign Relations on June 8, 1995.
4. Bill purpose: The bill would authorize appropriations for fiscal years 1996 and 1997 for bilateral economic and military assistance programs. It would authorize the subscription of capital stock in the Asian Development Bank, alter the pricing policy for sales of military equipment, and make other changes to foreign assistance programs.
5. Estimated cost to the Federal Government: Assuming appropriation of the entire amounts authorized for discretionary programs, enactment of the bill would result in funding below the 1995 level by about \$772 million in fiscal year 1996 and by \$1,043 million in fiscal year 1997. Also, several provisions of the bill would result in small changes to mandatory spending and receipts. The budgetary effects of the legislation are summarized below:

[By fiscal year, in billions of dollars]

| | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 |
|--|--------|--------|-------|-------|-------|-------|
| Direct Spending | | | | | | |
| Estimated budget authority | 0 | 20 | 20 | 45 | 68 | 90 |
| Estimated outlays | 0 | 23 | 20 | 45 | 68 | 90 |
| Spending Subject to Appropriations Action | | | | | | |
| Spending under current law: | | | | | | |
| Budget authority ¹ | 9,847 | 0 | 0 | 0 | 0 | 0 |
| Estimated outlays | 10,662 | 5,361 | 2,502 | 1,426 | 748 | 354 |
| Proposed changes: | | | | | | |
| Estimated authorization level | 0 | 9,075 | 8,804 | 25 | 25 | 25 |
| Callable-capital subscriptions | 0 | 648 | 648 | 0 | 0 | 0 |
| Estimated outlays | 0 | 4,999 | 7,185 | 2,796 | 1,295 | 757 |
| Spending under the bill: | | | | | | |
| Estimated authorization level ¹ | 9,847 | 9,075 | 8,804 | 25 | 25 | 25 |
| Callable-capital subscriptions | 0 | 648 | 648 | 0 | 0 | 0 |
| Estimated outlays | 10,662 | 10,361 | 9,687 | 4,223 | 2,043 | 1,111 |

¹The 1995 figure is the amount already appropriated.

In addition to the authorizations shown in the above table, the bill could also affect appropriated spending by eliminating cargo preference requirements for food aid shipments. If appropriations for food aid were reduced accordingly, savings could total up to \$120 million per year.

The direct spending costs of the bill fall in budget functions 050 (national defense) and 400 (transportation). The spending subject

to appropriations action falls in budget function 150 (international affairs).

6. **Basis of estimate:** The estimate assumes enactment of the bill and appropriation of the authorized amounts for each fiscal year. CBO used historical spending rates for estimating outlays.

Direct spending

In addition to authorizing appropriations, the bill contains several provisions affecting direct spending.

Cost recovery in foreign military sales.—Section 172 would strike the section of the Arms Export Control Act that requires government-to-government sales of major defense equipment to include a charge for the recovery of a proportionate amount of any non-recurring cost of research, development, and production. This provision would apply to sales agreements signed after the date of enactment. Charges for nonrecurring costs are collected upon delivery; therefore, the bill would not affect collections until 1998. CBO estimates that enactment of section 172 would lower Department of Defense receipts by \$25 million in 1998, \$48 million in 1999, and \$70 million in 2000. Ultimately, the loss of receipts would average about \$170 million a year.

Waiver of charges for contract administration services.—Section 402(c) would permit the administration to provide without charge and on a reciprocal basis certain contract administration services on military sales to Israel. The U.S. Government currently charges 1.5 percent of the value of sales for such services. CBO estimates that enactment of the provision would lower receipts by \$20 million a year.

Cargo preference.—Section 718 would exempt from cargo preference laws any agricultural commodities shipped to foreign countries under food assistance programs. Existing cargo preference rules for agricultural products require that 75 percent of the gross tonnage of federally sponsored shipments be reserved for U.S.-flag commercial vessels. Eliminating these rules would enable the Department of Agriculture (which pays most of the cost of ocean transportation for food assistance programs) to use foreign carriers when it is cheaper to do so. CBO expects that the resulting loss of business and/or reduction in U.S.-flag freight rates would cause some American carriers to default on loans guaranteed under the Shipping Act of 1936. We estimate that the resulting increase in mandatory outlays (net of any reimbursements or proceeds from disposal of assets) would be about \$3 million in fiscal year 1996.

Exempting agricultural shipments would reduce ocean transportation costs on food aid shipments by up to \$120 million annually (at current foreign-U.S. freight differentials). The effect of such savings on the Federal budget would depend on whether discretionary appropriations for food assistance programs would be reduced or whether the savings would be used to finance additional food assistance.

Storage costs for Pakistan.—Section 510 would release Pakistan from its contractual obligation to pay the U.S. Government for storing items purchased before October 1, 1990, but not delivered because of restrictions in the Foreign Assistance Act. The U.S. Government is charging Pakistan \$1.4 million a year for the cost of

storing F-16 aircraft. Since 1991, the U.S. Government has charged Pakistan nearly \$7 million. Because Pakistan has not been paying these charges, waiving them is not estimated to reduce collections.

Termination expenses.—Section 712 would authorize the administration to deobligate and reobligate development assistance funds for countries whose assistance program is terminated. The reobligation would cover equitable settlements for third parties whose contracts were cancelled when the assistance ended. Because the U.S. Government has rarely terminated assistance in a manner that has generated contractor claims, CBO estimates that the authority will be little used and will not result in a significant cost to the government.

Spending subject to appropriations action

The bill would authorize the appropriation of \$17.9 billion for international affairs and other programs over the next 2 years.

Foreign military financing.—The bill would authorize appropriations of \$3,185 million for 1996 and \$3,160 million for 1997 for the foreign military financing program, but it contains earmarks and limitations that exceed the amounts authorized. The estimate assumes that appropriations will not exceed the authorized amounts. It also assumes that in each year \$3,100 million would be appropriated for grants to Israel and Egypt, \$20.6 million would be provided for administrative expenses, and the balance would be provided for credits to Greece and Turkey.

Valuation of defense articles.—Section 173 would authorize the President to reduce the price of defense articles sold from stock that are not intended to be replaced, if the sale would facilitate the sale of a similar or related new defense article, would support the national defense industrial base, and would serve the national security interests. The authority would be subject to the availability of appropriations for any discount. The Department of Defense reports that proposed sales rarely meet all the three conditions in the amendment. The estimate assumes the authorization would not be used to any significant degree.

Development assistant fund.—Section 311 would authorize the appropriation of \$2,475 million in 1996 and \$2,324 million in 1997 for development assistance, the development fund for Africa, assistance for Eastern Europe, assistance for the new independent States, and housing and other credit programs. These activities have different spending rates. To estimate outlays, CBO relied upon a table provided by committee staff that distributed the authorized amount by account.

Asian Development Bank.—Section 606 would authorize the U.S. Government to subscribe to 276,105 shares of stock in the Asian Development Bank as the United States' portion of the fourth general increase in the capital of the bank. If fully funded, the stock subscription would represent a \$3,331 million commitment to the bank. The international agreement authorizing the stock increase anticipates the subscription would be completed over 6 years and that 2 percent of the stock would be paid in by member states. The balance, or callable-capital, carries some small risk that, as an owner of the bank, the U.S. Government may be required to in-

crease its direct investment in the bank should the bank be unable to service its liabilities.

The bill would authorize the appropriation of \$13.32 million in 1996 and 1997, an amount sufficient to purchase paid-in capital stock in the first 2 years of the 6-year expansion of the bank. The estimate assumes that annual appropriations acts would limit callable-capital subscriptions, but would provide no budgetary resources, as has been the practice for the last 16 years. Subsequent authorization would be required to complete the stock subscription or to increase capital investments from callable-capital.

Transportation costs.—Section 719 would permanently authorize the appropriation of such sums as may be necessary for the cost of transporting privately donated humanitarian assistance to the Baltic States and the newly independent states of the former Soviet Union and Yugoslavia. Since 1992, the U.S. Government has spent nearly \$200 million to transport donated goods and excess government property to those countries. CBO estimates that such costs would total \$25 million a year based on projections of the State Department.

7. Pay-as-you-go considerations: The Balanced Budget and Emergency Deficit Control Act of 1985 sets up pay-as-you-go procedures for legislation affecting direct spending or receipt through 1998. CBO estimates that the bill would have the following pay-as-you-go impact:

[By fiscal years, in millions of dollars]

| | 1995 | 1996 | 1997 | 1998 |
|--------------------------|------------------|------------------|------------------|------------------|
| Change in outlays | 0 | 23 | 20 | 45 |
| Change in receipts | (¹) | (¹) | (¹) | (¹) |

¹ Not applicable.

- 8. Estimated cost to State and local governments: None.
- 9. Estimate comparison: None.
- 10. Previous CBO estimate: None.
- 11. Estimate prepared by: Joseph C. Whitehill and Deborah Reis.
- 12. Estimate approved by: Paul Van de Water, Assistant Director for Budget Analysis.

EVALUATION OF REGULATORY IMPACT

In accordance with rule XXVI, paragraph 11(b) of the Standing Rules of the Senate, the committee has concluded that there is no regulatory impact from this legislation.

ADDITIONAL VIEWS OF SENATOR HELMS

I do not support foreign aid. Most Americans do not support it largely because many of the programs which have been undertaken in developing nations have brought few tangible results for those they were designed to benefit. In fact, billions of dollars in foreign aid spending been counterproductive. This aid has gone to nations which sanction drug trafficking; which rule undemocratically; which abuse the rights of their citizens and the rights of Americans; which oppose the United States in international forums; and which stifle economic growth and shield their markets from U.S. exports. It is incomprehensible how a nation which is \$4.9 trillion in debt can continue to spend nearly \$14 billion annually on foreign aid.

I believe the "Foreign Aid Reduction Act of 1995", in combination with S. 908, the Foreign Relations Revitalization Act of 1995, will move our Nation in the proper direction regarding foreign aid and assist in balancing the Federal budget by 2002. S. 908 abolishes the Agency for International Development (AID), the Federal agency responsible for providing most U.S. foreign aid and, this legislation makes deep cuts in foreign aid funding.

Foreign aid may only represent 1.3 percent of the entire Federal budget, but when one considers that the entire Federal budget is \$1.5 trillion, foreign aid spending is an enormous sum of money. Further, more than 14 percent of the Federal budget is devoted exclusively to repaying interest on the Federal debt, it is clear that our Nation cannot afford this type of spending. It must also be noted that, as a share on non-defense discretionary spending, foreign aid consumes fully 8 percent of the budget.

The committee took several actions which I oppose. While I fully respect the will of the committee, I do not support a number of amendments which were agreed to.

U.N. FUND FOR POPULATION ACTIVITIES

Most important of the objectionable provisions included in the committee mark up of the "Foreign Aid Reduction Act of 1995", was the inclusion of a provision authorizing funding for the U.N. Fund for Population Activities (UNFPA).

I am deeply disappointed that the committee decided to authorize funding for the U.N. Population Program. For almost two decades, UNFPA has, in the name of reducing the world's population, helped the communist Chinese Government manage its brutal population control program. Under China's program, women are dragged into government clinics and forced to have an abortion if they already have one child. Women and men are forced, like animals, to undergo sterilization procedures if they violate or oppose the "one-child" policy. This inhumane program—which UNFPA upholds as a model for developing countries—has caused an alarming

increase in abortions of baby girls because many Chinese consider them less valuable.

I do not accept the fiction that UNFPA does not participate in China's population control program, or that UNFPA disapproves of the Chinese program. The evidence to the contrary is too overwhelming. About China's brutal program, UNFPA's current Executive Director, Ms. Nafis Sadik, told China's official news agency in 1991 that "China has every reason to feel proud of and pleased with its remarkable achievements made in its family planning policy and control of its population growth over the past 10 years. Now the country could offer its experiences and special experts to help other countries." Based on this and other statements, those who believe in the sanctity of human life have every right to be concerned that UNFPA will promote Chinese policies of coercive abortion and sterilization in developing countries. I am not aware that Ms. Sadik renounced this statement.

AID Administrator Brian Atwood told the chairman of the House Foreign Operations Appropriations Subcommittee, in an August 6, 1993, letter that "if there are not significant improvements in China's population program, the United States will not support continued UNFPA assistance to China beyond 1995 when the current program ends." The situation in China is worse, UNFPA does not intend to pull out of China, yet the administration will continue to fund UNFPA. The administration's refusal to use financial leverage by withholding United States funds to UNFPA until UNFPA leaves China is contrary to the administration's public disapproval of China's inhumane "one-child-per-family" population control program.

The President requested more than \$580,000,000 for bilateral international population control programs for fiscal year 1996, making the U.S. population control program the largest in the world. Senate consideration of this bill will be an opportunity to stop the administration from supporting the United Nations' population control programs in China. The administration will fund UNFPA unless Congress passes a foreign aid bill, after it removes the UNFPA provision.

FUNDING FOR MULTILATERAL ORGANIZATIONS

The committee also voted to increase by \$45 million the funding for various U.N. voluntary programs. I oppose U.S. participation in these so-called "voluntary" programs. The United States is already the largest contributor to the United Nations, both for peacekeeping costs and general operating expenses. American taxpayers should not be asked to contribute additional money to pay for dozens of other U.N. programs whose purposes are dubious at best.

Also included during committee mark up, were two amendments dealing with multilateral financial institutions which I oppose. First, the committee adopted an amendment to allow funding for the International Development Association (IDA). My recommendation is that the United States cease its contributions to IDA—an action that would save taxpayers more than \$1 billion annually. Second, the committee approved \$26.6 million for the Asian Development Bank over the next 2 fiscal years. This authorization also requires \$1.29 billion in callable capital for fiscal years 1996 and 1997.

ORIGINAL CHAIRMAN'S MARK

The draft bill I originally brought before the committee, the chairman's mark, would have cut from the President's requested level \$3.196 billion in fiscal year 1996 and \$3.470 billion in fiscal year 1997. Specifically, from the Development Assistance Fund (DFA) of the bill, I proposed cutting \$1.839 billion over 2 years from the current year funding level. As reported out of committee, the bill will save taxpayers nearly \$3 billion from the President's 1996 budget request.

The chairman's mark contained several provisions which directly benefit American citizens. Most important, one section of the bill would have repealed the Presidential waiver regarding the expropriation of U.S. property overseas. Section 527 of the Foreign Relations Authorization Act for fiscal years 1995 and 1996 requires that all foreign aid be terminated to any foreign nation which has expropriated the property of American citizens and has not provided compensation or returned the property. However, section 527 contains a loophole which has allowed this administration to waive this section for two nations—Nicaragua and Costa Rica—which have numerous American expropriation cases. Repealing this waiver authority would have significantly improved the ability of Americans to receive fair and equitable compensation from governments which illegally confiscate American property.

My original bill would have consolidated several satellite foreign affairs agencies. I proposed abolishing the Inter-American Foundation—which has spent more than \$1 billion since its creation—and the African Development Foundation. I also recommended repeal of the American Schools and Hospitals Abroad program and the International Fund for Ireland. While supporters argue that the cost of these programs are insignificant, eliminating these programs would have saved taxpayers more than \$150 million in the next 2 years.

FLEXIBILITY PROVISIONS

The chairman's mark contained a number of provisions which would have enhanced the foreign policymaking flexibility of the administration. These sections were all removed after objections from other members of the committee. While foreign aid levels will continue to decrease, the administration should have the flexibility to use those limited resources in ways which benefit America most. My original bill would have broadened the existing section 610 transfer authority to allow up to 20 percent of the funds from any foreign assistance account to be transferred to any other account. Under current law, money cannot be transferred out of development accounts which could limit the administration's ability to respond to security threats.

The original bill also contained a section which would allow the administration to break earmarks if the President determines that it is vital to the national security interests to do so. In times of national crisis, the President should have this authority. I also proposed a Presidential Contingency Authority so that the President could quickly respond to unforeseen emergencies.

ADMINISTRATION BUDGET REQUEST UNREALISTIC

I was very disappointed that the Clinton administration submitted to Congress a budget for fiscal year 1996 which proposes to increase international affairs spending. In the current budget climate, the President's budget for foreign aid is highly unrealistic. The President's \$15.2 billion budget request for foreign aid is about \$950 million larger than the fiscal year 1995 appropriated level (6.6 percent increase). While the President's budget would cut \$87 million for programs which support economic growth overseas, it would increase spending in the following areas:

- \$512 million increase in funding for multilateral development banks (29 percent increase above fiscal year 1995).
- \$53 million increase for population programs (11 percent increase).
- \$35 million increase for debt reduction and debt forgiveness (500 percent increase).
- \$24 million increase for environmental aid programs.

ADDITIONAL VIEWS OF SENATOR COVERDELL

In my opinion, the Senate Foreign Relations Committee took a very unfortunate step when it approved an amendment that cuts over 50% of the funds authorized for international narcotics controls. The amendment, approved 6-3 by a show of hands, cuts the funds authorized for Narcotics Control Assistance from \$213 million down to \$105 million and transfers the balance of \$108 million to the Development Assistance Fund.

In April, the Western Hemisphere Subcommittee, which I chair, held a hearing on the hemispheric narcotics epidemic. We discussed the scope of the problem the sophistication of the Drug Cartels and the threat posed to the life and security of American people by cocaine, heroin and other poisons arriving from Central and South America. The facts discussed at the hearing paint an ominous and extremely disturbing picture.

I am confident that if all the Senators here could have heard what our subcommittee heard during the course of those hearings, the full committee's vote would have been different. The cartels drain between \$70-140 billion per year from the U.S. economy through emergency room and health care costs among other reasons. The drug trade is responsible for the killing and maiming of more Americans each year than died during our entire engagement in Vietnam. As Stephen Greene of the Drug Enforcement Administration declared, "If another country harbored terrorists who flooded the U.S. with chemical weapons * * * what public official or American citizen would settle for anything short of capturing and punishing those people?"

The facts are that funding for counter-narcotic programs have been cut substantially over the past years—from a total of \$323.9 million fiscal year 1993 down to \$131.8 million last year. The administration fiscal year 1996 request of \$213 million, which was fully funded by the chairman's mark, is essential in keeping our counter-narcotics programs alive. My office spoke on the telephone with the Assistant Secretary of State for International Narcotics and Law Enforcement Affairs who said, "These cuts would in essence dismantle the program. We would be forced to close programs down all over the world."

I have great respect for Senator Kassebaum, who sponsored the amendment in question. I know her intentions were well placed. I share her frustration with the lack of progress in fighting the drug war, as well as the difficulties relating to accounting and budget transparencies. But I cannot support diverting money used to fight so serious a threat to the national security of the United States. There are few dollars authorized by this Committee that are more vital to our national security than those used to fight the international drug war.

It is my hope that the Senate will vote to reinstate full funding for our global counter-narcotics activities.

ADDITIONAL VIEWS OF SENATOR SNOWE

As a cosponsor of the amendment that restored \$45 million in the International Organizations and Programs authorizations level for a range of mostly environmental and sustainable development programs, including the Montreal Protocol Multilateral Fund, the U.N. Framework Convention on Climate Change, the Ramsar Convention on Wetlands, and other worthwhile organizations, I am pleased that the committee agreed, by a bipartisan 12-6 vote, to continue U.S. support for these important activities.

Natural resources, unlike people, recognize no political boundaries. Whether it be fisheries, climate, migratory birds, water pollution, or a host of other issues, actions taken in one country often have an effect on resources in another. International cooperation is therefore an important means of achieving our policy goals as they relate to natural resources, the environment, and sustainable development. And the 14 organizations for which authorization levels have been restored in this legislation provide the United States with good opportunities for productive international cooperation on these issues.

ADDITIONAL VIEWS OF SENATOR FEINGOLD

I concur in much of what is said in the minority views filed by the ranking minority member and others regarding what is wrong with the bill being reported.

Spending on foreign assistance programs, like all other programs supported by U.S. taxpayers, must be reduced if we are going to eliminate our Federal deficit and achieve a balanced budget. But these cuts must be done fairly and equitably. This bill fails to do that. The cuts in the committee-reported bill are focused on programs designed to meet basic human needs while security assistance programs are generally held at fiscal year 1995 levels and in some cases increased.

Additional, the bill contains numerous programmatic changes that make little sense and will make it more difficult to carry out foreign assistance programs in an efficient and cost-effective manner.

Foreign assistance programs need reforms, but this legislation does not move us in the right direction.

MINORITY VIEWS OF SENATORS PELL, BIDEN, SARBANES,
DODD, KERRY, ROBB, AND FEINSTEIN

Recent polling data show that an overwhelming majority of Americans agrees that the United States should provide assistance to help people in foreign countries who are in great need. They understand that such aid is not merely a gesture of compassion, but a means of promoting long-term U.S. economic and political interests.

Foreign assistance serves U.S. economic interests by expanding markets for United States goods and services. Exports to the developing world now account for 40 percent of all U.S. exports, and result in the creation or maintenance of 3 million American jobs each year. Forty-three of the top 50 consumer nations of American agricultural products were once U.S. foreign aid recipients. Our exports to Latin America in 1993 alone were more than twice the total amount of all economic assistance we provided to Latin American countries over the previous four decades.

In addition, helping other countries to develop their economies bolsters U.S. wages and creates a more level international playing field. American workers cannot compete on a fair basis with workers in countries where wages are just pennies a day, and where environmental and occupational safety standards are practically nonexistent. Raising living standards and promoting worker rights abroad is critical if free trade is going to be fair trade.

Foreign economic development directly affects American citizens in other ways, as well. Efforts to spur broad-based economic growth, protect human rights and create stable democratic institutions abroad mean fewer illegal immigrants and political refugees to our own country. They help reduce economic incentives for the production of illegal drugs that end up on American streets, and ameliorate conditions that breed support for terrorism and other forms of extremism.

In an age of expanding tourism, travel and commerce, Americans cannot afford to be indifferent to health epidemics and outbreaks of disease anywhere in the world. Infectious and parasitic diseases are, in fact, the leading cause of death on the planet. Our efforts to control the spread of AIDS, polio, and other deadly diseases simply protect ourselves.

Some of the greatest environmental challenges are being faced by countries and individuals without the financial or technological resources to find alternatives. But deforestation, pollution, and exhaustion of natural resources have effects that do not respect national or geographic boundaries. And since rapid population growth, persistent poverty and environmental degradation tend to go hand-in-hand, reinforcing each other, a coherent and coordinated approach to addressing these problems is required. Prevent-

ing these situations from growing into humanitarian emergencies and man-made disasters is a key objective of our foreign aid.

From the standpoint of U.S. political and strategic interests, foreign assistance programs can be of critical importance. Democratic countries are generally more stable and more reliable partners in responding to problems of mutual concern. If we reduce funding for the kind of programs that aim to prevent violent conflicts from developing, and that help resolve conflicts peacefully when they do arise, we may end up having to deal with some of them militarily—which is much more costly both in terms of dollars and in terms of human life.

We cannot hope to combat the scourge of illegal drugs effectively or put an end to international terrorism without global cooperation. Whether through education and training, provision of appropriate equipment, or helping to reduce economic incentives for these activities, U.S. assistance is crucial. It is also a key element in the fight against nuclear proliferation. Foreign aid programs help to dismantle safely and destroy nuclear weapons that were aimed against American cities for nearly half a century, and teach other countries how to prevent and detect the smuggling of weapons of mass destruction and their components.

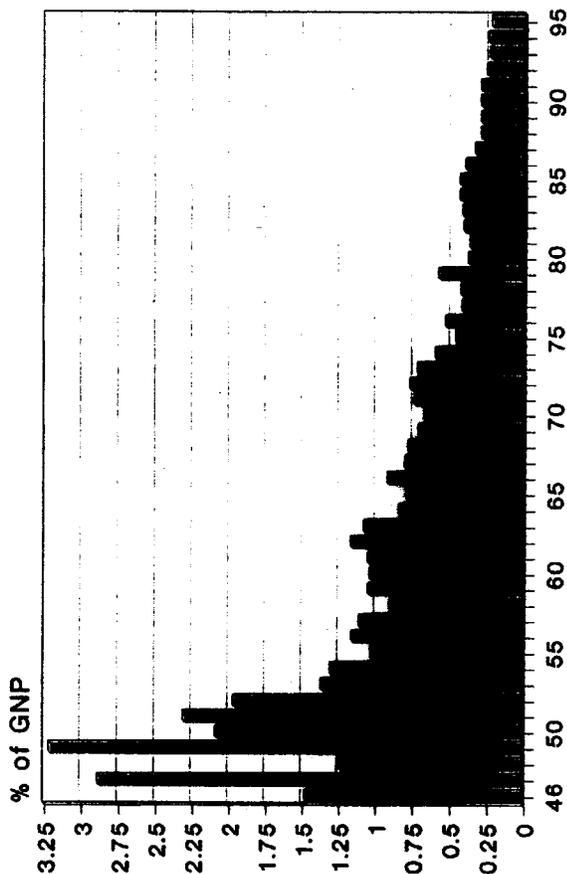
Therefore, while we recognize that foreign assistance programs must bear their share of the cuts required under the budget resolution, we are deeply concerned that excessive cuts in foreign aid are shortsighted and will end up costing us money in the long run. This bill makes cuts that are far deeper than are required, that are unfairly and unwisely distributed, and that will impair the ability of the United States to protect its interests abroad.

FUNDING LEVELS

Foreign assistance programs constitute just over 1 percent of the Federal budget. They are at their lowest levels in nearly half a century (Figure 1)—since the beginning of the Marshall Plan—and have fallen more than 50 percent in real terms over the last ten years (Figure 2).

FIGURE 1

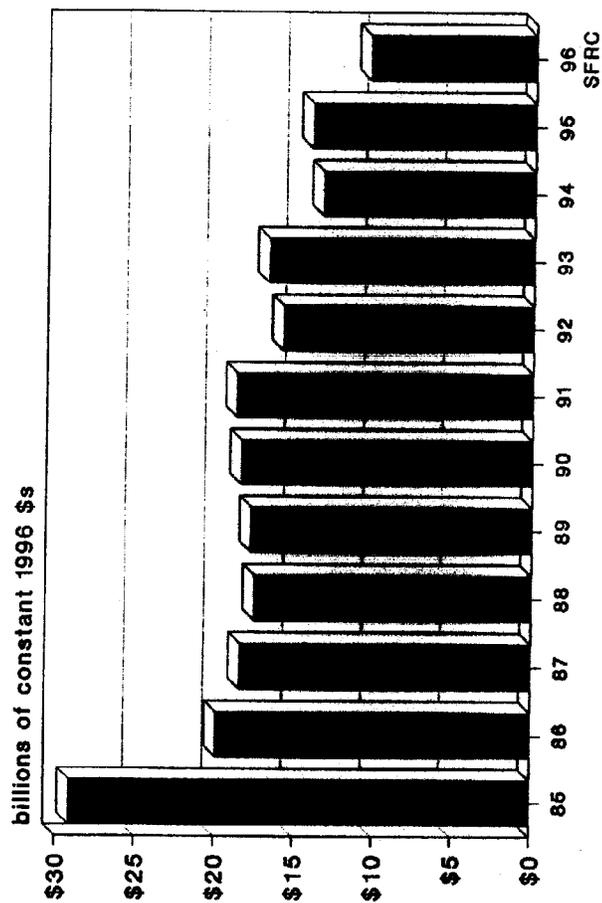
U.S. FOREIGN ASSISTANCE AS % OF GNP FY1946 - FY1995



Source: USAID and OMB

FIGURE 2

Foreign Operations Appropriations



96-levels assumed by SFRC authorization.
93 excludes IMF quota

The United States not only gives the lowest percentage of its GNP for official development assistance among 21 industrialized members of the Organization for Economic Cooperation and Development (OECD), but the .15 percent we give for this purpose is half the group's average. The U.S. share in the total volume of official development assistance given by OECD donors has dropped from 30 percent in 1982–83 to 17 percent in 1993.

Budget resolution

The budget resolution that was passed by the Senate during the course of the committee's mark-up would impose cuts of \$2.2 billion in fiscal year 1996 and \$2.6 billion in fiscal year 1997 from the total amount appropriated for all international affairs spending in fiscal year 1995—cuts of approximately 11 percent and 13 percent, respectively, even without allowing for inflation. Such spending includes not only foreign aid programs authorized in this bill, but also the budget for State Department operations, funding for food aid programs authorized by the Agriculture Committee, funding for the Export-Import Bank authorized by the Banking Committee, and programs that were previously authorized and only require appropriation, such as certain multilateral development banks.

Since a final budget resolution has not yet been enacted, and the Appropriations Committee has not yet allocated spending levels among its subcommittees, the amount available for foreign assistance programs is unknown. Furthermore, since authorization bills only set priorities, policy guidelines, and ceilings for appropriators, they are not subject to the limitations of the budget resolution. Authorization bills are not required to, and rarely do, stay within the budget limits imposed on appropriation bills. They do not have an impact on the deficit.

Nevertheless, we agree that to have more of an impact on the current budget process, our authorization bill should be close to the levels likely to be available to the appropriators. During committee consideration of the bill, there was much discussion over what those levels might be.

This bill assumes that every international affairs program that is not included in one of the two authorization bills reported by the Foreign Relations Committee thus far will be funded at the levels requested by the President for fiscal year 1996. We believe that assumption is not only unrealistic, but unfair. The budget resolution passed by the Senate specifically recommends that export financing and trade promotion programs be reduced by \$755 million in budget authority over five years, replenishments to soft loan arms of the multilateral development banks be reduced by \$3.8 billion, and food aid be reduced by \$430 million over the same period.

By setting aside enough money to allow full funding for these programs not only at fiscal year 1995 levels, but at the increased levels that the administration requested for them in fiscal year 1996, this bill forces foreign aid programs to bear the full brunt of the spending reductions that were to be spread out across the 150 "International Affairs" budget account. Under this bill, \$2 billion in reductions from 1995 levels—over 90 percent of the budget cuts taken from the 150 account—would be absorbed by only 25 percent of the programs in the 150 accounts.

An amendment was offered during mark-up by Senator Sarbanes stating the Sense of the Senate that international affairs programs which were previously authorized, or which are under the jurisdiction of other committees, "should bear a proportionate share of the reductions taken from the 150 budget account." Had the amendment been adopted, it would have made over \$500 million in additional funding available for programs in this bill for fiscal year 1996, and over \$600 million in fiscal year 1997.

Even without allowing for proportionate reductions, this bill is approximately \$90 million below the amount the entire committee agreed is available under the Senate budget resolution for fiscal year 1996 and \$180 million below what is available for fiscal year 1997. It represents a 25 percent cut from the administration's fiscal year 1996 request.

All in all, the committee could have authorized more than a billion dollars in additional funding for key foreign assistance programs over the next 2 years, and still remained clearly within the budget resolution. By cutting so much further than is required, this bill may end up tying the hands of the appropriators, and the President, in ways that are both unnecessary and imprudent. A situation may well occur in which the appropriators have more money available than this bill authorizes them to spend. This bill would thus have the effect of setting arbitrarily low ceilings on programs that we believe serve United States national interests.

Distribution of cuts

In addition to the overall levels of funding contained in this bill, we are concerned about the way funds are allocated within it. The cuts are distributed in such a way as to fall heaviest on the poorest countries. They will disproportionately impact programs that are designed to meet basic human needs, such as child survival, rural development and nutrition programs, primary education and literacy training, combating AIDS and other deadly diseases, preventing rapid population growth, protecting the environment, conserving energy and other resources, promoting basic health and sanitation, integrating women into local and national economies and supporting fundamental human rights. These are the very programs that help people in developing countries to become self-reliant, build productive capacity, implement sound policies, establish effective and accountable political institutions, and improve the quality of their own lives.

While security assistance programs are generally held at FY 1995 levels, and in some cases increased, sustainable development programs are cut by more than one-third, aid to Africa is cut by nearly a quarter, and funding for the Inter-American and African Development Foundations is eliminated entirely. U.S. voluntary contributions to international organizations and programs are reduced by 40 percent. No funding at all is provided for the International Development Association, for the successor to the Enhanced Structural Adjustment Facility, or for debt restructuring—all programs designed to assist countries with per capita incomes below \$835 a year.

Impact of cuts

Major cuts in U.S. foreign assistance not only hurt people in the countries for which it is intended, but the American citizens who produce the goods and services purchased with that assistance. Nearly 80 percent of the contracts and grants awarded by the U.S. Agency for International Development (USAID) go to American firms. 95 percent of USAID's purchases of agricultural commodities and related services are made in the United States. In the past 2 years, U.S. companies have won nearly \$5 billion in contracts for projects funded by multilateral development banks. Moreover, every dollar we contribute to the banks generates five dollars in export sales for U.S. businesses.

Just as our resources help to leverage many times their value in support from other donors, cuts in our assistance programs are likely to be matched by cuts from other donors—private individuals as well as foreign governments and multilateral institutions. The result is a “snowball effect” of reductions many times the original magnitude of the cut. A recent report by the OECD, expressing concern about proposals for major cutbacks in U.S. foreign aid, warned:

Such a turning away by the U.S. from the common effort for development which it inspired over 30 years ago would be all the more serious because a declining United States aid volume poses a risk of undermining political support for development cooperation in other DAC [Development Assistance Committee] countries, thus compromising the collective international donor effort to build human security and well being.

POLICY ISSUES

Congressional oversight

Several provisions in this bill would reduce the ability of the committee to signal funding priorities and to conduct effective oversight over the programs under its jurisdiction.

Section 311 merges into a single fund what were once seven separate accounts: Development Assistance, the Development Fund for Africa, Housing Guarantees, Microenterprise, American Schools and Hospitals Abroad, Assistance for the New Independent States, and Assistance for Eastern Europe and the Baltics. We believe that these programs should be considered and funded on their own merits, and that the committee should retain its ability to indicate priorities among them.

We are particularly concerned by the committee's refusal to provide separate funding for the American Schools and Hospitals Abroad (ASHA) program, which will be forced to compete for funding with other programs of particular interest to us, including child survival, population, and microenterprise. We regret that an amendment offered by Senator Pell to provide \$20 million in funding for ASHA for each of fiscal years 1996 and 1997 was not adopted. For more than 30 years, ASHA has successfully advanced U.S. interests worldwide in a highly cost-effective manner. ASHA educational institutions, for instance, have introduced several generations of leaders around the world to American ideals and values,

and have promoted understanding of and support for the United States on many levels. We believe that ASHA is an outstanding example of public-private partnership that merits continued funding and support.

Section 169, in repealing the longstanding prohibition against funding for police training, opens the door for the kinds of abuses that led Congress to enact the prohibition in the first place. The association of the United States with human rights violations conducted by poorly-trained and undemocratic security forces in the 1960s and 1970s is part of the reason for enduring negative perceptions of our foreign aid program.

Similarly, amendments to the Foreign Assistance Act made by section 170 would expand the purposes and objectives of defense articles and services provided by the United States in a manner that raises dangerous possibilities. These changes could leave the wrong perception that such articles and services may be used for external military aggression and for internal military repression.

Private and voluntary organizations

We recognize and value the critical role of America's private and voluntary organizations and cooperatives in the foreign assistance arena. Our partnership with PVOs and cooperatives promotes people-to-people assistance that commands public support and leverages private resources. The work of these organizations not only reflects American values and generosity, but has proven to be an efficient and effective means of delivering assistance that has a positive and lasting impact on the lives of the poor and builds long-term friendships for the United States.

Sections 315 and 317 of the bill would place increased burdens on PVOs and cooperatives, by increasing the amount of funds they would be required to raise from private sources and by narrowing the purposes for which grant aid could be used. In an era of shrinking resources, it simply does not make sense to penalize the very organizations that stretch our dollars the furthest.

Successful amendments offered by Senator Pell seek to ensure that PVOs continue to play a central role in the provision of U.S. foreign assistance. Section 311(c) prevents cuts in development assistance from falling disproportionately on programs carried out by PVOs and cooperatives by requiring maintenance of the current percentage of development funding that is channeled through them. A modification to section 315 reinstates the President's ability to waive, on a case-by-case basis, the requirement that PVOs receive at least 25 percent of their funding from outside sources. Under current law, that proportion is 20 percent, and there are a number of valuable and effective organizations that would be prohibited from participating in U.S. aid programs without this waiver.

Increased administrative burdens

While increasing the President's flexibility in some areas, the bill imposes numerous conditions, restrictions, and reporting requirements that are unnecessary, expensive, and administratively burdensome. Section 3 of the bill sharply limits the allowable purposes of foreign assistance, leaving out such objectives as preventing en-

vironmental degradation, promoting family planning, expanding democracy and human rights, and alleviating the worst aspects of poverty.

After eliminating the agency that has been primarily responsible for administering foreign assistance programs for the last 34 years, through adoption of the fiscal year 1996–99 State Department authorization bill, the committee in this bill vastly increases the amount of information that the executive branch will be required to provide about foreign aid programs. Section 711 requires the President to submit, on an annual basis, assessments of “policies regarding wage and price controls, State ownership of production and distribution, and control of financial institutions”, “tariff levels, quotas, and the opportunity to repatriate capital and profits”, and “tax policies and rights of ownership and property” in each of the recipient countries. We believe that the administration’s increasingly limited diplomatic resources should be focused on creating aid programs that work, not on analyzing Nepalese tax policy.

A number of country-specific sections in the bill create undue hurdles to the provision of foreign assistance. Perhaps section 501 is the most egregious example; it would prohibit Export-Import Bank loans and agricultural credits, and require the United States to vote against all multilateral bank loans, to any country of the former Soviet Union that was late on a debt payment to a private lender unless the loan was secured by revenues from the export of petroleum products, minerals, or other commodities. We fail to understand why the New Independent States should be held to a separate and higher standard for loans than other countries, especially when those loans help to expand U.S. exports.

Cargo preference

Section 718 makes existing cargo preference requirements inapplicable to food assistance. This provision will seriously jeopardize the continued survival of the U.S. merchant marine and the benefits it brings to our economy and national security, costing thousands of jobs without saving a penny. It will mean turning over the carriage of commodities that are produced by American labor and financed by American taxpayers to foreign-flag, foreign-crewed ships. We believe that this bill is not the place to upset the delicate balance that was painstakingly negotiated in legislation under the jurisdiction of other committees.

During mark-up, an amendment was offered by Senator Sarbanes that would have deleted section 718, thus maintaining current cargo preference requirements, and would have added a provision to require increased government-impelled shipping through Great Lakes ports, which are not currently serviced by ocean-going U.S.-flag vessels. It is our view that this amendment would have maintained the balance of benefits between American farmers and merchant mariners in all regions of the country, and we regret that it was not adopted.

United Nations

We believe that United States participation in the United Nations is central to maintaining American leadership in the world and obtaining international cooperation to meet U.S. objectives and

defend U.S. interests. The bill as originally proposed would have prohibited United States contributions to a large number of small, but highly successful U.N.-affiliated agencies requiring only modest contributions from the United States. These are not agencies to which the United States pays an assessed membership fee, but rather those to which the United States chooses to contribute voluntarily because they are judged to serve U.S. interests.

A successful amendment to the bill, cosponsored by Senators Kerry, Pell, Sarbanes and Snowe, deleted that prohibition and provided \$45 million in additional funding for the U.S. contribution to international organizations and programs that promote sustainable development. Among the agencies that may now receive funding are the UNEP Environment Fund, which supports the collection, assessment and dissemination of environmental data; the Montreal Protocol Multilateral Fund, which helps developing countries, assisted by U.S. technology exports, to reduce their use of ozone-depleting substances; the International Union for the Conservation of Nature, which plans strategies for conservation, evaluates environmental impact, and develops environmental law; the UN Framework Convention on Climate Change, a global forum for responding to new information and assessments relating to climate change; and the Intergovernmental Panel on Climate Change, the scientific body which provides such information and assessments.

Even with the additional funding, money for international organizations and programs will remain extremely limited. While there are many U.N.-affiliated agencies that have worked effectively to build democracy and promote sustainable development for only a small U.S. contribution, we wish to express particular support for the International Fund for Agricultural Development, the U.N. Voluntary Fund for Victims of Torture, the U.N. Development Fund for Women (UNIFEM), and the World Food Program.

As originally presented, the bill also would have prohibited contributions to the United Nations Population Fund (UNFPA). A successful amendment sponsored by Senator Feingold permits up to \$35 million in contributions to the UNFPA, so long as such funds are not used in or for China, and so long as UNFPA's programs in China are not increased.

Multilateral development banks

The administration requested authorization for U.S. participation in replenishments to three international financial institutions for fiscal year 1996: the International Development Association (IDA), the Asian Development Bank, and the successor to the Enhanced Structural Adjustment Facility. The bill as originally presented did not contain authority for any of them, and specifically prohibited contributions to IDA for FY 1997.

While we support U.S. participation in these institutions, we recognize that tight budgetary constraints are likely to prevent the U.S. from making its full contributions in the next fiscal year. A successful amendment by Senator Feinstein provides full authorization for contributions to the Asian Development Bank, and a successful amendment by Senator Kassebaum eliminates the prohibition against contributions to IDA. It is our hope and expectation that if additional funds become available to the appropriators, they

will make at least a small amount available for the U.S. contribution to these important institutions, which serve the poorest countries in the world.

CHANGES IN EXISTING LAW

In compliance with paragraph 12 of Rule XXVI of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

The Foreign Assistance Act of 1961

* * * * *

PART I

Chapter 1—Policy; Development Assistance Authorizations

SEC. 101. GENERAL POLICY.—(a) The Congress finds that fundamental political, economic, and technological changes have resulted in the interdependence of nations. The Congress declares that the individual liberties, economic prosperity, and security of the people of the United States are best sustained and enhanced in a community of nations which respect individual civil and economic rights and freedoms and which work together to use wisely the world's limited resources in an open and equitable international economic system. Furthermore, the Congress reaffirms the traditional humanitarian ideals of the American people and renews its commitment to assist people in developing countries to eliminate hunger, poverty, illness, and ignorance.

* * * * *

SEC. 104. POPULATION AND HEALTH.—(a) FINDINGS.—The Congress recognizes that poor health conditions and uncontrolled population growth can vitiate otherwise successful development efforts.

* * * * *

(f) PROHIBITION ON USE OF FUNDS FOR ABORTIONS AND INVOLUNTARY STERILIZATIONS.—(1) None of the funds made available to carry out this part may be used to pay for the performance of abortions as a method of family planning or to motivate or coerce any person to practice abortions.

(2) None of the funds made available to carry out this part may be used to pay for the performance of involuntary sterilizations as a method of family planning or to coerce or provide any financial incentive to any person to undergo sterilizations.

(3) None of the funds made available to carry out this part may be used to pay for any biomedical research which relates, in whole or in part, to methods of, or the performance of, abortions or involuntary sterilization as a means of family planning.

(4)(A) *None of the funds made available to carry out this part may be used for any program, project, or activity that violates the*

laws of a foreign country concerning the circumstances under which abortion is permitted, regulated, or prohibited, or which seeks to alter the laws or policies in effect in any foreign country concerning the circumstances under which abortion is permitted, regulated, or prohibited.

(B) Subparagraph (A) shall not apply to activities in opposition to coercive abortion or involuntary sterilization.

* * * * *

【SEC. 108. PRIVATE SECTOR REVOLVING FUND.—(a) The Congress finds that the development of private enterprise, including cooperatives, is a vital factor in the stable growth of developing countries and in the development and stability of a free, open, and equitable international economic system. It is therefore in the best interests of the United States to assist the development of the private sector in developing countries and to engage the United States private sector in that process. In order to promote such private sector development, the President is authorized to establish a revolving fund account in the United States Treasury. All funds deposited in such account shall, notwithstanding any provision in an appropriation Act to the contrary, be free from fiscal year limitations.

【(b) Of the funds made available under this chapter in each of the fiscal years 1986 and 1987, up to \$18,000,000 may be deposited in this account. Such funds used in accordance with the policies and authorities of this section shall be in addition to other funds available for private sector activities under other authorities in this Act. Any reflows and income arising from activities carried out pursuant to this section, including loan repayments and fee income (as provided in subsection (e) of this section), shall be deposited into the revolving fund and remain available to carry out the purposes of this section. All funds in such account may be invested in obligations of the United States.

【(c)(1) The agency primarily responsible for administering this part is authorized to use the funds maintained in this revolving fund account to furnish assistance in furtherance of the policy of subsection (a) on such terms and conditions as it may determine. Amounts in the revolving fund account shall be available for obligation for assistance under this section only to such extent as may be provided in advance in appropriation Acts. Assistance may be provided under this section without regard to sections 604(a) and 620(r) of this Act.

【(2) Assistance under this section may be provided only to support private sector activities which—

【(A) are consistent with the United States development assistance policies set forth in section 102 of this Act and with the development priorities of the host country;

【(B) are the types of activities for which assistance may be provided under sections 103 through 106 of this Act;

【(C) will have a demonstration effect;

【(D) will be innovative;

【(E) are financially viable;

【(F) will maximize the development impact appropriate to the host country, particularly in employment and the use of appropriate technology; and

[(G) are primarily directed to making available to small business enterprises and cooperatives necessary support and services which are not otherwise generally available.

In determining whether an enterprise is a small business enterprise, the agency primarily responsible for administering this part shall take into consideration the enterprise's total net fixed assets and number of employees, together with the relevant definition utilized by the host country government and the International Bank for Reconstruction and Development and other international organizations.

[(3)(A) Not more than \$3,000,000 may be made available under this section to support any one project.

[(B) Not more than 50 per centum of the financial support for any project may be provided under this section, and a substantial portion of the financial support for a project assisted under this section must be provided by sources within the host country.

[(C) Not more than 20 per centum of the assets of the revolving fund account under this section may be used to support projects in any one country.

[(D) In order to maximize the impact on institution building, loans under this section shall be made primarily to intermediary entities which provide necessary support and services for private sector activities.

[(E) Loans under this section shall be at or near the interest rate otherwise available to the recipient.

[(d) (1) If at any time the assets of the revolving fund account exceeds \$100,000,000, the President shall remit the amount in excess of \$100,000,000 to the United States Treasury.

[(2) As used in this section, "assets" includes amounts in the revolving fund account plus the value of investments made with amounts from the fund plus the current value of outstanding obligations under loans under this section.

[(3) In addition to the requirement of paragraph (1), at the end of any fiscal year, the agency primarily responsible for administering this part may determine that amounts in the revolving fund are sufficient to permit the remittance to the United States Treasury of an amount equal to a portion or the total amount of appropriated funds deposited in the revolving fund. Any such remittance shall be deemed to be a decrease in the appropriated funds in the revolving fund. After remittance has been made of an amount equal to the total amount of appropriated funds, the revolving fund shall consist and be deemed to consist entirely of nonappropriated funds.

[(e) A fee may be charged, where appropriate, in carrying out activities with funds from the revolving fund authorized in this section. The amount of any such fee shall be determined by the agency primarily responsible for administering this part.

[(f) In the event the revolving fund is terminated, all unobligated money in the fund at the time of such termination shall be transferred to and become part of the miscellaneous receipts account of the Treasury.

[(g) As part of its annual congressional presentation documents submitted to the Congress, the agency primarily responsible for administering this part shall include a description of projects pro-

posed to be funded from the revolving fund account for that fiscal year. To the extent that projects are proposed for funding which are not contained in the annual congressional presentation documents, at least fifteen days' advance notification shall be provided to the Congress in accordance with section 634A of this Act.

[(h) Not later than December 31 of each year, the President shall submit a comprehensive report which details all projects funded under this section during the previous fiscal year, all reflows to the revolving fund account, a status report on all projects currently contained in the fund's portfolio. Such reports shall include, but not be limited to, information regarding numbers and kinds of beneficiaries reached, amounts and kinds of benefits provided by the funded projects to targeted populations, and a justification for projects within the context of the goals and objectives of the United States development assistance program.

[(i)(1) To carry out the purposes of subsection (a), in addition to the other authorities set forth in this section, the agency primarily responsible for administering this part is authorized to issue guarantees on such terms and conditions as it shall determine assuring against losses incurred in connection with loans made to projects that meet the criteria set forth in subsection (c). The full faith and credit of the United States is hereby pledged for the full payment and performance of such guarantees.

[(2) Loans guaranteed under this subsection shall be on such terms and conditions as the agency may prescribe, except for the following:

[(A) The agency shall issue guarantees only when it is necessary to alleviate a credit market imperfection.

[(B) Loans guaranteed shall provide for complete amortization within a period not to exceed ten years or, if the principal purpose of the guaranteed loan is to finance the construction or purchase of a physical asset with a useful life of less than ten years, within a period not to exceed such useful life.

[(C) No loan guaranteed to any one borrower may exceed 50 percent of the cost of the activity to be financed, or \$3,000,000, whichever is less, as determined by the agency.

[(D) No loan may be guaranteed unless the agency determines that the lender is responsible and that adequate provision is made for servicing the loan on reasonable terms and protecting the financial interest of the United States.

[(E) The fees earned from the loan guarantees issued under this subsection shall be deposited in the revolving fund account as part of the guarantee reserve established under paragraph (5) of this subsection. Fees shall be assessed at a level such that the fees received, plus the funds from the revolving fund account placed in the guarantee reserve satisfy the requirements of paragraph (5). Fees shall be reviewed every twelve months to ensure that the fees assessed on new loan guarantees are at the required level.

[(F) Any guarantee shall be conclusive evidence that such guarantee has been properly obtained, and that the underlying loan as contracted qualifies for such guarantee. Except for fraud or material misrepresentation for which the parties seek-

ing payment under such guarantee are responsible, such guarantee shall be presumed to be valid, legal, and enforceable.

[(G) The agency shall determine that the standards used by the lender for assessing the credit risk of new and existing guaranteed loans are reasonable. The agency shall require that there be a reasonable assurance of repayment before credit assistance is extended.

[(H) Commitments to guarantee loans may be made by the agency only to the extent that the total loan principal, any part of which is guaranteed, will not exceed the amount specified in annual appropriations Acts.

[(3) To the extent that fees are not sufficient as specified under paragraph (2)(E) to cover expected future liabilities, appropriations are authorized to maintain an appropriate reserve.

[(4) The losses guaranteed under this subsection may be in dollars or in other currencies. In the case of loans in currencies other than dollars, the guarantees issued shall be subject to an overall payment limitation expressed in dollars.

[(5) The agency shall segregate in the revolving fund account and hold as a reserve an amount estimated to be sufficient to cover the agency's expected net liabilities on the loan guarantees outstanding under this subsection; except that the amount held in reserve shall not be less than 25 percent of the principal amount of the agency's outstanding contingent liabilities on such guarantees. Any payments made to discharge liabilities arising from the loan guarantees shall be paid first out of the assets in the revolving fund account and next out of other funds made available for this purpose.]

SEC. 108. MICRO- AND SMALL-ENTERPRISE DEVELOPMENT CREDIT PROGRAM.

(a) *FINDINGS AND POLICY.*—*The Congress finds and declares that—*

(1) *the development of micro- and small enterprise, including cooperatives, is a vital factor in the private sector growth of developing countries and in the development and stability of a free, open, and equitable international economic system;*

(2) *it is, therefore, in the best interests of the United States to assist the development of the private sector in developing countries and to engage the United States private sector in that process; and*

(3) *the support of private enterprise can be served by programs providing credit, training, and technical assistance for the benefit of micro- and small enterprises.*

(b) *PROGRAM.*—*To carry out the policy set forth in subsection (a), the President is authorized to provide assistance to increase the availability of credit to micro- and small enterprises lacking full access to credit, including through—*

(1) *loans and guarantees to credit institutions for the purpose of expanding the availability of credit to micro- and small enterprises;*

(2) *training programs for lenders in order to enable them to better meet the credit needs of micro- and small entrepreneurs; and*

(3) training programs for micro- and small entrepreneurs in order to enable them to make better use of credit and to better manage their enterprises.

* * * * *

SEC. 110. COST-SHARING AND FUNDING LIMITS.—No assistance shall be furnished by the United States Government to a country under sections 103 through 106 of this Act until the country provides assurances to the President, and the President is satisfied, that such country provide at least [25 per centum] 30 per centum of the costs of the entire program, project, or activity with respect to which such assistance is to be furnished, except that such costs borne by such country may be provided on an “in-kind” basis.

* * * * *

SEC. 129. PRIVATE FUNDING OF PRIVATE AND VOLUNTARY ORGANIZATIONS.

(a) RESTRICTION.—None of the funds made available to carry out this chapter may be made available to any United States private and voluntary organization, except any cooperative development organization, which obtains less than 25 per centum of its total annual funding for international activities from sources other than the United States Government.

(b) WAIVER.—The President may, on a case-by-case basis, waive the restriction established by subsection (a), after taking into account the effectiveness of the overseas development activities of the organization, its level of volunteer support, its financial viability and stability, and the degree of its dependence for its financial support on the United States Government.

* * * * *

Chapter 3—International Organizations and Programs

SEC. 301. GENERAL AUTHORITY.—(a) When he determines it to be in the national interest, the President is authorized to make voluntary contributions on a grant basis to international organizations and to programs administered by such organizations, and in the case of the Indus Basin Development Fund administered by the International Bank for Reconstruction and Development to make grants and loans payable as to principal and interest in United States dollars and subject to the provisions of section 122(b), on such terms and conditions as he may determine, in order to further the purposes of this part.

* * * * *

SEC. 302. AUTHORIZATION.—[(a)(1) There are authorized to be appropriated to the President \$270,000,000 for fiscal year 1986 and \$236,084,000 for fiscal year 1987 for grants to carry out the purposes of this chapter, in addition to funds available under other Acts for such purposes. Of the amount appropriated for each of the fiscal years 1986 and 1987 pursuant to these authorizations—

[(A) 59.65 percent shall be for the United Nations Development Program;

[(B) 19.30 percent shall be for the United Nations Children’s Fund;

[(C) 7.20 percent shall be for the International Atomic Energy Agency, except that these funds may be contributed to that Agency only if the Secretary of State determines (and so reports to the Congress) that Israel is not being denied its right to participate in the activities of that Agency;

[(D) 5.44 percent shall be for Organization of American States development assistance programs;

[(E) 3.51 percent shall be for the United Nations Environment Program;

[(F) 0.70 percent shall be for the World Meteorological Organization;

[(G) 0.70 percent shall be for the United Nations Capital Development Fund;

[(H) 0.35 percent shall be for the United Nations Education and Training Program for Southern Africa;

[(I) 0.18 percent shall be for the United Nations Voluntary Fund for the Decade for Women;

[(J) 0.07 percent shall be for the Convention on International Trade in Endangered Species;

[(K) 0.70 percent shall be for the World Food Program;

[(L) 0.18 percent shall be for the United Nations Institute for Namibia;

[(M) 0.12 percent shall be for the United Nations Trust Fund for South Africa;

[(N) 0.04 percent shall be for the United Nations Voluntary Fund for Victims of Torture;

[(O) 0.07 percent shall be for the United Nations Industrial Development Organization;

[(P) 0.55 percent shall be for the United Nations Development Program Trust Fund To Combat Poverty and Hunger in Africa;

[(Q) 0.97 percent shall be for contributions to international conventions and scientific organizations;

[(R) 0.18 percent for the United Nations Center on Human Settlements (Habitat); and

[(S) 0.09 percent shall be for the World Heritage Fund.

[(2) The Congress reaffirms its support for the work of the Inter-American Commission on Human Rights. To permit such Commission to better fulfill its function of insuring observance and respect for human rights within this hemisphere, not less than \$357,000 of the amount appropriated for fiscal year 1976 and \$358,000 of the amount appropriated for fiscal year 1977, for contributions to the Organization of American States, shall be used only for budgetary support for the Inter-American Commission on Human Rights.]

(a)(1) There are authorized to be appropriated to the President, in addition to funds otherwise available for such purpose, \$225,000,000 for fiscal year 1996, and \$225,000,000 for fiscal year 1997, for voluntary contributions under this chapter to international organizations and programs, of which amounts not less than \$103,000,000 for each fiscal year shall be available only for the United Nations Children's Fund (UNICEF).

(2) Funds appropriated pursuant to paragraph (1) are authorized to remain available until expended.

* * * * *

SEC. 306. REPORTS ON INTERNATIONAL ORGANIZATIONS.—(a) The annual reports to the Congress under section 2 of the Act of September 21, 1950 (64 Stat. 902, 22 U.S.C. 262a), shall be submitted within nine months after the end of the fiscal year to which they relate.

(b)(1) [The President shall submit semiannual reports to the Congress listing all voluntary contributions by the United States Government to international organizations. One of the semiannual reports shall be submitted no later than July 1 and shall list all contributions made during the first six months of the then current fiscal year. The other semiannual report shall be submitted no later than January 1 and shall list all contributions made during the last six months of the preceding fiscal year.] *Not later than January 31 of each year, the President shall transmit a report to the appropriate congressional committees listing all voluntary contributions by the United States Government to international organizations during the preceding fiscal year.* Each such report shall specify the Government agency making the voluntary contribution, the international organization to which the contribution was made, the amount and form of the contribution, and the purpose of the contribution. Contributions shall be listed on both an agency-by-agency basis and an organization-by-organization basis.

(2) In order to facilitate the preparation of the report required by paragraph (1), the head of any Government agency which makes a voluntary contribution to any international organization shall [promptly] report that contribution to the Director of the Office of Management and Budget *on a quarterly basis.*

(3) As used in this subsection the term “contribution” means any contribution of any kind, including the furnishing of funds or other financial support, services of any kind (including the use of experts or other personnel) or commodities, equipment, supplies, or other material.

(c) *JUSTIFICATION OF NATIONAL INTEREST.—The President shall transmit as part of each report required by subsection (b)(1) a justification of the manner in which United States voluntary contributions to international organizations benefit United States national security or other national interests. This justification shall include, for each organization, the purpose and objectives of the United States contribution, a description of the benefits to United States national security or other national interests.*

[SEC. 307. WITHHOLDING OF UNITED STATES PROPORTIONATE SHARE FOR CERTAIN PROGRAMS OF INTERNATIONAL ORGANIZATIONS.—(a) Notwithstanding any other provision of law, none of the funds authorized to be appropriated by this chapter shall be available for the United States proportionate share for programs for Burma, Iraq, North Korea, Syria, Libya, Iran, Cuba, or the Palestine Liberation Organization or for projects whose purpose is to provide benefits to the Palestine Liberation Organization or entities associated with it.

(b) The Secretary of State—

(1) shall review, at least annually, the budgets and accounts of all international organizations receiving payments of any funds authorized to be appropriated by this chapter; and

[(2) shall report to the appropriate committees of the Congress the amounts of funds expended by each such organization for the purposes described in subsection (a) and the amount contributed by the United States to each such organization.

[(c) The limitations of subsection (a) shall not apply to contributions to the International Atomic Energy Agency or the United Nations Children's Fund (UNICEF).]

SEC. 307. WITHHOLDING OF UNITED STATES PROPORTIONATE SHARE FOR PROGRAMS OF INTERNATIONAL ORGANIZATIONS.

(a) *REQUIREMENT TO WITHHOLD.*—Funds authorized to be appropriated by this chapter shall not be available for the United States proportionate share for programs, projects, or activities for countries or organizations described in subsection (d). This prohibition applies notwithstanding any provision of law that earmarks funds under this chapter for a specified international organization or program.

(b) *USE OF FUNDS WITHHELD.*—Funds returned or not made available for programs or projects pursuant to subsection (a) shall be returned to the miscellaneous receipts account of the Treasury of the United States.

(c) *OBLIGATIONS.*—The President—

(1) shall review, at least annually, the budgets and accounts of all international organizations receiving payments of any funds authorized to be appropriated by this chapter; and

(2) shall report to the appropriate congressional committees the amounts of funds expended by each such organization for programs or projects described in subsection (d) and the amount contributed by the United States to each such organization.

(d) *PROGRAMS AND PROJECTS COVERED.*—Subsection (a) applies with respect to programs, projects, or activities for Cuba, Iran, Libya, Iraq, North Korea, Sudan, Syria, and Burma.

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Chapter 8—International Narcotics Control

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SEC. 490A. ANNUAL CERTIFICATION PROCEDURES AFTER SEPTEMBER 30, 1994.

(a) **WITHHOLDING OF BILATERAL ASSISTANCE AND OPPOSITION TO MULTILATERAL DEVELOPMENT ASSISTANCE.**—

(1) **BILATERAL ASSISTANCE.**—Fifty percent of the United States assistance allocated each fiscal year in the report required by section 653 for each major illicit drug producing country or major drug-transit country shall be withheld from obligation and expenditure, except as provided in [subsection (b)] subsections (b) and (h).

(2) **MULTILATERAL ASSISTANCE.**—The Secretary of the Treasury shall instruct the United States Executive Director of each multilateral development bank to vote, on and after March 1 of each year, against any loan or other utilization of the funds of their respective institution to or for any major illicit drug producing country or major drug-transit country, except as pro-

vided in [subsection (b)] *subsections (b) and (h)*. For purposes of this paragraph, the term “multilateral development bank” means the International Bank for Reconstruction and Development, the International Development Association, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, and the European Bank for Reconstruction and Development.

(b) CERTIFICATION PROCEDURE.—

(1) WHAT MUST BE CERTIFIED.—Subject to subsection (d) and paragraph (6) of this subsection, and except as provided for in subsection (h) the assistance withheld from a country pursuant to subsection (a)(1) may be obligated and expended, and the requirement of subsection (a)(2) to vote against multilateral development bank assistance to a country shall not apply, if the President determines and certifies to the Congress, at the time of the submission of the report required by section 489A(a), that—

* * * * *

(6) LIMITATION.—*Beginning with the annual certification required on March 1, 1996, the President may not make a certification under this paragraph with respect to a country in any year which immediately follows a period of two consecutive years in which such certifications have been made with respect to that country.*

* * * * *

(d) CONGRESSIONAL REVIEW.—Subsection (e) shall apply if, within 45 days of continuous session (within the meaning of section 601(b)(1) of the International Security Assistance and Arms Export Control Act of 1976) after receipt of a certification under subsection (b) or subsection (h), the Congress enacts a joint resolution disapproving the determination of the President contained in such certification.

(e) DENIAL OF ASSISTANCE FOR COUNTRIES DECERTIFIED.—(1) If the President does not make a certification under subsection (b) with respect to a country or the Congress enacts a joint resolution disapproving such certification, then until such time as the conditions specified in subsection (f)(1) are satisfied—

[(1) funds] (A) *funds* may not be obligated for United States assistance for that country, and funds previously obligated for United States assistance for that country may not be expended for the purpose of providing assistance for that country; and

[(2) the] (B) *the* requirement to vote against multilateral development bank assistance pursuant to subsection (a)(2) shall apply with respect to that country, without regard to the date specified in that subsection.

(2) *If the President does not make a certification under subsection (h) with respect to Colombia or the Congress enacts a joint resolution disapproving such certification, then until such time as the conditions specified in subsection (f)(1)(B) are satisfied, subparagraphs (A) and (B) of paragraph (1) shall apply.*

(f) RECERTIFICATION.—

(1) TIME OF RECERTIFICATION; CONGRESSIONAL ACTION.—Subsection (e) shall apply to a country described in that subsection until—

[(A) the President] *(A)(i) the President makes a certification under subsection (b) with respect to that country, and the Congress does not enact a joint resolution under subsection (d) disapproving the determination of the President contained in that certification; or*

[(B) the President] *(i) the President submits, at any other time, a certification described in subparagraph (A) and (B) of subsection (b)(1) with respect to such country, and the Congress enacts a joint resolution approving the determination of the President contained in that certification[.] ; or*

(B) the President makes a certification under subsection (h) with respect to Colombia, and the Congress does not enact a joint resolution under subsection (d) disapproving the determination of the President contained in that certification.

(2) CONGRESSIONAL REVIEW PROCEDURES.—(A) Any joint resolution under this section shall be considered in the Senate in accordance with the provisions of section 601(b) of the International Security Assistance and Arms Export Control Act of 1976.

(B) For the purpose of expediting the consideration and enactment of joint resolutions under this section, a motion to proceed to the consideration of any such joint resolution after it has been reported by the appropriate committee shall be treated as highly privileged in the House of Representatives.

* * * * *

(h) SPECIAL DETERMINATION AND CERTIFICATION PROCEDURES FOR COLOMBIA.—For fiscal years 1996 and 1997, the following certification procedures shall apply for Colombia in lieu of the procedures provided for in subsection (b)(1):

(1) WHAT MUST BE CERTIFIED.—Subject to subsection (d), the assistance withheld from Colombia pursuant to subsection (a)(1) may be obligated and expended, and the requirement of subsection (a)(2) to vote against multilateral development bank assistance to or for a country shall not apply with respect to Colombia—

(A)(i) for fiscal year 1996 if the President determines and certifies to the Congress by March 1, 1996, the matters set forth in paragraph (2), and

(ii) for fiscal year 1997 if the President determines and certifies to the Congress by March 1, 1997, the matters set forth in paragraph (3); or

(B) for either fiscal year 1996 or fiscal year 1997, if the President determines and certifies to the Congress by March 1 of the relevant fiscal year that the vital national interests of the United States require that the assistance withheld pursuant to subsection (a)(1) be provided and that the United States not vote against multilateral development bank assistance for that country pursuant to subsection (a)(2).

(2) *MATTERS REQUIRED TO BE CERTIFIED FOR FISCAL YEAR 1996.*—The matters referred to in paragraph (1)(A) are:

(A) *That the Government of Colombia has made substantial progress in the following matters specifically committed to by the President of Colombia:*

(i) *Investigating contributions by drug traffickers to political parties in Colombia.*

(ii) *Providing funding for a sustainable alternative development program to encourage Colombian farmers to grow legal crops.*

(iii) *Utilizing the law enforcement resources of Colombia to investigate, capture, convict, and imprison major drug lords in Colombia and their accomplices.*

(iv) *Implementing and funding a proposed plan for the improvement of the administration of the Ministry of Justice of Colombia.*

(v) *Acting effectively to confiscate profits from activities related to illegal drugs and drug trafficking.*

(vi) *Enacting legislation to implement the United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances.*

(vii) *Dismantling the infrastructure in Colombia that is used for processing illegal drugs, interdicting the chemicals used for such processing, and seizing or disabling vehicles (including airplanes and ships) used to transport processed illegal drugs.*

(viii) *Investing in technology to improve surveillance of airports, waterways, and seaports in Colombia.*

(ix) *Tightening the law enforcement capabilities and commencing construction of an installation for the Colombia Coast Guard on San Andres Island, Colombia, in order to provide effective surveillance of airplane and ship traffic that departs from the island.*

(x) *Improving the aircraft detection and interception systems of Colombia, including the purchase of aircraft detectors.*

(xi) *Encouraging the adoption of an Inter-American convention to ban the establishment of a financial safe haven in any country in the Western Hemisphere.*

(B) *That the Government of Colombia has accomplished the following matters specifically committed to by the President of Colombia:*

(i) *The implementation of necessary reforms to increase the sentences served by drug traffickers so that the penalties be commensurate with the serious nature of their crimes and to remove loopholes for such traffickers to enter into lenient plea bargaining arrangements.*

(ii) *The creation of an effective investigation unit to detect and bring to prosecution individuals in Colombia who engage in corrupt activities related to drugs and drug trafficking.*

(iii) *The implementation of legislation to prohibit money laundering.*

(iv) Implementation of Plan Resplendor, which calls for the destruction of at least 37,000 hectares of coca and poppy plants in Colombia by January 1, 1996.

(3) MATTERS REQUIRED TO BE CERTIFIED FOR FISCAL YEAR 1997.—The matters referred to in paragraph (1)(B) are:

(A) That the Government of Colombia continues to make substantial progress with respect to the following matters specifically committed to by the President of Colombia:

(i) Investigating contributions by drug traffickers to political parties in Colombia and prosecuting those found responsible for such contributions or the acceptance of the same.

(ii) Providing funding for a sustainable alternative development program to encourage Colombian farmers to grow legal crops.

(iii) Utilizing the law enforcement resources of Colombia to investigate, capture, convict, and imprison major drug lords in Colombia and their accomplices.

(iv) Implementing and funding fully a proposed plan for the improvement of the administration of the Ministry of Justice of Colombia.

(v) Acting effectively to confiscate profits from activities related to illegal drugs and drug trafficking.

(vi) Enforcing effectively a statute prohibiting money laundering.

(vii) Implementing necessary reforms to make drug traffickers' sentences commensurate with the nature of their crimes and to eliminate loopholes by which such traffickers enter into lenient plea bargaining arrangements.

(viii) Deploying an effective investigation unit to detect and bring to prosecution individuals in Colombia who engage in corrupt activities related to illegal drugs and drug trafficking.

(ix) Dismantling the infrastructure in Colombia that is used for processing illegal drugs, interdicting the chemicals used for such processing, and seizing or disabling vehicles (including airplanes and ships) used to transport processed illegal drugs.

(x) Investing in technology to improve surveillance of airports, waterways, and seaports in Colombia.

(xi) Improving the aircraft detection and interception systems of Colombia and utilizing such systems.

(xii) Encouraging the adoption of an Inter-American convention to ban the establishment of a financial safe haven in any country in the Western Hemisphere.

(B) That the Government of Colombia has accomplished the following matters specifically committed to by the President of Colombia:

(i) The enactment of legislation to implement the United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances.

(ii) The destruction of all illicit crops, estimated at 70,000 hectares.

(iii) The construction of an installation for the Colombia Coast Guard on San Andres Island, Colombia, in order to provide effective surveillance of airplane and ship traffic that departs from the island.

(4) *REPORTS.*—The Secretary of State shall submit to the appropriate congressional committees a report—

(A) not later than September 1, 1995, on the progress and accomplishments made by the Government of Colombia in the matters set forth in paragraph (2); and

(B) not later than September 1, 1996, on the progress and accomplishments made by the Government of Colombia in the matters set forth in paragraph (3).

(i) *ADDITIONAL SANCTIONS.*—

(1) *APPLICABILITY.*—Notwithstanding any other provision of law, and after transmitting the notice provided for in paragraph (3), in any instance where the President does not make a determination regarding a major illicit drug-producing country or major drug-transit country pursuant to subsection (b) or (h), or the Congress enacts a joint resolution disapproving such certification, the President, in addition to those actions required by subsection (a), may take any or all of the following actions that the President deems appropriate to achieve the objectives of this section:

(A) *SUSPENSION OF BILATERAL ASSISTANCE.*—Suspend all funds, or any combination of funds, activities, or programs, authorized under the Foreign Assistance Act of 1961 or the Arms Export Control Act.

(B) *EXPORT-IMPORT BANK.*—Suspend financing by the Export-Import Bank of the United States under the Export-Import Bank Act of 1945.

(C) *LICENSES FOR COMMERCIAL ARMS EXPORTS.*—Suspend the obligation or expenditure of all funds to license the commercial export of items on the United States Munitions List under section 38 of the Arms Export Control Act.

(D) *MILITARY ACTIVITIES.*—Suspend the obligation and expenditure of all funds expended for purposes of carrying out military activities in Colombia or that benefit Colombia, including joint military activities.

(E) *EXCLUSION FROM ENTRY INTO THE UNITED STATES.*—Take all reasonable steps provided by law to ensure that public officials of such country, regardless of rank, who are implicated in drug-related corruption, their immediate relatives, and their business partners are not permitted entry into the United States, consistent with the provisions of the Immigration and Nationality Act (8 U.S.C. 1101 et seq.), until the completion by the government of that country of an investigation into the drug-related corruption of the official that is satisfactory to the Secretary of State and the Attorney General of the United States.

(F) *TRADE PREFERENCES.*—

(i) *ANDEAN TRADE PREFERENCE ACT.*—Withdraw the designation of such country as a beneficiary country under section 203 of the Andean Trade Preference Act

(19 U.S.C. 3202), if applicable, pursuant to the procedures set forth in subsection (e) of that section.

(ii) *TRADE ACT OF 1974.*—Terminate the designation of such country as a beneficiary developing country under section 502 of the Trade Act of 1974 (19 U.S.C. 2462), pursuant to the procedures set forth in subsection (a)(2) of that section.

(iii) *FREE TRADE AGREEMENTS.*—Deny such country participation in the discussion or implementation of a free trade agreement involving Western Hemisphere countries, if applicable.

(2) *SENSE OF THE CONGRESS REGARDING PARTICIPATION IN FREE TRADE AGREEMENTS.*—It is the sense of the Congress that—

(A) the United States should not extend tariff or quota treatment equivalent to that accorded to members of the North American Free Trade Agreement, or extend participation in the North American Free Trade Agreement, to any major drug-producing country or major drug-transit country not certified under subsection (b) or (h); and

(B) such a country should not be allowed to participate in the discussion or implementation of a free trade agreement involving Western Hemisphere countries.

(3) *REQUIREMENTS FOR IMPOSITION AND TERMINATION OF SANCTIONS.*—

(A) *IMPOSITION OF SANCTIONS.*—

(i) *CONGRESSIONAL NOTIFICATION.*—The President shall impose sanctions under this subsection by transmitting to the appropriate congressional committees a notice setting forth the sanctions to be imposed.

(ii) *EFFECTIVE DATE.*—Any sanctions selected by the President to be imposed under this subsection shall take effect 7 calendar days after the notice has been received by the Congress.

(B) *TERMINATION OF SANCTIONS.*—(i) Sanctions imposed under this subsection shall terminate 15 calendar days after the date on which the President transmits to the appropriate congressional committees a notice terminating the sanctions.

(ii) Upon the termination of sanctions under paragraph (1)(F), any trade designation withdrawn or terminated under paragraph (1)(F) shall be reinstated pursuant to the provisions of the applicable law under which the trade benefits were extended.

SEC. 490B. REPORTS ON ERADICATION OF PRODUCTION AND TRAFFICKING IN NARCOTIC DRUGS AND MARIJUANA.

(a) *IN GENERAL.*—Not later than January 30 and June 30 of each year, the President shall submit to the appropriate congressional committees a report on the progress made by the United States in eradicating production of and trafficking in illicit drugs. The report shall be submitted in unclassified form with a classified annex, if required.

(b) *REPORT ELEMENTS.*—Each report under subsection (a) shall include the following:

(1) A description of the actions taken by the United States during the 6-month period preceding the date of the report—

(A) to assist countries in which illicit drugs are produced in arresting, convicting, and imprisoning individuals and groups that produce such drugs; and

(B) to assist countries through which illicit drugs destined for the United States are shipped in arresting, convicting, and imprisoning individuals and groups that ship such drugs.

(2) A description of other actions taken by the United States during that period—

(A) to assist countries in which cocaine is produced in eradicating the production of coca; and

(B) to decrease the flow of illicit drugs into the United States.

(3) An assessment of the effectiveness of the actions covered by paragraphs (1) and (2).

(4) A description of the major drug trafficking organizations that operate in the United States and a plan that sets forth the manner in which the law enforcement resources of the United States will be utilized to dismantle such organizations.

(5) A statement of the number of deaths due to illicit drugs (including deaths due to drug-related murders and deaths by drug-induced overdoses) in the United States during that period.

(6) A statement of the number of arrests and incarcerations related to illicit drugs in the United States during that period.

(c) REQUIREMENT FOR JANUARY 30, 1996, REPORT.—In addition to the matters set forth in subsection (b), the report submitted by the President under subsection (a) for January 30, 1996, shall include an assessment of the capability of the United States to eradicate coca production in the Western Hemisphere, including—

(1) an assessment of whether or not complete eradication of coca production in the Western Hemisphere is technologically feasible; and

(2) if eradication of such production is considered feasible, an assessment of—

(A) the resources (including any herbicides and aircraft) required for the eradication;

(B) the environmental consequences of the utilization of any herbicide proposed for use in the eradication;

(C) the time required for completion of the eradication; and

(D) the cost of the eradication.

(d) DEFINITIONS.—As used in this section—

(1) The term “illicit drugs” means marihuana and narcotic drugs.

(2) The term “marijuana” has the meaning given such term in section 102(16) of the Controlled Substances Act (21 U.S.C. 802(16)).

(3) The term “narcotic drug” has the meaning given such term in section 102(17) of such Act (21 U.S.C. 802(17)).

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Chapter 9—International Disaster Assistance

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SEC. 492. AUTHORIZATION.—[(a) There are authorized to be appropriated to the President to carry out section 491, \$25,000,000 for the fiscal year 1986 and \$25,000,000 for the fiscal year 1987. Amounts appropriated under this section are authorized to remain available until expended.] (a) *There are authorized to be appropriated to the President to carry out section 491, in addition to funds otherwise available for such purposes, \$200,000,000 for fiscal year 1996 and \$200,000,000 for fiscal year 1997.*

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PART II

Chapter 1—Policy

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SEC. 502. UTILIZATION OF DEFENSE ARTICLES AND SERVICES.—Defense articles and defense services to any country shall be furnished [solely] for internal security (*including for law enforcement purposes*), for legitimate self-defense, to permit the recipient country to participate in regional or collective arrangements or measures consistent with the Charter of the United Nations, or otherwise to permit the recipient country to participate in collective measures requested by the United Nations for the purpose of maintaining or restoring international peace and security, or for the purpose of assisting foreign military forces in less developed friendly countries (or the voluntary efforts of personnel of the Armed Forces of the United States in such countries) to construct public works and to engage in other activities helpful to the economic and social development of such friendly countries. It is the sense of the Congress that such foreign military forces should not be maintained or established solely for civic action activities and that such civic action activities not significantly detract from the capability of the military forces to perform their military missions and be coordinated with and form part of the total economic and social development effort.

[SEC. 502A. EXCESS DEFENSE ARTICLES.—Excess defense articles shall be provided whenever possible rather than providing such articles by the procurement of new items.]

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Chapter 2—Military Assistance

SEC. 503. * * *

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SEC. 506. SPECIAL AUTHORITY.—(a)(1) If the President determines and reports to the Congress in accordance with section 652 of this Act that—

(A) an unforeseen emergency exists which requires immediate military assistance to a foreign country or international organization; and

(B) the emergency requirement cannot be met under the authority of the Arms Export Control Act or any other law except this section;

he may direct, for the purposes of this part, the drawdown of defense articles from the stocks of the Department of Defense, defense services of the Department of Defense, and military education and training, of an aggregate value of not to exceed **[\$75,000,000]** *\$100,000,000* in any fiscal year.

(2)(A) If the President determines and reports to the Congress in accordance with section 652 of this Act that it is in the national interest of the United States to draw down **[defense articles from the stocks of the Department of Defense, defense services of the Department of Defense, and military education and training, he may direct—]** *articles and services from the inventory and resources of any agency of the United States Government and military education and training from the Department of Defense, the President may direct the drawdown of such articles, services, and military education and training—*

[(i) the drawdown of such articles, services, and the provision of such training for the purposes and under the authorities of chapters 8 and 9 of part I, as the case may be; and

[(ii) the drawdown of defense services for the purposes and under the authorities of the Migration and Refugee Assistance Act of 1962.]

(i) for the purposes and under the authorities of—

(I) chapter 8 of part I (relating to international narcotics control assistance);

(II) chapter 9 of part I (relating to international disaster assistance); or

(III) the Migration and Refugee Assistance Act of 1962;

or

(ii) for the purposes of providing such articles, services, and military education and training to Vietnam, Cambodia, and Laos as the President determines are necessary—

(I) to support efforts to locate and repatriate members of the United States Armed Forces and civilians employed directly or indirectly by the United States Government who remain unaccounted for from the Vietnam War; and

(II) to ensure the safety of United States Government personnel engaged in such cooperative efforts and to support Department of Defense-sponsored humanitarian projects associated with such efforts.

(B) An aggregate value of not to exceed **[\$75,000,000]** in any fiscal year of defense articles, defense services, and military education and training may be provided pursuant to subparagraph (A) of this paragraph. **]** *\$150,000,000* in any fiscal year of such articles, services, and military education and training may be provided pursuant to subparagraph (A) of this paragraph—

(i) not more than \$75,000,000 of which may be provided from the drawdown from the inventory and resources of the Department of Defense;

(ii) not more than \$75,000,000 of which may be provided pursuant to clause (i)(I) of such subparagraph; and

(iii) not more than \$15,000,000 of which may be provided to Vietnam, Cambodia, and Laos pursuant to clause (ii) of such subparagraph.

(b)(1) The authority contained in this section shall be effective for any such emergency only upon prior notification to the Committee on Foreign Affairs of the House of Representatives, the Committee on Foreign Relations of the Senate, and the Committee on Appropriations of each House of Congress. *In the case of drawdowns authorized by subclauses (I) and (III) of subsection (a)(2)(A)(i), notifications shall be provided to those committees at least 15 days in advance in accordance with the procedures applicable to reprogramming notifications under section 634A.*

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SEC. 514. STOCKPILING OF DEFENSE ARTICLES FOR FOREIGN COUNTRIES.—(a) No defense article in the inventory of the Department of Defense which is set aside, reserved, or in any way earmarked or intended for future use by any foreign country may be made available to or for use by any foreign country unless such transfer is authorized under this Act or the Arms Export Control Act, or any subsequent corresponding legislation, and the value of such transfer is charged against funds authorized under such legislation or against the limitations specified in such legislation, as appropriate, for the fiscal period in which such defense article is transferred. For purposes of this subsection, “value” means the acquisition cost plus crating, packing, handling, and transportation costs incurred in carrying out this section.

(b)(1) The value of defense articles to be set aside, earmarked, reserved, or intended for use as war reserve stocks for allied or other foreign countries (other than for purposes of the North Atlantic Treaty Organization [or in the implementation of agreements with Israel]) in stockpiles located in foreign countries may not exceed in any fiscal year an amount that is specified in security assistance authorizing legislation for that fiscal year.

[(2) The value of such additions to stockpiles in foreign countries shall not exceed a total of \$200,000,000 for stockpiles in Israel for fiscal years 1994 and 1995, up to \$40,000,000 may be made available for stockpiles in the Republic of Korea, and up to \$10,000,000 may be made available for stockpiles in Thailand for fiscal year 1995.]

(2)(A) The value of such additions to stockpiles of defense articles in foreign countries shall not exceed \$50,000,000 for each of the fiscal years 1996 and 1997.

(B) Of the amount specified in subparagraph (A) for each of the fiscal years 1996 and 1997, not more than \$40,000,000 may be made available for stockpiles in the Republic of Korea and not more than \$10,000,000 may be made available for stockpiles in Thailand.

[(c) Except for stockpiles in existence on June 30, 1976 and for stockpiles located in the Republic of Korea, Thailand, or countries which are members of the North Atlantic Treaty Organization, or major non-NATO allies, no stockpile may be located outside the boundaries of a United States military base or a military base used primarily by the United States.]

(c) LOCATION OF STOCKPILES OF DEFENSE ARTICLES.—

(1) LIMITATION.—Except as provided in paragraph (2), no stockpile of defense articles may be located outside the boundaries of a United States military base or a military base used primarily by the United States.

(2) EXCEPTIONS.—Paragraph (1) shall not apply with respect to stockpiles of defense articles located in the Republic of Korea, Thailand, any country that is a member of the North Atlantic Treaty Organization, any country that is a major non-NATO ally, or any other country the President may designate. At least 15 days before designating a country pursuant to the last clause of the preceding sentence, the President shall notify the congressional committees specified in section 634A(a) in accordance with the procedures applicable to reprogramming notifications under that section.

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SEC. 515. OVERSEAS MANAGEMENT OF ASSISTANCE AND SALES PROGRAMS.—(a) In order to carry out his responsibilities for the management of international security assistance programs conducted under this chapter, chapter 5 of this part, and the Arms Export Control Act, the President may assign members of the Armed Forces of the United States to a foreign country to perform one or more of the following functions:

- (1) equipment and services case management;
- (2) training management;
- (3) program monitoring;
- (4) evaluation and planning of the host government's military capabilities and requirements;
- (5) administrative support;
- (6) promoting rationalization, standardization, interoperability, and other defense cooperation measures [among members of the North Atlantic Treaty Organization and with the Armed Forces of Japan, Australia, and New Zealand]; and
- (7) liaison functions exclusive of advisory and training assistance.

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[SEC. 516. MODERNIZATION OF DEFENSE CAPABILITIES OF COUNTRIES OF NATO'S SOUTHERN FLANK.—(a) AUTHORITY TO TRANSFER EXCESS DEFENSE ARTICLES.—Notwithstanding any other provision of law and subject to subsection (b), the President may transfer (1) to those member countries of the North Atlantic Treaty Organization (NATO) on the southern flank of NATO which are eligible for United States security assistance and which are integrated into NATO's military structure, (2) to major non-NATO allies on the southern and southeastern flank of NATO which are eligible for United States security assistance, and (3) to those countries which, as of October 1, 1990, contributed armed forces to deter Iraqi aggression in the Arabian Gulf, and which either received Foreign Military Financing (FMF) assistance in fiscal year 1990 or are in the Near East Region and received Foreign Military Financing (FMF) assistance in fiscal year 1991 or fiscal year 1992, such excess defense articles as the President determines necessary to help modernize the defense capabilities of such countries. Such excess defense articles may be transferred without cost to the recipient

countries. Transfers to recipient countries under this subsection shall be consistent with the policy framework for the Eastern Mediterranean region established in section 620C of this Act.

[(b) LIMITATIONS ON TRANSFERS.—The President may transfer excess defense articles under this section only if—

[(1) the equipment is drawn from existing stocks of the Department of Defense;

[(2) no funds available to the Department of Defense for the procurement of defense equipment are expended in connection with the transfer;

[(3) the President determines that the transfer of the excess defense articles will not have an adverse impact on the military readiness of the United States; and

[(4) the President first considers the effects of the transfer of the excess defense articles on the national technology and industrial base, particularly the extent, if any, to which the transfer reduces the opportunities of entities in the national technology and industrial base to sell new equipment to the country or countries to which the excess defense articles are transferred.

[(c) NOTIFICATION TO COMMITTEES OF CONGRESS.—The President may not transfer excess defense articles under this section until 30 days after he has notified the Committees on Armed Services and Foreign Relations of the Senate and the Committees on Armed Services and Foreign Affairs of the House of Representatives of the proposed transfer. This notification shall include a certification of the need for the transfer and an assessment of the impact of the transfer on the military readiness of the United States.

[(d) WAIVER OR RETIREMENT FOR REIMBURSEMENT OF DOD EXPENSES.—Section 632(d) shall not apply with respect to transfers of excess defense articles under this section.

[(e) DEFINITION.—As used in subsection (a), the term “member countries of the North Atlantic Treaty Organization (NATO) on the southern flank of NATO” means Greece, Italy, Portugal, Spain, and Turkey.

[(f) DURATION OF AUTHORITY.—The authority of this section shall be effective during fiscal years 1992 through 1996.]

SEC. 516. AUTHORITY TO TRANSFER EXCESS DEFENSE ARTICLES.

(a) *AUTHORIZATION.*—The President is authorized to transfer excess defense articles under this section to countries for which receipt of such articles was justified pursuant to the annual congressional presentation documents for military assistance programs, or for programs under chapter 8 of part I of this Act, submitted under section 634 of this Act, or for which receipt of such articles was separately justified to Congress, for the fiscal year in which the transfer is authorized.

(b) *LIMITATIONS ON TRANSFERS.*—The President may transfer excess defense articles under this section only if—

(1) such articles are drawn from existing stocks of the Department of Defense;

(2) funds available to the Department of Defense for the procurement of defense equipment are not expended in connection with the transfer;

(3) the transfer of such articles will not have an adverse impact on the military readiness of the United States;

(4) with respect to a proposed transfer of such articles on a grant basis, such a transfer is preferable to a transfer on a sales basis, after taking into account the potential proceeds from, and likelihood of, such sales, and the comparative foreign policy benefits that may accrue to the United States as the result of a transfer on either a grant or sales basis;

(5) the President determines that the transfer of such articles will not have an adverse impact on the national technology and industrial base and, particularly, will not reduce the opportunities of entities in the national technology and industrial base to sell new or used equipment to the countries to which such articles are transferred; and

(6) the transfer of such articles is consistent with the policy framework for the Eastern Mediterranean established under section 620C of this Act.

(c) *TERMS OF TRANSFERS.*—

(1) *NO COST TO RECIPIENT COUNTRY.*—Excess defense articles may be transferred under this section without cost to the recipient country.

(2) *PRIORITY.*—Notwithstanding any other provision of law, the delivery of excess defense articles under this section to member countries of the North Atlantic Treaty Organization (NATO) on the southern and southeastern flank of NATO and to major non-NATO allies on such southern and southeastern flank shall be given priority to the maximum extent feasible over the delivery of such excess defense articles to other countries.

(d) *WAIVER OF REQUIREMENT FOR REIMBURSEMENT OF DEPARTMENT OF DEFENSE EXPENSES.*—Section 632(d) shall not apply with respect to transfers of excess defense articles (including transportation and related costs) under this section.

(e) *TRANSPORTATION AND RELATED COSTS.*—

(1) *IN GENERAL.*—Except as provided in paragraph (2), funds available to the Department of Defense may not be expended for crating, packing, handling, and transportation of excess defense articles transferred under the authority of this section.

(2) *EXCEPTION.*—The President may provide for the transportation of excess defense articles without charge to a country for the costs of such transportation if—

(A) it is determined that it is in the national interest of the United States to do so;

(B) the recipient is a developing country receiving less than \$10,000,000 of assistance under chapter 5 of part II of this Act (relating to international military education and training) or section 23 of the Arms Export Control Act (22 U.S.C. 2763; relating to the Foreign Military Financing program) in the fiscal year in which the transportation is provided;

(C) the total weight of the transfer does not exceed 25,000 pounds; and

(D) such transportation is accomplished on a space available basis.

(f) ADVANCE NOTIFICATION TO CONGRESS FOR TRANSFER OF CERTAIN EXCESS DEFENSE ARTICLES.—

(1) IN GENERAL.—The President may not transfer excess defense articles that are significant military equipment (as defined in section 47(9) of the Arms Export Control Act) or excess defense articles valued (in terms of original acquisition cost) at \$7,000,000 or more, under this section or under the Arms Export Control Act (22 U.S.C. 2751 et seq.) until 15 days after the date on which the President has provided notice of the proposed transfer to the congressional committees specified in section 634A(a) in accordance with procedures applicable to reprogramming notifications under that section.

(2) CONTENTS.—Such notification shall include—

(A) a statement outlining the purposes for which the article is being provided to the country, including whether such article has been previously provided to such country;

(B) an assessment of the impact of the transfer on the military readiness of the United States;

(C) an assessment of the impact of the transfer on the national technology and industrial base and, particularly, the impact on opportunities of entities in the national technology and industrial base to sell new or used equipment to the countries to which such articles are to be transferred; and

(D) a statement describing the current value of such article and the value of such article at acquisition.

(g) AGGREGATE ANNUAL LIMITATION.—The aggregate value of excess defense articles transferred to countries under this section in any fiscal year may not exceed \$350,000,000.

(h) CONGRESSIONAL PRESENTATION DOCUMENTS.—Documents described in subsection (a) justifying the transfer of excess defense articles shall include an explanation of the general purposes of providing excess defense articles as well as a table which provides an aggregate annual total of transfers of excess defense articles in the preceding year by country in terms of offers and actual deliveries and in terms of acquisition cost and current value. Such table shall indicate whether such excess defense articles were provided on a grant or sale basis.

(i) EXCESS COAST GUARD PROPERTY.—For purposes of this section, the term ‘excess defense articles’ shall be deemed to include excess property of the Coast Guard, and the term ‘Department of Defense’ shall be deemed, with respect to such excess property, to include the Coast Guard.

[SEC. 517. MODERNIZATION OF COUNTERNARCOTICS CAPABILITIES OF CERTAIN COUNTRIES.—(a) AUTHORITY TO TRANSFER EXCESS DEFENSE ARTICLES.—Subject to the limitations in this section, the President may transfer to a country—

[(1) which is a major illicit drug producing country or a major drug-transit country in Latin America and the Caribbean,

[(2) which has a democratic government, and

[(3) whose armed forces do not engage in a consistent pattern of gross violations of internationally recognized human rights (as defined in section 502B(d)(1)),

such excess defense articles as may be necessary to carry out subsection (b).

[(b) PURPOSE.—Excess defense articles may be transferred under subsection (a) only for the purpose of encouraging the military forces and local law enforcement agencies of an eligible country in Latin America and the Caribbean to participate cooperatively in a comprehensive national antinarcotics program, conceived and developed by the government of that country, by conducting activities within that country and on the high seas to prevent the production, processing, trafficking, transportation, and consumption of illicit narcotic or psychotropic drugs or other controlled substances.

[(c) USES OF EXCESS DEFENSE ARTICLES.—Excess defense articles may be furnished to a country under subsection (a) only if that country ensures that those excess defense articles will be used primarily in support of antinarcotics activities.

[(d) ROLE OF THE SECRETARY OF STATE.—The Secretary of State shall determine the eligibility of countries to receive excess defense articles under subsection (a). In accordance with section 481(b) of this Act, the Secretary shall ensure that the transfer of excess defense articles under subsection (a) is coordinated with other antinarcotics enforcement programs assisted by the United States Government.

[(e) DOLLAR LIMITATION.—The aggregate value of excess defense articles transferred to a country under subsection (a) in any fiscal year may not exceed \$10,000,000.

[(f) CONDITIONS ON TRANSFERS.—The President may transfer excess defense articles under this section only if—

[(1) they are drawn from existing stocks of the Department of Defense;

[(2) funds available to the Department of Defense for the procurement of defense equipment are not expended in connection with the transfer;

[(3) the President determines that the transfer of the excess defense articles will not have an adverse impact on the military readiness of the United States; and

[(4) the President first considers the effects of the transfer of the excess defense articles on the national technology and industrial base, particularly the extent, if any, to which the transfer reduces the opportunities of entities in the national technology and industrial base to sell new equipment to the country or countries to which the excess defense articles are transferred.

[(g) TERMS OF TRANSFERS.—Excess defense articles may be transferred under this section without cost to the recipient country.

[(h) WAIVER OF REQUIREMENT FOR REIMBURSEMENT OF DOD EXPENSES.—Section 632(d) does not apply with respect to transfers of excess defense articles under this section.

[(i) NOTIFICATION TO CONGRESS.—

[(1) ADVANCE NOTICE.—The President may not transfer excess defense articles under this section until 15 days after the President has provided notice of the proposed transfer to the committees specified in paragraph (2). This notification shall include—

[(A) a certification of the need for the transfer;

[(B) an assessment of the impact of the transfer on the military readiness of the United States; and

[(C) a statement of the value of the excess defense articles to be transferred.

[(2) COMMITTEES TO BE NOTIFIED.—Notice shall be provided pursuant to paragraph (1) to the Committee on Armed Services, the Committee on Foreign Affairs, and the Committee on Appropriations of the House of Representatives and the Committee on Armed Services, the Committee on Foreign Relations, and the Committee on Appropriations of the Senate.

[(j) LIMITATION ON USE OF OTHER AUTHORITIES TO TRANSFER EXCESS DEFENSE ARTICLES.—The transfer authority provided in sections 518 and 519 may not be exercised with respect to any major illicit drug producing country or major drug-transit country in Latin America or the Caribbean.

[(k) EXCESS COAST GUARD PROPERTY.—As used in this section, the term “excess defense articles” shall be deemed to include excess property of the Coast Guard, and the term “Department of Defense” shall be deemed, with respect to such excess property, to include the Coast Guard.

[SEC. 518. NATURAL RESOURCES AND WILDLIFE MANAGEMENT.—

[(a) AUTHORITY TO TRANSFER NONLETHAL EXCESS DEFENSE ARTICLES AND SMALL ARMS.—Subject to the limitations in this section, the President may transfer nonlethal excess defense articles and small arms to friendly countries and to international organizations and private and voluntary organizations for the purposes contained in section 119 of this Act.

[(b) LIMITATION ON TRANSFERS.—Transfers under this section shall be subject to the limitations contained in section 516(b).

[(c) TRANSPORTATION.—The Department is authorized to transport nonlethal excess defense articles and small arms made available pursuant to this section without charge on a space available basis.

[(d) WAIVER OF REQUIREMENTS FOR REIMBURSEMENT OF DOD EXPENSES.—Section 632(d) shall not apply with respect to transfers of nonlethal excess defense articles and small arms under this section or the transportation of such articles as authorized by subsection (c).

[(e) NOTIFICATION TO COMMITTEES OF CONGRESS.—The President may not transfer nonlethal excess defense articles and small arms under this section until 30 days after he has notified the Committees on Appropriations of the proposed transfer. This notification shall include a certification of the need for the transfer and an assessment of the impact of the transfer on the military readiness of the United States. Transfers under this section shall also be subject to the notification requirements of section 516(c) of this Act.

[SEC. 519. ADDITIONAL AUTHORITIES RELATING TO MODERNIZATION OF MILITARY CAPABILITIES.—(a) AUTHORITY TO TRANSFER EXCESS DEFENSE ARTICLES.—Notwithstanding any other provision of law (except title V of the national Security Act of 1947) and subject to subsection (b), the President may transfer to countries for whom a foreign military financing program was justified for the fiscal year in which the transfer is authorized, such nonlethal excess defense articles as the President determines necessary to help mod-

ernize the defense capabilities of such countries, in accordance with the provisions of this section.

[(b) LIMITATIONS ON TRANSFERS.—The President may transfer non-lethal excess defense articles under this section only if—

[(1) the equipment is drawn from existing stocks of the Department of Defense;

[(2) no funds available to the Department of Defense for the procurement of defense equipment are expended in connection with the transfer;

[(3) the President determines that the transfer of the nonlethal excess defense articles will not have an adverse impact on the military readiness of the United States;

[(4) the President determines that transferring the articles under the authority of this section is preferable to selling them, after taking into account the potential proceeds from, and likelihood of, such sales, and the comparative foreign policy benefits that may accrue to the United States as the result of either a transfer or sale; and

[(5) the President first considers the effects of the transfer of the excess defense articles on the national technology and industrial base, particularly the extent, if any, to which the transfer reduces the opportunities of entities in the national technology and industrial base to sell new equipment to the country or countries to which the excess defense articles are transferred.

[(c) NOTIFICATION TO CONGRESS.—The President shall notify the Committees on Appropriations, Armed Services, and Foreign Relations of the Senate, and the Committees on Appropriations, Armed Services, and Foreign Affairs of the House of Representatives fifteen days before transferring nonlethal excess defense articles under subsection (a), in accordance with the regular notification procedures of those committees.

[(d) WAIVER OF REQUIREMENT FOR REIMBURSEMENT OF DOD EXPENSES.—Section 632(d) shall not apply with respect to transfers of nonlethal excess defense articles under this section.

[(e) ANNUAL REPORT.—Commencing in 1991, not later than December 15 of each year, the President shall transmit to the committees described in subsection (c) a report with respect to the previous fiscal year which contains—

[(1) a list of the countries to which the President has furnished nonlethal excess defense articles under the authority of this section; and

[(2) the value of the excess nonlethal defense articles that were furnished to each such country.

[(f) TRANSPORTATION AND RELATED COSTS.—(1) Except as provided in paragraph (2), funds available to the Department of Defense shall not be expended for crating, packing, handling and transportation of nonlethal excess defense articles transferred under the authority of this section.

[(2) Notwithstanding section 632(d) or any other provision of law, the President may direct the crating, packing, handling and transport of nonlethal excess defense articles without charge to a country if—

[(A) that country has an agreement providing the United States with base rights in that country;

[(B) that country is eligible for assistance from the International Development Association; and

[(C) the nonlethal excess defense articles are being provided to that country under the authority of this section.

SEC. 520. TRANSFERS OF EXCESS DEFENSE ARTICLES FOR INTERNATIONAL PEACEKEEPING OPERATIONS.

[(a) GENERAL AUTHORITY.—The President may transfer to international and regional organizations of which the United States is a member such excess defense articles as the President determines necessary to support international peacekeeping operations and other activities and operations to maintain and restore international peace and security. Such transfers shall be on such terms and conditions as the President may determine, consistent with this section.

[(b) CONDITIONALITY OF AUTHORITY.—

[(1) IN GENERAL.—The authority of subsection (a) may not be exercised with respect to an international or regional organization until the United States has entered into a written agreement with that organization providing that the value of any excess defense articles transferred under this section shall be credited against United States assessed contributions to that organization. For purposes of this paragraph, the term “value” means such amount as may be agreed upon by the United States and the recipient organization, except that such amount may not be less than the value (as defined in section 644(m)(1) of this Act) of the articles transferred.

[(2) CREDITING OF TRANSFERS.—(A) The credit provided for pursuant to paragraph (1) shall be counted against United States assessed contributions to the recipient organization that are payable from the “Contribution to International Peacekeeping Activities” account of the Department of State, except to the extent such credit is counted, in accordance with subparagraph (B), against an assessed contribution payable from an account established within the Department of Defense.

[(B) If—

[(i) an account is established within the Department of Defense for payment of a portion of United States assessed contributions for United Nations operations,

[(ii) excess defense articles are transferred under this section for a United Nations operation, and

[(iii) the United States assessed contribution for that operation is payable from that account,

[the credit for those excess defense articles shall be counted against the assessed contribution payable from that account, but only to the extent that the value of the excess defense articles so transferred for that operation during a fiscal year does not exceed the total United States assessed contribution payable for that operation from that account during that fiscal year.

[(c) LIMITATIONS ON TRANSFERS.—The President may transfer excess defense articles under this section only if—

[(1) they are drawn from existing stocks of the Department of Defense (or the Coast Guard);

[(2) funds available to the Department of Defense (or the Coast Guard) for the procurement of defense equipment are not expended in connection with the transfer;

[(3) the transfer of the excess defense articles will not have an adverse impact on the military readiness of the United States; and

[(4) the President has established procedures and requirements, comparable to those applicable under section 505 of this Act, to ensure that such excess defense articles will be used only for purposes that have been agreed to by the United States.

[(d) NOTIFICATION TO CONGRESS.—

[(1) IN GENERAL.—The President shall notify the designated congressional committees regarding any transfer of excess defense articles under this section in accordance with paragraph (2). This notification shall include—

[(A) a discussion of the need for the transfer;

[(B) an assessment of the impact of the transfer on the military readiness of the United States; and

[(C) a statement of—

[(i) the acquisition cost and the value (as defined in section 644(m)(1) of this Act) of the excess defense articles to be transferred; and

[(ii) the aggregate acquisition cost and the aggregate value (as so defined) of all excess defense articles for which notification has been provided under this subsection during that fiscal year with respect to transfers to the same organization under this section.

[(2) TIMING OF NOTICE.—(A) The President shall notify the designated congressional committees pursuant to paragraph (1) at least 15 days before the excess defense articles are transferred under this section, except as provided in subparagraph (B).

[(B) If the President determines that an unforeseen emergency requires the immediate transfer of excess defense articles under this section, the President—

[(i) may waive the requirement of subparagraph (A) that notice be provided at least 15 days in advance of the transfer; and

[(ii) shall promptly notify the designated congressional committees of such waiver and transfer.

[(3) DESIGNATED COMMITTEES.—As used in this subsection, the term “designated congressional committees” means the Committee on Foreign Affairs, the Committee on Armed Services, and the Committee on Appropriations of the House of Representatives and the Committee on Foreign Relations, the Committee on Armed Services, and the Committee on Appropriations of the Senate.

[(e) TRANSPORTATION AND RELATED COSTS.—

[(1) IN GENERAL.—Except as provided in paragraph (2), funds available to the Department of Defense shall not be ex-

pended for crating, packing, handling, and transporting excess defense articles transferred under the authority of this section.

[(2) EXCEPTION.—Notwithstanding any other provision of law, the President may direct the crating, packing, handling, and transporting of excess defense articles without charge to an international or regional organization if the President determines that waiving such costs advances the foreign policy interests of the United States.

[(f) WAIVER OF REQUIREMENT FOR REIMBURSEMENT OF DOD EXPENSES.—Section 632(d) shall not apply with respect to transfers of excess defense articles under this section and to any costs of crating, packing, handling, and transporting incurred under subsection (e)(2).]

SEC. 517. DESIGNATION OF MAJOR NON-NATO ALLIES.

(a) NOTICE TO CONGRESS.—The President shall notify the Congress in writing at least 30 days before—

(1) designating a country as a major non-NATO ally for purposes of this Act and the Arms Export Control Act (22 U.S.C. 2751 et seq.); or

(2) terminating such a designation.

(b) INITIAL DESIGNATIONS.—Australia, Egypt, Israel, Japan, the Republic of Korea, and New Zealand shall be deemed to have been so designated by the President as of the effective date of this section, and the President is not required to notify the Congress of such designation of those countries.

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Chapter 4—Economic Support Fund

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SEC. 532. AUTHORIZATIONS OF APPROPRIATIONS.—[(a) There are authorized to be appropriated to the President to carry out the purposes of this chapter—

[(1) \$2,015,000,000 for the fiscal year 1986 and \$2,015,000,000 for the fiscal year 1987 for the following countries signing the Camp David agreement; Israel and Egypt; and

[(2) \$1,785,000,000 for the fiscal year 1986 and \$1,785,000,000 for the fiscal year 1987 for assistance under this chapter for recipients or purposes other than the countries referred to in paragraph (1).]

(a)(1) There are authorized to be appropriated to the President to carry out the purposes of this chapter \$2,375,000,000 for the fiscal year 1996 and \$2,340,000,000 for the fiscal year 1997.

(2) Of the amount authorized to be appropriated by paragraph (1) for each of the fiscal years 1996 and 1997, \$15,000,000 shall be available only for Cyprus.

(3) Of the amount authorized to be appropriated by paragraph (1) for fiscal year 1996, \$15,000,000 shall be available only for the International Fund for Ireland.

(4) Of the amount authorized to be appropriated by paragraph (1) for fiscal year 1996, \$10,000,000 shall be available only for the rapid development of a prototype industrial park in the Gaza Strip.

(b) Amounts appropriated to carry out this chapter are authorized to remain available until expended.

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Chapter 5—International Military Education and Training

SEC. 541. GENERAL AUTHORITY.—The President is authorized to furnish, on such terms and conditions consistent with this Act as the President may determine (but whenever feasible on a reimbursable basis), military education and training to military and related civilian personnel of foreign countries. Such civilian personnel shall include foreign governmental personnel of ministries other than ministries of defense, and may also include legislators *and individuals who are not members of the government*, if the military education and training would (i) contribute to responsible defense resource management, (ii) foster greater respect for and understanding of the principle of civilian control of the military, (iii) contribute to cooperation between military and law enforcement personnel with respect to counternarcotics law enforcement efforts, or (iv) improve military justice systems and procedures in accordance with internationally recognized human rights. Such training and education may be provided through—

- (1) attendance at military educational and training facilities in the United States (other than Service academies) and abroad;
- (2) attendance in special courses of instruction at schools and institutions of learning or research in the United States and abroad; and
- (3) observation and orientation visits to military facilities and related activities in the United States and abroad.

* * * * *

SEC. 544. EXCHANGE TRAINING.—**[In carrying out this chapter,]** (a) *In carrying out this chapter*, the President is authorized to provide for attendance of foreign military personnel at professional military education institutions in the United States (other than service academies) without charge, and without charge to funds available to carry out this chapter (notwithstanding section 632(d) of this Act), if such attendance is pursuant to an agreement providing for the exchange of students on a one-for-one, reciprocal basis each fiscal year between those United States professional military education institutions and comparable institutions of foreign countries and international organizations.

(b) *The President may provide for the attendance of foreign military and civilian defense personnel at test pilot flight schools in the United States without charge, and without charge to funds available to carry out this chapter (notwithstanding section 632(d) of this Act), if such attendance is pursuant to an agreement providing for the exchange of students on a one-for-one basis each fiscal year between those United States test pilot flight schools and comparable flight test pilot schools of foreign countries.*

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Chapter 6—Peacekeeping Operations

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SEC. 552. AUTHORIZATION OF APPROPRIATIONS.—[(a) There are authorized to be appropriated to the President to carry out the purposes of this chapter, in addition to amounts otherwise available for such purposes, \$37,000,000 for the fiscal year 1986 and \$37,000,000 for the fiscal year 1987.] *(a) There are authorized to be appropriated to the President to carry out the purposes of this chapter, in addition to amounts otherwise available for such purposes, \$40,000,000 for fiscal year 1996 and \$35,000,000 for fiscal year 1997.*

* * * * *

Chapter 8—Antiterrorism Assistance

SEC. 571. GENERAL AUTHORITY.—[Subject to the provisions of this chapter] *Notwithstanding any other provision of law that restricts assistance to foreign countries (other than sections 502B and 620A of this Act), the President is authorized to furnish, on such terms and conditions as the President may determine, assistance to foreign countries in order to enhance the ability of their law enforcement personnel to deter terrorists and terrorist groups from engaging in international terrorist acts such as bombing, kidnaping, assassination, hostage taking, and hijacking. Such assistance may include training services and the provision of equipment and other commodities related to bomb detection and disposal, management of hostage situations, physical security, and other matters relating to the detection, deterrence, and prevention of acts of terrorism, the resolution of terrorist incidents, and the apprehension of those involved in such acts.*

* * * * *

SEC. 573. [SPECIFIC AUTHORITIES AND] LIMITATIONS.—[(a) Notwithstanding section 660 of this Act, services and commodities may be granted for the purposes of this chapter to eligible foreign countries, subject to reimbursement of the value thereof (within the meaning of section 644(m)) pursuant to section 632 of this Act from funds available to carry out this chapter.]

[(b)] *(a) Whenever the President determines it to be consistent with and in furtherance of the purposes of this chapter, and on such terms and conditions consistent with this Act as he may determine, any agency of the United States Government is authorized to furnish services and commodities, without charge to funds available to carry out this chapter, to an eligible foreign country, subject to payment in advance of the value thereof (within the meaning of section 644(m)) in United States dollars by the foreign country. Credits and the proceeds of guaranteed loans made available to such countries pursuant to the Arms Export Control Act shall not be used for such payments. Collections under this chapter shall be credited to the currently applicable appropriation, account, or fund of the agency providing such services and commodities and shall be available for the purposes for which such appropriation, account, or fund is authorized to be used.*

[(c)] (b) The Assistant Secretary of State for Democracy, Human Rights, and Labor shall be consulted in the development and implementation of the antiterrorism assistance program under this part, including determinations of the foreign countries that will be furnished assistance under this part and determinations of the nature of assistance to be furnished to each such country.

[(d)] (c) [(1)] Training services (including short term refresher training) provided pursuant to this chapter may be conducted outside the United States only if—

[(A)] the training to be conducted outside the United States will be provided during a period of not more than 30 days;

[(B)] such training relates to—

[(i)] aviation security;

[(ii)] crisis management;

[(iii)] document screening techniques;

[(iv)] facility security;

[(v)] maritime security;

[(vi)] VIP protection; or

[(vii)] the handling of detector dogs, except that only short term refresher training may be provided under this clause; and

[(C)] at least 15 days before such training is to begin, the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate are notified in accordance with the procedures applicable to reprogramming notifications.

[(2)] Personnel of the United States Government authorized to advise eligible foreign countries on antiterrorism matters shall carry out their responsibilities, to the maximum extent possible, within the United States. Such personnel may provide advice outside the United States on antiterrorism matters to eligible foreign countries for periods not to exceed 30 consecutive calendar days.]

[(3)] (1)(A) Except as provided in subparagraph (B), employees of the Department of State shall not engage in the training of law enforcement personnel or the provision of services under this chapter.

(B) Subparagraph (A) does not apply to training (including short term refresher training) or services provided to law enforcement personnel by employees of the Bureau of Diplomatic Security with regard to crisis management, facility security, or VIP protection.

[(4)] [(2)(A)] Articles on the United States Munitions List may be made available under this chapter only if—

[(i)] they are small arms in category I (relating to firearms), ammunition in category III (relating to ammunition) for small arms in category I, articles in category IV(c) or VI(c) (relating to detection and handling of explosive devices), articles in category X (relating to protective personnel equipment), or articles in paragraph (b), (c), or (d) of category XIII (relating to speech privacy devices, underwater breathing apparatus and armor plating), and they are directly related to antiterrorism training under this chapter;

[(ii)] the recipient country is not prohibited by law from receiving assistance under one or more of the following provisions: chapter 2 of this part (relating to grant military assist-

ance), chapter 5 of this part (relating to international military education and training), or the Arms Export Control Act (relating to foreign military sales financing); and

[(iii) at least 15 days before the articles are made available to the foreign country, the President notifies the Committee on Foreign Affairs of the House of Representatives and Committee on Foreign Relations of the Senate of the proposed transfer, in accordance with the procedures applicable to reprogramming notifications pursuant to section 634A of this Act.

[(B) The value (in terms of original acquisition cost) of all equipment and commodities provided under subsection (a) in any fiscal year may not exceed 25 percent of the funds made available to carry out this chapter for that fiscal year.

[(C) No shock batons or similar devices may be provided under this chapter.]

(2)(A) Except as provided in subparagraph (B), funds made available to carry out this chapter shall not be made available for the procurement of weapons and ammunition.

(B) Subparagraph (A) shall not apply to small arms and ammunition in categories I and III of the United States Munitions List that are integrally and directly related to antiterrorism training provided under this chapter if, at least 15 days before obligating those funds, the President notifies the appropriate congressional committees in accordance with the procedures applicable to reprogramming notifications under section 634A.

(C) The value (in terms of original acquisition cost) of all equipment and commodities provided under this chapter in any fiscal year may not exceed 25 percent of the funds made available to carry out this chapter for that fiscal year.

[(5)] (3) Assistance under this chapter shall not include provision of services, equipment, personnel, or facilities involved in the collection of intelligence as defined in Executive Order 12333 of December 4, 1981, other than limited training in the organization of intelligence for antiterrorism purposes.

[(e)] (d) This chapter does not apply to information exchange activities conducted by agencies of the United States Government under other authority for such purposes.

[(f)] (e) Funds made available to carry out this chapter may not be used for personnel compensation or benefits.

[SEC. 574 REPORTS TO CONGRESS.—(a)(1) Not less than thirty days before providing assistance to a foreign country under this chapter, the President shall transmit to the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate a written notification which specifies—

[(A) the country to which such assistance is to be provided;

[(B) the type and value of the assistance to be provided;

[(C) the terms and duration of assistance; and

[(D) an explanation of how the proposed assistance will further the objectives of this chapter to assist eligible foreign countries in deterring terrorism.

[(2) The chairman of either the Committee on Foreign Affairs of the House of Representatives or the Committee on Foreign Relations of the Senate may request, as deemed necessary, a current report on the state of observance of and respect for internationally

recognized human rights in the country to which assistance is to be provided. In the event that a report is requested, no assistance under subsection (a) shall be provided to the country specified prior to transmittal of the report to the requested committee.

[(b) The annual congressional presentation materials shall include—

[(1) a list of the countries which received assistance under this chapter for the preceding fiscal year, a list of the countries which are programed to receive assistance under this chapter for the current fiscal year, and a list of the countries which are proposed as recipients of assistance under this chapter for the next fiscal year; and

[(2) with respect to each country listed pursuant to paragraph (1) and for each such fiscal year, a description of the assistance under this chapter furnished, programed, or proposed, including—

[(A) the place where training or other services under this chapter were or will be furnished, the duration of such training or other services, and the number of personnel from that country which were or will receive training under this chapter;

[(B) the types of equipment or other commodities which were or will be furnished under this chapter; and

[(C) whether the assistance was furnished on a grant basis, on an advance payment basis, or on some other basis.

[Each report shall also describe the ways in which the provision of such assistance has furthered the objective of enhancing the ability of foreign law enforcement authorities to deter acts of terrorism.]

SEC. [575.] 574. AUTHORIZATIONS OF APPROPRIATIONS.—(a) There are authorized to be appropriated to the President to carry out this chapter \$9,840,000 for the fiscal year 1986 and \$14,680,000 for the fiscal year 1987.

(b) Amounts appropriated under this section are authorized to remain available until expended.

SEC. [576.] 575. ADMINISTRATIVE AUTHORITIES.—Except where expressly provided to the contrary, any reference in any law to part I of this Act shall be deemed to include reference to this chapter and any reference in any law to part II of this Act shall be deemed to exclude reference to this chapter.

Chapter 9—Police Training

SEC. 581. POLICE TRAINING FOR CERTAIN FOREIGN COUNTRIES.—The President is authorized to provide, on such terms and conditions as he may determine, training, advice, financial support, and equipment for police, prisons, or other law enforcement forces of a foreign government, unless—

(1) such foreign government is not democratically elected; or
(2) notwithstanding paragraph (1)—

(A) such forces engage in a consistent pattern of gross violations of internationally recognized human rights; or

(B) such forces do not maintain an effective policy against the trafficking or production of illegal drugs by the members of the force or the participants in the program.

PART III

Chapter 1—General Provisions

SEC. 601. ENCOURAGEMENT OF FREE ENTERPRISE AND PRIVATE PARTICIPATION.—(a) * * *

* * * * *

SEC. 601A. PRIVATE SECTOR ENTERPRISE FUNDS.

(a) AUTHORITY.—(1) The President may provide funds and support to Enterprise Funds designated in accordance with subsection (b) that are or have been established for the purposes of promoting—

(A) development of the private sectors of eligible countries, including small businesses, the agricultural sector, and joint ventures with United States and host country participants; and

(B) policies and practices conducive to private sector development in eligible countries;

on the same basis as funds and support may be provided with respect to Enterprise Funds for Poland and Hungary under the Support for East European Democracy (SEED) Act of 1989.

(2) Funds may be made available under this section notwithstanding any other provision of law.

(b) COUNTRIES ELIGIBLE FOR ENTERPRISE FUNDS.—(1) Except as provided in paragraph (2), the President is authorized to designate a private, nonprofit organization as eligible to receive funds and support pursuant to this section with respect to any country eligible to receive assistance under part I of this Act in the same manner and with the same limitations as set forth in section 201(d) of the Support for East European Democracy (SEED) Act of 1989.

(2)(A) Except as provided in subparagraph (B), the authority of paragraph (1) shall not apply to any country with respect to which the President is authorized to designate an enterprise fund under section 498B(c) of this Act or section 201 of the Support for East European Democracy (SEED) Act of 1989.

(B) The prohibition of subparagraph (A) shall not apply to the Trans-Caucasus Enterprise Fund established under subsection (c).

(c) TRANS-CAUCASUS ENTERPRISE FUND.—The President shall designate a private, nonprofit organization under subsection (b) to carry out this section with respect to the Trans-Caucasus region of the former Soviet Union. Such organization shall be known as the “Trans-Caucasus Enterprise Fund”.

(d) TREATMENT EQUIVALENT TO ENTERPRISE FUNDS FOR POLAND AND HUNGARY.—Except as otherwise specifically provided in this section, the provisions contained in section 201 of the Support for East European Democracy (SEED) Act of 1989 (excluding the authorizations of appropriations provided in subsection (b) of that section) shall apply to any Enterprise Fund that receives funds and support under this section. The officers, members, or employees of an Enterprise Fund that receive funds and support under this section shall enjoy the same status under law that is applicable to officers, members, or employees of the Enterprise Funds for Poland and

Hungary under the Support for East European Democracy (SEED) Act of 1989.

(e) REPORTING REQUIREMENT.—Notwithstanding any other provision of this section, the requirement of section 201(p) of the Support for East European Democracy (SEED) Act of 1989, that an Enterprise Fund shall be required to publish an annual report not later than January 31 each year shall not apply with respect to an Enterprise Fund that receives funds and support under this section for the first twelve months after it is designated as eligible to receive such funds and support.

(f) AUTHORIZATION OF APPROPRIATIONS.—(1) There are authorized to be appropriated to the President for purposes of this section, in addition to funds otherwise available for such purposes—

(A) \$12,000,000 for fiscal year 1996 to fund the Trans-Caucasus Enterprise Fund established under subsection (d); and

(B) \$52,000,000 for fiscal year 1996 to fund any enterprise fund authorized to receive funds under this section other than the Trans-Caucasus Enterprise Fund.

(2) Funds appropriated under this subsection are authorized to remain available until expended.

* * * * *

[SEC. 617. TERMINATION OF ASSISTANCE.—Assistance under any provision of this Act may, unless sooner terminated by the President, be terminated by concurrent resolution. Funds made available under this Act shall remain available for a period not to exceed eight months from the date of termination of assistance under this Act for the necessary expenses of winding up programs related thereto. In order to ensure the effectiveness of assistance under this Act, such expenses for orderly termination of programs may include the obligation and expenditure of funds to complete the training or studies outside their countries of origin of students whose course of study or training program began before assistance was terminated.]

SEC. 617. TERMINATION OF ASSISTANCE.

(a) IN GENERAL.—(1) In order to ensure the effectiveness of assistance provided under this Act, funds made available under this Act to carry out any program, project, or activity of assistance shall remain available for obligation for a period not to exceed 8 months after the date of termination of such assistance for the necessary expenses of winding up such programs, projects, or activities and, notwithstanding any other provision of law, funds so obligated may remain available until expended.

(2) Funds obligated to carry out any program, project, or activity of assistance before the effective date of the termination of such assistance are authorized to be available for expenditure for the necessary expenses of winding up such program, projects, and activities, notwithstanding any provision of law restricting the expenditure of funds, and may be reobligated to meet any other necessary expenses arising from the termination of such assistance.

(3) The necessary expenses of winding up programs, projects, and activities of assistance include the obligation and expenditure of funds to complete the training or studies outside their countries of

origin of students whose course of study or training program began before assistance was terminated.

(b) LIABILITY TO CONTRACTORS.—For the purpose of making an equitable settlement of termination claims under extraordinary contractual relief standards, the President is authorized to adopt as a contract or other obligation of the United States Government, and assume (in whole or in part) any liabilities arising thereunder, any contract with a United States or third-country contractor to carry out any program, project, or activity of assistance under this Act that was subsequently terminated pursuant to law.

(c) GUARANTEE PROGRAMS.—Provisions of this or any other Act requiring the termination of assistance under this Act shall not be construed to require the termination of guarantee commitments that were entered into before the effective date of the termination of assistance.

Sec. 620. PROHIBITIONS AGAINST FURNISHING ASSISTANCE.—(a)(1) No assistance shall be furnished under this Act to the present government of Cuba. As an additional means of implementing and carrying into effect the policy of the preceding sentence, the President is authorized to establish and maintain a total embargo upon all trade between the United States and Cuba.

* * * * *

(u) In any decision to provide or continue to provide any program of assistance to any country under the Foreign Assistance Act of 1961, as amended, there shall be taken into account the status of the country with respect to its dues, assessments, and other obligations to the United Nations; and where such country is delinquent with respect to any such obligations for the purposes of the first sentence of Article 19 of the United Nations Charter, the President shall furnish the Committee on Foreign Relations of the Senate and the Speaker of the House of Representatives a report setting forth the assurance given by the government of the country concerned of paying all of its arrearages and of placing its payments of such obligations on a current basis, or a full explanation of the unusual or exceptional circumstances which render it economically incapable of giving such assurance.

(v) None of the funds made available to carry out this Act shall be available to any private and voluntary organization which—

(1) fails to provide upon timely request any document, file, or record necessary to the auditing requirements of the agency primarily responsible for administering part I of this Act, or

(2) is not registered with the agency primarily responsible for administering part I of this Act.

(w) No assistance made available under chapter 1 (relating to development assistance), chapter 10 (relating to the Development Fund for Africa), or chapter 11 (relating to support for the independent states of the former Soviet Union) of part I of this Act or chapter 4 of part II of this Act (relating to the Economic Support Fund), Support for East European Democracy (SEED) Act of 1989 may be used by any private and voluntary organization to pay for the purchase or lease of office equipment for use in the United States.

* * * * *

SEC. 620A. PROHIBITION ON ASSISTANCE TO GOVERNMENTS SUPPORTING INTERNATIONAL TERRORISM.

(a) PROHIBITION.—The United States shall not provide any assistance under this Act, the Agricultural Trade Development and Assistance Act of 1954, the Peace Corps Act, or the Export-Import Bank Act of 1945 to any country if the Secretary of State determines that the government of that country has repeatedly provided support for acts of international terrorism.

* * * * *

(c) RESCISSION.—A determination made by the Secretary of State under subsection (a) may not be rescinded unless the President submits to the Speaker of the House of Representatives and the Chairman of the Committee on Foreign Relations of the Senate—

(1) before the proposed rescission would take effect, a report certifying that—

(A) there has been a fundamental change in the leadership and policies of the government of the country concerned;

(B) that government is not supporting acts of international terrorism; *and*

(C) that government has provided assurances that it will not support acts of international terrorism in the future; or
(2) at least 45 days before the proposed rescission would take effect, a report justifying the rescission and certifying that—

(A) the government concerned has not provided any support for international terrorism during the preceding [6-month period] *one-year period*; and

(B) the government concerned has provided assurances that it will not support acts of international terrorism in the future.

(d) WAIVER.—Assistance prohibited by subsection (a) may be provided [to a country] *to the people of a country* described in that subsection if—

(1) the President determines that [national security] *vital national security* interests or humanitarian reasons justify a waiver of subsection (a), except that humanitarian reasons may not be used to justify assistance under part II of this Act (including chapter 4, chapter 6, and chapter 8), or the Export-Import Bank Act of 1945; and

(2) at least 15 days before the waiver takes effect, the President consults with the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate regarding the proposed waiver and submits a report to the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate containing—

(A) the name of the recipient country;

(B) a description of the [national security] *vital national security* interests or humanitarian reasons which require the waiver;

(C) the type and amount of and the justification for the assistance to be provided pursuant to the waiver; and

(D) the period of time during which such waiver will be effective.

The waiver authority granted in this subsection may not be used to provide any assistance under the Foreign Assistance Act of 1961 which is also prohibited by section 40 of the Arms Export Control Act.

(e) *DEFINITION.*—As used in this section, the phrases “provided support for acts of international terrorism” and “provided any support for international terrorism” mean—

(1) to have knowingly assisted, supported, ordered, planned, executed, or otherwise facilitated individual acts of international terrorism;

(2) to have knowingly provided or facilitated the provision of assistance or support to a group or to members of a group that have committed an act or acts of international terrorism;

or
(3) to have knowingly provided safe haven or refuge within any area under its direct or indirect control to a group or to members of a group that have committed an act or acts of international terrorism.

* * * * *

SEC. 620E. ASSISTANCE TO PAKISTAN.

(a) The Congress recognizes that Soviet Forces occupying Afghanistan pose a security threat to Pakistan. The Congress also recognizes that an independent and democratic Pakistan with continued friendly ties with the United States is in the interest of both nations. The Congress finds that United States assistance will help Pakistan maintain its independence. Assistance to Pakistan is intended to benefit the people of Pakistan by helping them meet the burdens imposed by the presence of Soviet forces in Afghanistan and by promoting economic development. In authorizing assistance to Pakistan, it is the intent of Congress to promote the expeditious restoration of full civil liberties and representative government in Pakistan. The Congress further recognizes that it is in the mutual interest of Pakistan and the United States to avoid the profoundly destabilizing effects of the proliferation of nuclear explosive devices or the capacity to manufacture or otherwise acquire nuclear devices.

* * * * *

(e)(1) **[No assistance]** *No military assistance* shall be furnished to Pakistan and no military equipment or technology shall be sold or transferred to Pakistan, pursuant to the authorities contained in this Act or any other Act, unless the President shall have certified in writing to the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate, during the fiscal year **[in which assistance is to be furnished or military equipment or technology]** *in which military assistance is to be furnished or military equipment or technology* is to be sold or transferred, that Pakistan does not possess a nuclear explosive device and that **[the proposed United States assistance]** *the proposed United States military assistance* program will reduce significantly the risk that Pakistan will possess a nuclear explosive device.

(2) *The prohibitions in this subsection do not apply to any assistance or transfer provided for the purposes of—*

(A) international narcotics control (including chapter 8 of part I of this Act) or any other provision of law available for providing assistance for counternarcotics purposes;

(B) facilitating military-to-military contact, training (including chapter 5 of part II of this Act), or humanitarian or civic assistance projects;

(C) peacekeeping and other multilateral operations (including chapter 6 of part II of this Act, relating to peacekeeping) or any provisions of law available for providing assistance for peacekeeping purposes, except that any lethal military equipment provided under this subparagraph shall be provided on a lease or loan basis only and shall be returned upon completion of the operation for which it was provided; or

(D) antiterrorism assistance (including chapter 8 of part II of this Act, relating to antiterrorism assistance) or any other provision of law available for antiterrorism assistance purposes.

(f) STORAGE COSTS.—The President may release the Government of Pakistan of its contractual obligation to pay the United States Government for the storage costs of items purchased prior to October 1, 1990, but not delivered by the United States Government by virtue of the application of subsection (e) and may reimburse the Government of Pakistan for any such amounts paid, on such terms and conditions as the President may prescribe, if such payments would have no impact on the scoring of United States budget authority or outlays.

(g) RETURN OF MILITARY EQUIPMENT.—The President may return to the Government of Pakistan military equipment paid for and delivered to Pakistan and subsequently transferred for repair or upgrade to the United States but not returned to Pakistan by virtue of the application of subsection (e). Such equipment or its equivalent may be returned to the Government of Pakistan if the President determines and so certifies to the appropriate congressional committees that such equipment or equivalent neither constitutes nor has received any significant qualitative upgrade since being transferred to the United States.

(h) SENSE OF CONGRESS; REPORT.—

(1) SENSE OF CONGRESS.—It is the sense of the Congress that—

(A) fundamental United States policy interests in South Asia include—

(i) resolving underlying disputes that create the conditions for nuclear proliferation, missile proliferation, and the threat of regional catastrophe created by weapons of mass destruction;

(ii) achieving cooperation with the United States on counterterrorism, counternarcotics, international peacekeeping, and other United States international efforts; and

(iii) achieving mutually verifiable limitations on fissile material production, expansion and enhancement of the mutual 'no first strike pledge', and a commitment to work with the United States to limit, roll-back, and eliminate all nuclear weapons programs in South Asia;

(B) to create the conditions for lasting peace in South Asia, United States policy toward the region must be balanced and should not reward any country for actions inimical to the United States interest;

(C) the President should initiate a regional peace process in South Asia with both bilateral and multilateral tracks that includes both India and Pakistan; and

(D) the South Asian peace process should have on its agenda the resolution of the following:

(i) South Asian nuclear proliferation, including mutually verifiable limitations on fissile material production, expansion, and enhancement of the mutual 'no first strike' pledge, and a commitment to work with the United States to limit, rollback, and eliminate all nuclear weapons programs in South Asia.

(ii) South Asian missile proliferation.

(iii) Indian and Pakistani cooperation with Iran.

(iv) The resolution of existing territorial disputes, including Kashmir.

(v) Regional economic cooperation.

(vi) Regional threats, including threats posed by Russia and China.

(2) *REPORT.*—Whenever a report is required to be submitted under section 620F(c) of the Foreign Assistance Act of 1961, the President shall submit a report to the appropriate congressional committees on the progress of the South Asian peace process described in paragraph (1). Each report shall describe—

(A) whether South Asian countries are working to further United States interests;

(B) proposed United States actions to further the resolution of the conflict in South Asia as described in paragraph (1) and to further United States international interests;

(C) the degree and extent of cooperation by South Asian countries with all United States international efforts, including voting support within the United Nations; and

(D) whether withholding of military assistance, dual-use technology, economic assistance, and trade sanctions would further United States interests.

SEC. 620F. NUCLEAR NON-PROLIFERATION POLICY IN SOUTH ASIA.

* * * * *

SEC. 620G. DEPLETED URANIUM AMMUNITION.

(a) *PROHIBITION.*—Except as provided in subsection (b), none of the funds made available to carry out this Act or any other Act may be made available to facilitate in any way the sale of M-833 anti-tank shells or any comparable antitank shells containing a depleted uranium penetrating component to any country other than—

(1) a country that is a member of the North Atlantic Treaty Organization;

(2) a country that has been designated as a major non-NATO ally (as defined in section 644(r)); or

(3) Taiwan.

(b) *EXCEPTION.*—The prohibition contained in subsection (a) shall not apply with respect to the use of funds to facilitate the sale of

antitank shells to a country if the President determines that to do so is in the national security interest of the United States.

SEC. 620H. PROHIBITION ON CIRCUMVENTION OF AID RESTRICTIONS.

(a) *PROHIBITION.*—No officer or employee of the United States may engage in any activity, or assist any person to engage in any activity, which is intended to circumvent a statutory prohibition or restriction in the provision of United States assistance.

(b) *RULE OF STATUTORY CONSTRUCTION.*—Nothing in this section may be construed to limit—

(1) the ability of the President, the Vice President, or any officer or employee of the United States to make statements or otherwise express their views to any party on any subject;

(2) the ability of an officer or employee of the United States to express the policies of the President; or

(3) the ability of an officer or employee of the United States to communicate with any foreign country government, group, or individual, either directly or through a third party, with respect to the prohibitions or restriction under this Act, including the reasons for any such prohibitions or restriction, and the actions, terms, or conditions which might lead to the removal of the prohibition or restriction.

(c) *DEFINITION.*—For purposes of this section, the term “United States assistance” includes—

(1) assistance provided under this Act; and

(2) grants and loan subsidies under the Arms Export Control Act.

(d) *CRIMINAL PENALTY.*—An officer or employee of the United States who knowingly and willfully violates subsection (a) shall be fined in accordance with title 18, imprisoned for not more than 2 years, or both.

SEC. 620I. FOREIGN GOVERNMENT PARKING FINES.

(a) *WITHHOLDING OF FUNDS.*—An amount equivalent to 110 percent of the total unpaid fully adjudicated parking fines and penalties owed to the District of Columbia, Virginia, and Maryland, by the government of a foreign country as of the end of a fiscal year, as certified to the President by the chief executive officer of each State or District, shall be withheld from obligation for such country out of funds available in the next fiscal year to carry out part I of this Act, until the requirement of subsection (b) is satisfied.

(b) *CERTIFICATION REQUIREMENT.*—The requirement of this subsection is satisfied when the Secretary of State determines and certifies to the appropriate congressional committees that such fines and penalties are fully paid to the governments of the District of Columbia, Virginia, and Maryland.

SEC. 620J. RESTRICTIONS ON ASSISTANCE TO NORTH KOREA AND THE KOREAN PENINSULA ENERGY DEVELOPMENT ORGANIZATION.

(a) *RESTRICTIONS.*—No assistance may be provided under this Act or any other provision of law to the Democratic People’s Republic of Korea unless—

(1) such assistance is provided in accordance with all requirements, limitations, and procedures otherwise applicable to the provision of such assistance for such purposes; and

(2) the President—

(A) notifies the congressional committees specified in section 634(a) of this Act prior to obligation of such assistance in accordance with the procedures applicable to reprogramming notifications under that section, irrespective of the amount of the proposed obligation of such assistance; and

(B) determines and reports to such committees that the provision of such assistance is vital to the national interests of the United States.

(b) CONGRESSIONAL REPORT.—Whenever the President notifies the congressional committees under the provisions of subsection (a)(2), he shall submit a report on—

(a) the exact dollar amounts pledged by every country contributing to the Korean Peninsula Energy Development Organization, itemized by fiscal year, including those amounts requested in budget documents for future fiscal years;

(2) the exact dollar amount transferred to the Korean Peninsula Energy Development Organization as of the date of submission of the report, itemized by country and the purposes for which the funds were donated; and

(3) the extent to which North Korea has complied with all aspects of the Agreed Framework up to the time the report is submitted, including, but not limited to, the manner in which deliveries of heavy fuel oil have been used and the extent to which dialogue between the Republic of Korea and the Democratic People's Republic of Korea has taken place.

(c) ASSISTANCE TO THE KOREAN PENINSULA ENERGY DEVELOPMENT ORGANIZATION.—For purposes of providing assistance under this Act or under any provision of law, the obligation of assistance to the Korean Peninsula Energy Development Organization shall be considered to be obligated under the same terms, conditions, and limitations as are applicable to United States assistance to the Democratic People's Republic of Korea.

SEC. 620K. PROHIBITION ON ASSISTANCE TO FOREIGN GOVERNMENTS ENGAGED IN ESPIONAGE AGAINST THE UNITED STATES.

(a) PROHIBITION.—None of the funds made available to carry out this Act or the Arms Export Control Act (other than humanitarian assistance or assistance for refugees) may be provided to any foreign government which the President determines is engaged in intelligence activities within the United States harmful to the national security of the United States.

(b) PERIODIC REPORTS.—Beginning one year after the date of enactment of this section, and at intervals of one year thereafter, the President shall prepare and transmit to the Committee on Foreign Relations and the Select Committee on Intelligence of the Senate and the Committee on International Relations and the Permanent Select Committee on Intelligence of the House of Representatives a report, in classified and unclassified forms, listing all foreign governments which he determines are conducting intelligence activities within the United States harmful to the national security of the United States.

(c) *DEFINITION.*—As used in this section, the term “humanitarian assistance” means food (including the monetization of food), clothing, medicine, and medical supplies.

SEC. 620L. PROHIBITION ON FOREIGN ASSISTANCE TO FOREIGN GOVERNMENTS NOT IMPLEMENTING EXTRADITION TREATIES.

(a) *PROHIBITION.*—The President may not provide foreign assistance to the government of a country that the President determines is not effectively implementing a treaty entered into by such country with the United States relating to the extradition of individuals who have been charged with or who have committed felony offenses.

(b) *DEFINITIONS.*—As used in this section:

(1) *FELONY OFFENSE.*—The term “felony offense” means an offense punishable by death or imprisonment for a term exceeding 1 year.

(2) *FOREIGN ASSISTANCE.*—The term “foreign assistance” means any funds made available to carry out any program, project, or activity funded under major functional budget category 150 (relating to international affairs).

SEC. 620M. PROHIBITION ON FOREIGN ASSISTANCE TO FOREIGN GOVERNMENTS EMPLOYING MERCENARY FORCES.

(a) *REDUCTION OF ASSISTANCE.*—The President should reduce United States foreign assistance to the government of any country that employs mercenary forces by an amount equal to the sum paid by that government to employ mercenary forces.

(b) *DEFINITIONS.*—As used in this section:

(1) *MERCENARY.*—The term “mercenary” has the meaning given such term in Protocol I Additional to the Geneva Conventions of 1949 (1125 U.N.T.S. 3, adopted on June 8, 1977, at Geneva), namely any person who—

(A) is specially recruited locally or abroad in order to fight in an armed conflict;

(B) does, in fact, take a direct part in the hostilities;

(C) is motivated to take part in the hostilities essentially by the desire for private gain and, in fact, is promised, by or on behalf of a party to the conflict, material compensation substantially in excess of that promised or paid to combatants of similar ranks and functions in the armed forces of that party;

(D) is neither a national of a party to the conflict nor a resident of the territory controlled by a party to the conflict;

(E) is not a member of the armed forces of a party to the conflict; and

(F) has not been sent by a state which is not a party to the conflict on official duty as a member of its armed forces.

(2) *FOREIGN ASSISTANCE.*—The term “foreign assistance” means any funds made available to carry out any program, project, or activity funded under major functional budget category 150 (relating to international affairs).

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Chapter 2—Administrative Provisions

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SEC. 636. PROVISIONS ON USES OF FUNDS.—(a) Appropriations for the purposes of or pursuant to this Act (except for Part II), allocations to any agency of the United States Government, from other appropriations, for functions directly related to the purposes of this Act, and funds made available for other purposes to the agency primarily responsible for administering part I, shall be available for:

(1) rent of buildings and space in buildings in the United States, and for repair, alteration, and improvements of such leased properties;

* * * * *

(j)(1) Funds made available to carry out the provisions of this Act may not be made available to provide—

(A) any financial incentive to a business enterprise located in the United States for the purpose of inducing that enterprise to relocate outside the United States if such incentive or inducement is likely to reduce the number of individuals employed in the United States by that enterprise because that enterprise would replace production in the United States with production outside the United States;

(B) assistance for the purpose of establishing or developing in a foreign country any export processing zone or designated area in which the tax, tariff, labor, environment, and safety laws of that country do not apply, in part or in whole, to activities carried out within that zone or area, unless the President determines and certifies that such assistance is not likely to cause a loss of jobs within the United States; or

(C) subject to paragraph (2), assistance for any project or activity that contributes to the violation of internationally recognized workers rights (as defined in section 502(a)(4) of the Trade Act of 1974) of workers in the foreign country, including in any designated zone or area in that country.

(2) Paragraph (1) shall not apply with respect to the provision of assistance for microenterprises and small-scale enterprises, or for small-holder agriculture in the informal sector of the foreign country.

* * * * *

SEC. 644. DEFINITIONS.—As used in this Act—

(a) “Agency of the United States Government” includes any agency, department, board, wholly or partly owned corporation, instrumentality, commission, or establishment of the United States Government.

* * * * *

(p) “Farmers” includes fishermen and other persons employed in cultivating and harvesting food resources from salt and fresh waters.

(q) “Appropriate congressional committees” means, except as otherwise provided, the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Committee on International Relations and the Committee on Appropriations of the House of Representatives.

(r) “Major non-NATO ally” means a country which is designated in accordance with section 517 as a major non-NATO ally for pur-

poses of this Act and the Arms Export Control Act (22 U.S.C. 2751 et seq.).

* * * * *

SEC. 652. LIMITATION UPON EXERCISE OF SPECIAL AUTHORITIES.—The President shall not exercise any special authority granted to him under section 506(a), 552(c)(2), or 610(a) of this Act unless the President, [prior to the date] *before* he intends to exercise any such authority, notifies the Speaker of the House of Representatives and the Committee on foreign Relations of the Senate in writing of each such intended exercise, the section of this Act under which such authority is to be exercised, and the justification for, and the extent of, the exercise of such authority.

SEC. 653. CHANGE IN ALLOCATION OF FOREIGN ASSISTANCE.—(a) Not later than thirty days after the enactment of any law appropriating funds to carry out any provision of this Act (other than section 451 or 637) or the Arms Export Control Act, the President shall notify the Congress of each foreign country and international organization to which the United States Government intends to provide any portion of the funds under such law and of the amount of funds under that law, by category of assistance, that the United States Government intends to provide to each.

(b) The provisions of this section shall not apply in the case of any law making continuing appropriations *for a period of less than 90 days* and may not be waived under the provisions of section 614(a) of this Act.

* * * * *

[SEC. 660. PROHIBITING POLICE TRAINING.—(a) On and after July 1, 1975, none of the funds made available to carry out this Act, and none of the local currencies generated under this Act, shall be used to provide training or advice, or provide any financial support, for police, prisons, or other law enforcement forces for any foreign government or any program of internal intelligence or surveillance on behalf of any foreign government within the United States or abroad.

[(b) Subsection (a) of this section shall not apply—

[(1) with respect to assistance rendered under section 515(c) of the Omnibus Crime Control and Safe Streets Act of 1968 with respect to any authority of the Drug Enforcement Administration or the Federal Bureau of Investigation which relates to crimes of the nature which are unlawful under the laws of the United States, or with respect to assistance authorized under section 482 of this Act;

[(2) to any contract entered into prior to the date of enactment of this section with any person, organization, or agency of the United States Government to provide personnel to conduct, or assist in conducting, any such program;

[(3) with respect to assistance, including training, in maritime law enforcement and other maritime skills; or

[(4) with respect to assistance provided to police forces in connection with their participation in the regional security system of the Eastern Caribbean states.

【Notwithstanding clause (2), subsection (a) shall apply to any renewal or extension of any contract referred to in such paragraph entered into on or after such date of enactment.

【(c) Subsection (a) shall not apply with respect to a country which has a longstanding democratic tradition, does not have standing armed forces, and does not engage in a consistent pattern of gross violations of internationally recognized human rights.

【(d) Notwithstanding the prohibition contained in subsection (a), assistance may be provided to Honduras or El Salvador for fiscal years 1986 and 1987 if, at least 30 days before providing as assistance, the President notifies the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate, in accordance with the procedures applicable to reprogramming notifications pursuant to section 634A of this Act, that he has determined that the government of the recipient country has made significant progress, during the preceding six months, in eliminating any human rights violations including torture, incommunicado detention, detention of persons solely for the non-violent expression of their political views, or prolonged detention without trial. Any such notification shall include a full description of the assistance which is proposed to be provided and of the purposes to which it is to be directed.】

SEC. 661. TRADE AND DEVELOPMENT AGENCY.

(a) PURPOSE.—The Trade and Development Agency shall be an agency of the United States under the foreign policy guidance of the Secretary of State. The purpose of the Trade and Development Agency is to promote United States private sector participation in development projects in developing and middle-income countries.

(b) AUTHORITY TO PROVIDE ASSISTANCE.—

(1) AUTHORITY.—The Director of the Trade and Development Agency is authorized to work with foreign countries, including those in which the United States development programs have been concluded or those not receiving assistance under part I, to carry out the purpose of this section by providing funds for feasibility studies, architectural and engineering design, and other activities related to development projects which provide opportunities for the use of United States exports.

(2) USE OF FUNDS.—Funds under this section may be used to provide support for feasibility studies 【for】 *and other activities related to* the planning, development, and management of, and procurement for, bilateral and multilateral development projects, including training activities undertaken in connection with a project, for the purpose of promoting the use of United States goods and services in such projects. 【Funds under this section may also be used for architectural and engineering design, including—

【(A) concept design, which establishes the basic technical and operational criteria for a project, such as architectural drawings for a proposed facility evaluation of site constraints, procurement requirements, and equipment specifications; and

【(B) detail design, which sets forth specific dimensions and criteria for structural, mechanical, electrical, and ar-

chitectural operations, and identifies other resources required for project operations.]

(3) INFORMATION DISSEMINATION.—[(A)] The Trade and Development Agency shall disseminate information about its project activities to the private sector.

[(B) Other agencies of the United States Government shall cooperate with the Trade and Development Agency in order for the Agency to provide more effectively informational services to persons in the private sector concerning trade development and export promotion related to development projects.]

* * * * *

(d) ANNUAL REPORT.—The [(President)] *Director of the Trade and Development Agency* 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 Agency in the preceding fiscal year.

* * * * *

(f) FUNDING.—

(1) AUTHORIZATION.—[There are authorized to be appropriated for purposes of this section, in addition to funds otherwise available for such purposes \$55,000,000 for fiscal year 1993 and \$65,000,000 for fiscal year 1994.] *There are authorized to be appropriated to the President for purposes of this section, in addition to funds otherwise available for such purposes, \$67,000,000 for fiscal year 1996 and \$75,000,000 for fiscal year 1997.*

[(2) FUNDING FOR TECHNICAL ASSISTANCE GRANTS BY MULTILATERAL DEVELOPMENT BANKS.—(A) The Trade and Development Agency should, in fiscal years 1993 and 1994, substantially increase the amount of funds it provides to multilateral development banks for technical assistance grants.

[(B) As used in subparagraph (A)—

[(i) the term “technical assistance grants” means funding by multilateral development banks of services from the United States in connection with projects and programs supported by such banks, including, but not limited to, engineering, design, and consulting services; and

[(ii) the term “multilateral development bank” has the meaning given that term in section 1701(c) of the International Financial Institutions Act.]

(2) AVAILABILITY OF APPROPRIATIONS.—*Amounts appropriated pursuant to paragraph (1) are authorized to remain available until expended.*

* * * * *

SEC. 667. OPERATING EXPENSES.—

(a) * * *

SEC. 668. TRANSPORTATION EXPENSES FOR DELIVERY OF HUMANITARIAN ASSISTANCE.

(a) *AUTHORITY.—The President is authorized to pay the expenses incurred in the transport of humanitarian assistance which has been privately donated in the United States to the independent*

states of the former Soviet Union, the Baltic states, and the independent states of the former Yugoslavia (excluding Serbia), with the consent of the relevant government.

(b) *AUTHORIZATION OF APPROPRIATIONS.*—(1) There are authorized to be appropriated to the President such sums as may be necessary to carry out this section.

(2) Amounts appropriated pursuant to paragraph (1) are authorized to remain available until expended.

(c) *DEFINITIONS.*—As used in this section:

(1) *HUMANITARIAN ASSISTANCE.*—The term “humanitarian assistance” includes the provision of food, medicine, medical supplies, and clothing. The term does not include construction equipment, including tractors, scrapers, loaders, graders, bulldozers, dump trucks, generators, and compressors.

(2) *INDEPENDENT STATES OF THE FORMER SOVIET UNION.*—The term “independent states of the former Soviet Union” has the same meaning given the term in section 3 of the *FREEDOM Support Act (22 U.S.C. 5801)*.

THE ARMS EXPORT CONTROL ACT

* * * * *

Chapter 1—Foreign and National Security Policy Objectives and Restraints

* * * * *

SEC. 3. *ELIGIBILITY.*—(a) No defense article or defense service shall be sold or leased by the United States Government under this Act to any country or international organization, and no agreement shall be entered into for a cooperative project (as defined in section 27 of this Act), unless—

(1) the President finds that the furnishing of defense articles and defense services to such country or international organization will strengthen the security of the United States and promote world peace;

* * * * *

(b) *The consent of the President under paragraph (2) of subsection (a) or under paragraph (1) of section 505(a) of the Foreign Assistance Act of 1961 (as it relates to subparagraph (B) of such paragraph) shall not be required for the transfer by a foreign country or international organization of defense articles sold by the United States under this Act if—*

(1) *such articles constitute components incorporated into foreign defense articles;*

(2) *the recipient is the government of a member country of the North Atlantic Treaty Organization, the Government of Australia, the Government of Japan, or the Government of New Zealand;*

(3) *the recipient is not a country designated under section 620A of the Foreign Assistance Act of 1961;*

(4) *the United States-origin components are not—*

(A) *significant military equipment (as defined in section 47(9));*

- (B) defense articles for which notification to Congress is required under section 36(b); and*
- (C) identified by regulation as Missile Technology Control Regime items; and*
- (5) the foreign country or international organization provides notification of the transfer of the defense articles to the United States Government not later than 30 days after the date of such transfer.*

* * * * *

(d)(1) The President may not give his consent under paragraph (2) of subsection (a) or under the third sentence of such subsection, or under section 505(a)(1) or 505(a)(4) of the Foreign Assistance Act of 1961, to a transfer of any major defense equipment valued (in terms of its original acquisition cost) at \$14,000,000 or more, or any defense article or related training or other defense service valued (in terms of its original acquisition cost) at \$50,000,000 or more, unless the President submits to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate a written certification with respect to such proposed transfer containing—

* * * * *

(2)(A) Except as provided in subparagraph (B), unless the President states in the certification submitted pursuant to paragraph (1) of this subsection that an emergency exists which requires that consent to the proposed transfer become effective immediately in the national security interests of the United States, such consent shall not become effective until 30 calendar days after the date of such submission and such consent shall become effective then only if the Congress does not enact, within such 30-day period, a joint resolution[, as provided for in sections 36(b)(2) and 36(b)(3) of this Act] prohibiting the proposed transfer.

(B) In the case of a proposed transfer to the North Atlantic Treaty Organization, or any member country of such Organization, Japan, Australia, or New Zealand, unless the President states in the certification submitted pursuant to paragraph (1) of this subsection that an emergency exists which requires that consent to the proposed transfer become effective immediately in the national security interests of the United States, such consent shall not become effective until fifteen calendar days after the date of such submission and such consent shall become effective then only if the Congress does not enact, within such fifteen-day period, a [law] joint resolution prohibiting the proposed transfer.

(C) If the President states in his certification under subparagraph (A) or (B) that an emergency exists which requires that consent to the proposed transfer become effective immediately in the national security interests of the United States, thus waiving the requirements of that subparagraph, the President shall set forth in the certification a detailed justification for his determination, including a description of the emergency circumstances which necessitate immediate consent to the transfer and a discussion of the national security interests involved.

(D)(i) Any joint resolution under this paragraph shall be considered in the Senate in accordance with the provisions of section

601(b) of the International Security Assistance and Arms Export Control Act of 1976.

(ii) For the purpose of expediting the consideration and enactment of joint resolutions under this paragraph, a motion to proceed to the consideration of any such joint resolution after it has been reported by the appropriate committee shall be treated as highly privileged in the House of Representatives.

(3)(A) The President may not give his consent to the transfer of any major defense equipment valued (in terms of its original acquisition cost) at \$14,000,000 or more, or of any defense article or defense service valued (in terms of its original acquisition cost) at \$50,000,000 or more, the export of which has been licensed or approved under section 38 of this Act, unless [at least 30 calendar days] before giving such consent the President submits to the Speaker of the House of Representatives and the Chairman of the Committee on Foreign Relations of the Senate a [report] *certification* containing the information specified in subparagraphs (A) through (E) of paragraph (1). [Such consent shall become effective then only if the Congress does not enact, within a 30-day period, a joint resolution, as provided for in sections 36(c)(2) and 36(c)(3) of this Act prohibiting the proposed transfer.] *Such certification shall be submitted—*

(i) at least 15 calendar days before such consent is given in the case of a transfer to a country which is a member of the North Atlantic Treaty Organization or Australia, Japan, or New Zealand; and

(ii) at least 30 calendar days before such consent is given in the case of a transfer to any other country, unless the President states in his certification that an emergency exists which requires that consent to the proposed transfer become effective immediately in the national security interests of the United States. If the President states in his certification that such an emergency exists (thus waiving the requirements of clause (i) or (ii), as the case may be, and of subparagraph (B)) the President shall set forth in the certification a detailed justification for his determination, including a description of the emergency circumstances which necessitate that consent to the proposed transfer become effective immediately and a discussion of the national security interests involved.

(B) Consent to a transfer to subparagraph (A) shall become effective after the end of the 15-day or 30-day period specified in subparagraph (A)(i) or (ii), as the case may be, only if the Congress does not enact, within that period, a joint resolution prohibiting the proposed transfer.

(C)(i) Any joint resolution under this paragraph shall be considered in the Senate in accordance with the provisions of section 601(b) of the International Security Assistance and Arms Export Control Act of 1976.

(ii) For the purpose of expediting the consideration and enactment of joint resolutions under this paragraph, a motion to proceed to the consideration of any such joint resolution after it has been reported by the appropriate committee shall be treated as highly privileged in the House of Representatives.

* * * * *

Chapter 2—Foreign Military Sales Authorizations

SEC. 21.—SALES FROM STOCKS.—(a)(1) The President may sell defense articles and defense services from the stocks of the Department of Defense to any eligible country or international organization if such country or international organization agrees to pay in United States dollars—

(A) in the case of a defense article not intended to be replaced at the time such agreement is entered into, not less than the actual value thereof, *except as provided in paragraph (3)*;

(B) in the case of a defense article intended to be replaced at the time such agreement is entered into, the estimated cost of replacement of such article, including the contract or production costs less any depreciation in the value of such article; or

(C) in the case of the sale of a defense service, the full cost to the United States Government of furnishing such service, except that in the case of training sold to a purchaser who is concurrently receiving assistance under chapter 5 of part II of the Foreign Assistance Act of 1961, only those additional costs that are incurred by the United States Government in furnishing such assistance.

(2) For purposes of subparagraph (A) of paragraph (1), the actual value of a naval vessel of 3,000 tons or less and 20 years or more of age shall be considered to be not less than the greater of the scrap value or fair value (including conversion costs) of such vessel, as determined by the Secretary of Defense.

(3) *The President may reduce the price required to be paid under paragraph (1)(A) for the sale of a defense article if such sale would—*

(A) *facilitate the sale of a similar or related new defense article;*

(B) *support the national defense industrial base; and*

(C) *serve the national security interests of the United States.*

* * * * *

(e)(1) After September 30, 1976, letters of offer for the sale of defense articles or for the sale of defense services that are issued pursuant to this section or pursuant to section 22 of this Act shall include appropriate charges for—

(A) administrative services, calculated on an average percentage basis to recover the full estimated costs (excluding a pro rata share of fixed base operations costs) of administration of sales made under this Act to all purchasers of such articles and services as specified in section 43(b) and section 43(c) of this Act; *and*

[(B) a proportionate amount of any nonrecurring costs of research, development, and production of major defense equipment (except for equipment wholly paid for either from funds transferred under section 503(a)(3) of the Foreign Assistance Act of 1961 or from funds made available on a nonrepayable basis under section 23 of this Act); and]

[(C)] (B) the recovery of ordinary inventory losses associated with the sale from stock of defense articles that are being stored at the expense of the purchaser of such articles.

[(2) The President may reduce or waive the charge or charges which would otherwise be considered appropriate under paragraph (1)(B) for particular sales that would, if made, significantly advance United States Government interests in North Atlantic Treaty Organization standardization, standardization with the Armed Forces of Japan, Australia, or New Zealand in furtherance of the mutual defense treaties between the United States and those countries, or foreign procurement in the United States under coproduction arrangements.]

[(3)] (2)(A) The President may waive the charges for administrative services that would otherwise be required by paragraph (1)(A) in connection with any sale to the Maintenance and Supply Agency of the North Atlantic Treaty Organization in support of—

- (i) a weapon system partnership agreement; or
- (ii) a NATO/SHAPE project.

(B) The Secretary of Defense may reimburse the fund established to carry out section 43(b) of this Act in the amount of the charges waived under subparagraph (A) of this paragraph. Any such reimbursement may be made from any funds available to the Department of Defense.

(C) As used in this paragraph—

(i) the term “weapon system partnership agreement” means an agreement between two or more member countries of the Maintenance and Supply Agency of the North Atlantic Treaty Organization that—

(I) is entered into pursuant to the terms of the charter of that organization; and

(II) is for the common logistic support of a specific weapon system common to the participating countries; and

(ii) the term “NATO/SHAPE project” means a common-funded project supported by allocated credits from North Atlantic Treaty Organization bodies or by host nations with NATO Infrastructure funds.

* * * * *

(g) The President may enter into North Atlantic Treaty Organization standardization agreements in carrying out section 814 of the Act of October 7, 1975 (Public Law 94-106), and may enter into [similar agreements with Japan, Australia, and New Zealand, and with other countries] *similar agreements with countries* which are major non-NATO allies, for the cooperative furnishing of training on a bilateral or multilateral basis, if the financial principles of such agreements are based on reciprocity. Such agreements shall include reimbursement for all direct costs but may exclude reimbursement for indirect costs, administrative surcharges, and costs of billeting of trainees (except to the extent that members of the United States Armed Forces occupying comparable accommodations are charged for such accommodations by the United States). Each such agreement shall be transmitted promptly to the Speaker of the House of Representatives and the Committees on Appropriations, Armed Services, and Foreign Relations of the Senate. As used in this subsection, the term “major non-NATO allies” means those countries designated as major non-NATO allies [for purposes of section 2350a(i)(3) of title 10, United States Code] *in accordance with section 517 of the Foreign Assistance Act of 1961.*

(h)(1) The President is authorized to provide (without charge) quality assurance, inspection, contract administration services, and contract audit defense services under this section—

(A) in connection with the placement or administration of any contract or subcontract for defense articles, defense services, or design and construction services entered into after the date of enactment of this subsection by, or under this Act on behalf of, a foreign government which is a member of the North Atlantic Treaty Organization *or the Government of Israel*, if such government provides such services in accordance with an agreement on a reciprocal basis, without charge, to the United States Government; or

(B) in connection with the placement or administration of any contract or subcontract for defense articles, defense services, or design and construction services pursuant to the North Atlantic Treaty Organization Infrastructure Program in accordance with an agreement under which the foreign governments participating in such program provide such services, without charge, in connection with similar contracts or subcontracts.

(2) In carrying out the objectives of this section, the President is authorized to provide cataloging data and cataloging services, without charge, to the North Atlantic Treaty Organization [or to any member government of that Organization if that Organization or member government] , *any member government of that Organization, or the Government of Israel, if the Organization, member government, or Government of Israel, as the case may be, provides such data and services in accordance with an agreement on a reciprocal basis, without charge, to the United States Government.*

* * * * *

(k) “Before entering into the sale under this chapter of defense articles that are excess to the stocks of the Department of Defense, [the President shall first consider the effects of the sale of the articles on the national technology and industrial base, particularly the extent, if any, to which the sale reduces the opportunities of entities in the national technology and industrial base to sell new equipment to the country or countries to which the excess defense articles are sold.] *the President shall determine that the sale of such articles will not have an adverse impact on the national technology and industrial base and, particularly, will not reduce the opportunities of entities in the national technology and industrial base to sell new or used equipment to the countries to which such articles are transferred.*

SEC. 22. PROCUREMENT FOR CASH SALES.—(a) * * *

* * * * *

(d) *Competitive Pricing.—Procurement contracts made in implementation of sales under this section for defense articles and defense services wholly paid from funds made available on a nonrepayable basis shall be priced on the same costing basis with regard to profit, overhead, independent research and development, bid and proposal, and other costing elements, as is applicable to procurements of like items purchased by the Department of Defense for its own use.*

SEC. 23. CREDIT SALES.—(a) * * *

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(f) Notwithstanding any other provision of this section, the President shall not require repayment of any assistance provided on a grant basis under this section to a foreign country or international organization.

* * * * *

[Sec. 28. Reports on Price Availability Estimates.—(a) The President shall transmit to the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate, within fifteen days after the end of each calendar quarter, a report listing each price and availability estimate provided by the United States Government during such quarter to a foreign country with respect to a possible sale under this Act of major defense equipment for \$7,000,000 or more, of any other defense articles or defense services for \$25,000,000 or more, or of any Air-to-Ground or Ground-to-Air missiles, or associated launchers (without regard to the amount of the possible sale). Each such listing shall specify the name of the country to which the estimate was provided, the defense articles or services involved, the quantity involved, and the price estimate provided.

[(b) Such reports shall also list each request received by the United States Government from a foreign country, during the quarter in question, for the issuance of a letter of offer to sell defense articles or defense services if (1) the proposed sale has not been the subject of a listing pursuant to subsection (a) of this section, and (2) the request involves a proposed sale of major defense equipment for \$7,000,000 or more, of any other defense articles or defense services for \$25,000,000 or more, or of any Air-to-Ground or Ground-to-Air missiles, or associated launchers (without regard to the amount of the possible sale). Each such listing shall include the name of the country making the request, the date of the request, the defense articles or services involved, the quantity involved, and the price and availability terms requested.]

* * * * *

Chapter 3—Military Export Controls

SEC. 31. AUTHORIZATION AND AGGREGATE CEILING ON FOREIGN MILITARY SALES CREDITS.—(a) There are authorized to be appropriated to the President to carry out this Act \$5,371,000,000 for fiscal year 1986 and \$5,371,000,000 for the fiscal year 1987. Credits may not be extended under section 23 of this Act in an amount, and loans may not be guaranteed under section 24(a) of this Act in a principal amount, which exceeds any maximum amount which may be established with respect to such credits or such loan guarantees in legislation appropriating funds to carry out this Act. Unobligated balances of funds made available pursuant to this section are hereby authorized to be continued available by appropriations legislation to carry out this Act.

* * * * *

[(c) For fiscal year 1986 and fiscal year 1987, the principal amount of credits provided under section 23 at market rates of interest with respect to Greece, the Republic of Korea, the Philippines, Portugal, Spain, Thailand, and Turkey shall (if and to the extent each country so desires) be repaid in not more than twenty years, following a grace period of ten years on repayment of principal.]

(c) Loans available under section 23 shall be provided at rates of interest that are not less than the current average market yield on outstanding marketable obligations of the United States of comparable maturities.

[(d) The aggregate acquisition cost to the United States of excess defense articles ordered by the President in any fiscal year after fiscal year 1976 for delivery to foreign countries or international organizations under the authority of chapter 2 of part II of the Foreign Assistance Act of 1961 or pursuant to sales under this Act may not exceed \$250,000,000 (exclusive of ships and their onboard stores and supplies transferred in accordance with law, and of any defense articles with respect to which the President submits a certification under section 36(b) of this Act).]

* * * * *

Sec. 36. REPORTS ON COMMERCIAL AND GOVERNMENTAL MILITARY EXPORTS; CONGRESSIONAL ACTION.—(a) * * *

* * * * *

(11) a listing of all munitions items (as defined in section 40(l)(1)) which were sold, leased, or otherwise transferred by the Department of Defense to any other department, agency, or other entity of the United States Government during the quarter for which such report is submitted (including the name of the recipient Government entity and a discussion of what that entity will do with those munitions items) if—

* * * * *

For each letter of offer to sell under paragraphs (1) and (2), the report shall specify (i) the foreign country or international organization to which the defense article or service is offered or was sold, as the case may be; (ii) the dollar amount of the offer to sell or the sale and the number of defense articles offered or sold, as the case may be; (iii) a description of the defense article or service offered or sold, as the case may be; [and (iv)] (iv) the United States Armed Forces or other agency of the United States which is making the offer to sell or the sale, as the case may be[.]; (v) *the comparable kinds and amounts of similar major defense equipment or defense articles or services that are available from other countries; and (vi) the other countries, if any, to which the United States has already offered the major defense equipment or defense articles or services.*

(b)(1) In the case of any letter of offer to sell any defense articles or services under this Act for \$50,000,000 or more, any design and construction services for \$200,000,000 or more, or any major defense equipment for \$14,000,000 or more, before such letter of offer is issued, the President shall submit to the Speaker of the House of Representatives and to the chairman of the Committee on Foreign Relations of the Senate a numbered certification with respect

to such offer to sell containing the **[[information specified in clauses (i) through (iv)] information specified in clauses (i) through (vi)** of subsection (a), or (in the case of a sale of design and construction services) the information specified in clauses (A) through (D) of paragraph (9) of subsection (a), and a description, containing the information specified in paragraph (8) of subsection (a), of any contribution, gift, commission, or fee paid or offered or agreed to be paid in order to solicit, promote, or otherwise to secure such letter of offer. Such numbered certifications shall also contain an item, classified if necessary, identifying the sensitivity of technology contained in the defense articles, defense services, or design and construction services proposed to be sold, and a detailed justification of the reasons necessitating the sale of such articles or services in view of sensitivity of such technology. In addition, the President shall, upon the request of such committee or the Committee on International Relations of the House of Representatives, transmit promptly to both such committees a statement setting forth, to the extent specified in such request—

* * * * *

[(K)] an analysis of the extent to which comparable kinds and amounts of defense articles, defense services, or design and construction services are available from other countries;

[(L)] *(K)* an analysis of the impact of the proposed sale on United States relations with the countries in the region to which the defense articles, defense services, or design and construction services which are the subject of such sale would be delivered;

[(M)] *(L)* a detailed description of any agreement proposed to be entered into by the United States for the purchase or acquisition by the United States of defense articles, defense services, design and construction services or defense equipment, or other articles, services, or equipment of the foreign country or international organization in connection with, or as consideration for, such letter of offer, including an analysis of the impact of such proposed agreement upon United States business concerns which might otherwise have provided such articles, services, or equipment to the United States, an estimate of the costs to be incurred by the United States in connection with such agreement compared with costs which would otherwise have been incurred, an estimate of the economic impact and unemployment which would result from entering into such proposed agreement, and an analysis of whether such costs and such domestic economic impact justify entering into such proposed agreement;

[(N)] *(M)* the projected delivery dates of the defense articles, defense services, or design and construction services to be offered;

[(O)] *(N)* a detailed description of weapons and levels of munitions that may be required as support for the proposed sale; and

[(P)] (O) an analysis of the relationship of the proposed sale to projected procurements of the same item.

* * * * *

[(4) In addition to the other information required to be contained in a certification submitted to the Congress under this subsection, each such certification shall cite any quarterly report submitted pursuant to section 28 of this Act which listed a price and availability estimate, or a request for the issuance of a letter of offer, which was a basis for the proposed sale which is the subject of such certification.]

* * * * *

(c)(1) In the case of an application by a person (other than with regard to a sale under section 21 or section 22 of this Act) for a license for the export of any major defense equipment sold under a contract in the amount of \$14,000,000 or more or of defense articles or defense services sold under a contract in the amount of \$50,000,000 or more, before issuing such license the President shall transmit to the Speaker of the House of Representatives and to the chairman of the Committee on Foreign Relations of the Senate an unclassified numbered certification with respect to such application specifying (A) the foreign country or international organization to which such export will be made, (B) the dollar amount of the items to be exported, [and (C)] (C) a description of the items to be exported, (D) a statement on the extent to which comparable kinds and amounts of similar major defense equipment or defense articles or services are available from other countries, and (E) the other countries, if any, to which the United States has already offered the major defense equipment or defense articles or services. In addition, the President shall, upon the request of such committee or the Committee on International Relations of the House of Representatives, transmit promptly to both such committees a statement setting forth, to the extent specified in such request a description of the capabilities of the items to be exported, an estimate of the total number of United States personnel expected to be needed in the foreign country concerned in connection with the items to be exported and an analysis of the arms control impact pertinent to such application, prepared in consultation with the Secretary of Defense. A certification transmitted pursuant to this subsection shall be unclassified, except that the information specified in clause (B) and the details of the description specified in clause (C) may be classified if the public disclosure thereof would be clearly detrimental to the security of the United States.

(2) Unless the President states in his certification that an emergency exists which requires the proposed export in the national security interests of the United States, a license for export described in paragraph (1)—

[(A) shall not be issued until at least 30 calendar days after the Congress receives such certification; and

[(B) shall not be issued then if the Congress, within such 30-day period, enacts a joint resolution prohibiting the proposed export, except that this subparagraph does not apply with respect to a license issued for an export to the North Atlantic

Treaty Organization, any member country of that Organization, Japan, Australia, or New Zealand.】

* * * * *

(A) in the case of a license for an export to the North Atlantic Treaty Organization, any member country of that Organization, or Australia, Japan, or New Zealand, shall not be issued until at least 15 calendar days after the Congress receives such certification, and shall not be issued then if the Congress, within that 15-day period, enacts a joint resolution prohibiting the proposed export; and

(B) in the case of any other license, shall not be issued until at least 30 calendar days after the Congress receives such certification, and shall not be issued then if the Congress, within that 30-day period, enacts a joint resolution prohibiting the proposed export.

* * * * *

(d)(1) In the case of an approval under section 38 of this Act of a United States commercial technical assistance or manufacturing licensing agreement [for or in a country not a member of the North Atlantic Treaty Organization] which involves the manufacture abroad of any item of significant combat equipment on the United States Munitions List, before such approval is given, the President shall submit a certification with respect to such proposed commercial agreement in a manner similar to the certification required under subsection (c)(1) containing comparable information, except that the last sentence of such subsection shall not apply to certifications submitted pursuant to this subsection.

(2) A certification under this subsection shall be submitted—

(A) at least 15 days before approval is given in the case of an agreement for or in a country which is a member of the North Atlantic Treaty Organization or Australia, Japan, or New Zealand; and

(B) at least 30 days before approval is given in the case of an agreement for or in any other country; unless the President states in his certification that an emergency exists which requires the immediate approval of the agreement in the national security interests of the United States.

(3) If the President states in his certification that an emergency exists which requires the immediate approval of the agreement in the national security interests of the United States, thus waiving the requirements of paragraph (4), he shall set forth in the certification a detailed justification for his determination, including a description of the emergency circumstances which necessitate the immediate approval of the agreement and a discussion of the national security interests involved.

(4) Approval for an agreement subject to paragraph (1) may not be given under section 38 if the Congress, within the 15-day or 30-day period specified in paragraph (2)(A) or (B), as the case may be, enacts a joint resolution prohibiting such approval.

(5)(A) Any joint resolution under paragraph (4) shall be considered in the Senate in accordance with the provisions of section 601(b) of the International Security Assistance and Arms Export Control Act of 1976.

(B) For the purpose of expediting the consideration and enactment of joint resolutions under paragraph (4), a motion to proceed to the consideration of any such joint resolution after it has been reported by the appropriate committee shall be treated as highly privileged in the House of Representatives.

* * * * *

Chapter 4—General Administrative, and Miscellaneous Provisions

* * * * *

SEC. 47. DEFINITIONS.—For purposes of this Act, the term—

(1) “excess defense article” has the meaning provided by section 644(g) of the Foreign Assistance Act of 1961;

* * * * *

(7) “defense articles and defense services” means, with respect to commercial exports subject to the provisions of section 38 of this Act, those items designated by the President pursuant to subsection (a)(1) of such section; **[and]**

(8) “design and construction services” means, with respect to sales under section 29 of this Act, the design and construction of real property facilities, including necessary construction equipment and materials, engineering services, construction contract management services relating thereto, and technical advisory assistance in the operation and maintenance of real property facilities provided or performed by any department or agency of the Department of Defense or by a contractor pursuant to a contract with such department or agency**[.]**; *and*

(9) “significant military equipment” means articles—
(A) for which special export controls are warranted because of the capacity of such articles for substantial military utility or capability; *and*
(B) identified on the United States Munitions List.

Chapter 5—Special Defense Acquisition Fund

SEC. 51. SPECIAL DEFENSE ACQUISITION FUND.—(a)(1) Under the direction of the President and in consultation with the Secretary of State, the Secretary of Defense shall establish a Special Defense Acquisition Fund (hereafter in this chapter referred to as the “Fund”), to be used as a revolving fund separate from other accounts, under the control of the Department of Defense, to finance the acquisition of defense articles and defense service in anticipation of their transfer pursuant to this Act, the Foreign Assistance Act of 1961, or as otherwise authorized by law, to eligible foreign countries and international organizations, and may acquire such articles and services with the funds in the Fund as he may determine. Acquisition under this chapter of items for which the initial issue quantity requirements for United States Armed Forces have not been fulfilled and are not under current procurement contract shall be emphasized when compatible with security assistance requirements for the transfer of such items.

* * * * *

(4) [(A)] The Fund shall also be used to acquire defense articles that are particularly suited for use for narcotics control purposes and are appropriate to the needs of recipient countries, such as small boats, planes (including helicopters), and communications equipment.

[(B) Each report pursuant to section 53(a) shall designate the defense articles that have been acquired or are to be acquired pursuant to this paragraph and the defense articles acquired under this chapter that were transferred for use in narcotics control purposes.]

(b) The Fund shall consist of—

(1) collections from sales made under letters of offer issued pursuant to section 21(a)(1)(A) of this act representing the actual value of defense articles not intended to be replaced in stock,

* * * * *

[SEC. 53. ANNUAL REPORTS TO CONGRESS.—(a) Not later than December 31 of each year, the President shall submit to the Congress a comprehensive report on acquisitions of defense articles and defense services under this chapter. Each such report shall include—

[(1) a description of each contract for the acquisition of defense articles or defense services under this chapter which was entered into during the preceding fiscal year;

[(2) a description of each contract for the acquisition of defense articles or defense services under this chapter which the President anticipates will be entered into during the current fiscal year;

[(3) a description of each defense article or defense service acquired under this chapter which was transferred to a foreign country or international organization during the preceding fiscal year; and

[(4) an evaluation of the impact of the utilization of the authority of this chapter on United States defense production and the readiness of the United States Armed Forces.

[(b) As part of the annual written report to the Congress required by section 2431(a) of title 10, United States Code, regarding procurement schedules for each weapon system for which funding authorization is required, the President shall provide a report estimating the likely procurements to be made through the Fund.]

Chapter 6—Leases of Defense Articles and Loan Authority for Cooperative Research and Development Purposes

* * * * *

SEC. 62. REPORTS TO THE CONGRESS.—(a) [Not less than 30 days before] *before* entering into or renewing any agreement with a foreign country or international organization to lease any defense article under this chapter, or to loan any defense article under chapter 2 of part II of the Foreign Assistance Act of 1961, for a period of one year or longer, the President shall transmit to the Speaker of the House of Representatives, and to the chairman of the Committee on Foreign Relations of the Senate and the chairman of the

Committee on Armed Services of the Senate, a written certification which specifies—

- (1) the country or international organization to which the defense article is to be leased or loaned;
- (2) the type, quantity, and value (in terms of replacement cost) of the defense article to be leased or loaned;
- (3) the terms and duration of the lease or loan; and
- (4) a justification for the lease or loan, including an explanation of why the defense article is being leased or loaned rather than sold under this Act.

(b) The President may waive the requirements of this section (and in the case of an agreement described in section 63, may waive the provisions of the section) if he [determines, and immediately reports to the Congress], states in his certification, that an emergency exists which requires that the lease or loan be entered into immediately in the national security interests of the United States. *If the President states in his certification that such an emergency exists, he shall set forth in the certification a detailed justification for his determination, including a description of the emergency circumstances which necessitate that the lease be entered into immediately and a discussion of the national security interests involved.*

(c) *The certification required by subsection (a) shall be transmitted—*

- (1) *not less than 15 calendar days before the agreement is entered into or renewed in the case of an agreement with the North Atlantic Treaty Organization, any member country of that Organization or Australia, Japan, or New Zealand; and*
- (2) *not less than 30 calendar days before the agreement is entered into or renewed in the case of an agreement with any other organization or country.*

SEC. 63. LEGISLATIVE REVIEW.—~~[(a)(1)]~~ (a) In the case of any agreement involving the lease under this chapter, or the loan under chapter 2 of part II of the Foreign Assistance Act of 1961, to any foreign country or international organization for a period of one year or longer of any defense articles which are either (i) major defense equipment valued (in terms of its replacement cost less any depreciation in its value) at \$14,000,000 or more, or (ii) defense articles valued (in terms of their replacement cost less any depreciation in their value) at \$50,000,000 or more, the agreement may not be entered into or renewed if the Congress, within [30 calendar days after receiving the certification with respect to that proposed agreement pursuant to section 62(a),] *the 15-day or 30-day period specified in section 62(c)(1) or (2), as the case may be,* enacts a joint resolution prohibiting the proposed lease or loan.

[(2) This section shall not apply with respect to a loan or lease to the North Atlantic Treaty Organization, any member country of that Organization, Japan, Australia, or New Zealand.]

* * * * *

SEC. 65. LOAN OF MATERIALS, SUPPLIES, AND EQUIPMENT FOR RESEARCH AND DEVELOPMENT PURPOSES.—(a)(1) * * *

(d) For purposes of this section, the term “NATO [or major non-NATO] ally” means a member country of the North Atlantic Treaty Organization (other than the United States). [or a foreign country

other than a member nation of NATO designated as a major non-NATO ally under section 2350a(i)(3) of title 10, United States Code.]

THE PEACE CORPS ACT

* * * * *

AUTHORIZATION

SEC. 3. (a) The President is authorized to carry out programs in furtherance of the purposes of this Act, on such terms and conditions as he may determine.

[(b) AUTHORIZATIONS OF APPROPRIATIONS.—There are authorized to be appropriated to carry out the purposes of this Act \$218,146,000 for fiscal year 1993, which are authorized to remain available until September 30, 1994.]

(b) There are authorized to be appropriated to carry out the purposes of this Act \$234,000,000 for each of the fiscal years 1996 and 1997.

ACT OF OCTOBER 28, 1992

(PUBLIC LAW 102-565)

* * * * *

SECTION 1. AUTHORIZATIONS OF APPROPRIATIONS.

Section 3(b) of the Peace Corps Act (22 U.S.C. 2502(b)) is amended to read as follows:

* * * * *

SEC. 3. EVALUATION OF HEALTH-CARE SERVICES PROVIDED TO PEACE CORPS VOLUNTEERS.

(a) IN GENERAL.—The Director of the Peace Corps shall contract with an eligible organization or organizations to conduct before January 1, [1997] 1998, a total of three evaluations of the health-care needs of the Peace Corps volunteers and the adequacy of the system through which the Peace Corps provides health-care services in meeting those needs.

* * * * *

(c) REPORTS TO THE PEACE CORPS.—An organization making an evaluation under this section shall submit to the Director of the Peace Corps a report containing its findings and recommendations not later than May 31, 1993, December 31, 1994, and December 31, [1996] 1997, as the case may be. Each report shall include recommendations regarding appropriate standards and procedures for ensuring the furnishing of quality medical care and for measuring the quality of care provided to Peace Corps volunteers.

ASIAN DEVELOPMENT BANK ACT

* * * * *

SEC. 31. FOURTH REPLENISHMENT.

(a) SUBSCRIPTION AUTHORITY.—

(1) *IN GENERAL.*—The United States Government of the Bank may, on behalf of the United States, subscribe to 276,105 shares of the increase in the capital stock of the Bank—

(A) 5,522 of which shall be shares of paid-in capital stock; and

(B) 270,583 of which shall be shares of callable capital stock.

(2) *SUBJECT TO APPROPRIATIONS.*—The authority provided by paragraph (1) shall be effective only to such extent or in such amounts as are provided in advance in appropriations Acts.

(b) *LIMITATIONS OF AUTHORIZATION OF APPROPRIATIONS.*—For the subscription authorized by subsection (a), there are authorized to be appropriated to the Secretary of the Treasury \$13,320,000 for each of the fiscal years 1996 and 1997.

JORDAN SUPPLEMENTAL ECONOMIC ASSISTANCE ACT OF 1985

(PUBLIC LAW 99-88)

* * * * *

[TITLE IV

[AUTHORIZATION OF ECONOMIC SUPPORT FUND ASSISTANCE FOR JORDAN

[SHORT TITLE

[SEC. 401. This title may be cited as the “Jordan Supplemental Economic Assistance Authorization Act of 1985”.

[ECONOMIC SUPPORT FUND

[SEC. 402. (a)(1) In addition to funds otherwise available for such purposes for such fiscal year, there are authorized to be appropriated to the President to carry out chapter 4 of part II of the Foreign Assistance Act of 1961, \$250,000,000 for the fiscal year 1985, which amount shall be available only for Jordan.

[(2) Of the funds authorized to be appropriated by paragraph (1)—

[(A) for the fiscal year 1985, \$50,00,000 shall be available only for commodity import programs and \$30,000,000 shall be available only for project assistance;

[(B) for fiscal year 1986, \$50,000,000 shall be available only for commodity import programs and \$30,000,000 shall be available only for project assistance; and

[(C) for the fiscal year 1987, \$60,000,000 shall be available only for commodity import programs and \$30,000,000 shall be available only for project assistance.

[(b) Amounts appropriated to carry out this section are authorized to remain available until September 30, 1987.

[POLICY

[SEC. 403. (a) *SENSE OF CONGRESS.*—It is the sense of Congress that no foreign military sales financing authorized by this Act may

be used to finance the procurement by Jordan of United States advanced aircraft, new air defense weapons systems, or other new advanced military weapons systems, and no notification may be made pursuant to section 36(b) of the Arms Export Control Act with respect to a proposed sale to Jordan of United States advanced aircraft, new air defense systems, or other new advanced military weapons systems, unless Jordan is publicly committed to the recognition of Israel and to negotiate promptly and directly with Israel under the basic tenets of United Nations Security Council Resolutions 242 and 338.

[(b) CERTIFICATION.—Any notification made pursuant to section 36(b) of the Arms Export Control Act with respect to a proposed sale to Jordan of United States advanced aircraft, new air defense systems or other new advanced military weapons, must be accompanied by a Presidential certification of Jordan's public commitment to the recognition of Israel and to negotiate promptly and directly with Israel under the basic tenets of United Nations Security Council Resolutions 242 and 338.]

SPECIAL FOREIGN ASSISTANCE ACT OF 1986

(PUBLIC LAW 99-529)

[SAVINGS PROVISION.—Except as otherwise provided in this Act, the repeal by this Act of any provision of law that amended or repealed another provision of law does not affect in any way that amendment or repeal.]

* * * * *

SECTION 1. SHORT TITLE

This Act may be cited as the "Special Foreign Assistance Act of 1986".

[TITLE I—PROMOTING IMMUNIZATION AND ORAL REHYDRATION IN DEVELOPING COUNTRIES

[SEC. 101. FINDINGS.

[The Congress finds that—

[(1) the United Nations Children's Fund (UNICEF) reports that 3.5 million children die annually because they have not been immunized against the six major childhood diseases: polio, measles, whooping cough, diphtheria, tetanus, and tuberculosis;

[(2) at present less than 20 percent of children in the developing world are fully immunized against these diseases;

[(3) each year more than five million additional children are permanently disabled and suffer diminished capacities to contribute to economic, social, and political development of their countries because they have not been immunized;

[(4) ten million additional childhood deaths from immunizable and potentially immunizable diseases could be averted annually by the development of techniques in biotechnology for new and cost-effective vaccines;

[(5) the World Health Assembly, the Executive Board of the United Nations Children's Fund, and the United Nations Gen-

eral Assembly are calling upon the nations of the world to commit the resources necessary to meet the challenge of universal access to childhood immunization by 1990;

[(6) at the 1984 "Bellagio Conference" it was determined that the goal of universal childhood immunization by 1990 is indeed achievable; and

[(7) the Congress has expressed its expectation that the Agency for International Development will set as a goal the immunization by 1990 of at least 80 percent of all the children in those countries in which the Agency has a program.

[SEC. 102. UNITED STATES PARTICIPATION IN GLOBAL EFFORT.

[(a) UNITED STATES GOVERNMENT SUPPORT.—The Congress calls upon the President to direct the Agency for International Development, working through the Centers for Disease Control and other appropriate Federal agencies, to work in a global effort to provide enhanced support toward achieving the goal of universal access to childhood immunization by 1990 by—

[(1) assisting in the delivery, distribution, and use of vaccines, including—

[(A) the building of locally sustainable systems and technical capacities in developing countries to reach, by the appropriate age, not less than 80 percent of their annually projected target population with the full schedule of required immunizations; and

[(B) the development of a sufficient network of indigenous professionals and institutions with responsibility for developing, monitoring, and assessing immunization programs and continually adapting strategies to reach the goal of preventing immunizable diseases; and

[(2) performing, supporting, and encouraging research and development activities, both in the public and private sector, that will be targeted at developing new vaccines and at modifying and improving existing vaccines to make them more appropriate for use in developing countries.

[(b) PRIVATE SECTOR SUPPORT.—In support of this global effort, the President should appeal to the people of the United States and the United States private sector to support public and private efforts to provide the resources necessary to achieve universal access to childhood immunization by 1990.

[SEC. 103. FUNDING LEVELS.

[(a) EARMARKING.—Section 104(c)(3) of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following: "Of the aggregate amounts made available for fiscal year 1987 to carry out paragraph (2) of this subsection (relating to the Child Survival Fund) and to carry out subsection (c) (relating to development assistance for health), \$50,000,000 shall be used to carry out this paragraph."

[(b) AUTHORIZATION LEVEL FOR CHILD SURVIVAL FUND.—Section 104(c)(2)(B) of that Act is amended by striking out "\$25,000,000 for fiscal year 1987" and inserting in lieu thereof "\$75,000,000 for fiscal year 1987".

[TITLE II—PROMOTING DEMOCRACY IN HAITI**[SEC. 201. FINDINGS CONCERNING HAITI.**

[The Congress finds that—

[(1) the establishment of an interim government in Haiti committed to a restoration of democracy provides Haiti with an opportunity to build the political, social, and economic institutions necessary to promote Haiti's development, to provide a better future for the people of Haiti, and to provide the framework for more effective mutual cooperation with the United States, Haiti's neighbor in the Caribbean, and the other nations of the Hemisphere;

[(2) the magnitude of the political, economic, and social tasks facing the people of Haiti will make the achievement of a better future a difficult task which will require a determined and sustained effort by the Haitian people over a long period of time and will require significant external assistance from the United States and other donors; and

[(3) it is in the interest of the United States to provide appropriate support for the development of Haiti, a close neighbor which is one of the world's poorest nations and which is committed to the establishment of a democratic government.

[SEC. 202 ECONOMIC ASSISTANCE FOR HAITI.

[(a) EARMARKING OF FUNDS.—Not less than \$108,000,000 of the aggregate amounts available for fiscal year 1987 to carry out sections 103 through 106 of the Foreign Assistance Act of 1961 (relating to development assistance), chapter 4 of part II of that Act (relating to the Economic Support Fund), and titles I and II of the Agricultural Trade Development and Assistance Act of 1954 (relating to the Food for Peace Program) shall be available only for Haiti.

[(b) USE OF DEVELOPMENT ASSISTANCE.—Assistance under sections 103 through 106 of the Foreign Assistance Act of 1961 which is provided for Haiti pursuant to subsection (a) shall be used to support a transition to democracy in Haiti, emphasizing foreign investment, job creation (especially in the private sector), rural development, health care and sanitation, small-scale irrigation, reforestation and land conservation, and literacy education. Such assistance should reflect the need to distribute development assistance resources more equitably among the various regions in Haiti in order to support sustainable development in all of Haiti.

[(c) REQUIREMENT FOR SEGREGATED ACCOUNT FOR ECONOMIC SUPPORT ASSISTANCE FUNDS PAID TO GOVERNMENT OF HAITI.—Funds under chapter 4 of part II of the Foreign Assistance Act of 1961 which are made available for Haiti pursuant to subsection (a) may be paid to the Government of Haiti only if the Government of Haiti will maintain those funds in a separate account and not commingle them with other funds.

[(d) CONDITIONS ON ECONOMIC SUPPORT AND DEVELOPMENT ASSISTANCE.—Funds may be obligated for assistance for Haiti under sections 103 through 106 of chapter 4 of part II of the Foreign Assistance Act of 1961 pursuant to subsection (a) only if the President determines that the interim Government of Haiti—

[(1) is improving the human rights situation in Haiti;

[(2) is implementing its timetable for completion of a new constitution that promotes genuine democratic reforms and guarantees the fundamental principles of democracy;

[(3) is establishing a framework for free and open elections leading to a democratically-elected civilian government, which would include free and functioning political parties and associations, free labor unions, and freedom of the press;

[(4) is cooperating fully in implementing United States development, food, and other economic assistance programs in Haiti (including programs for prior fiscal years);

[(5) is maintaining a system of fiscal accountability to ensure that all resources allocated to the development of Haiti are used in the most effective and efficient manner;

[(6) is continuing its investigation of alleged human rights abuses and corruption by the Duvalier government and is prosecuting, in accordance with due process, those responsible for human rights abuses and corruption;

[(7) is maintaining a free and independent judiciary system;

[(8) is continuing to cooperate with the United States in halting illegal emigration to the United States from Haiti; and

[(9) is encouraging private sector development.

[(e) INTER-AMERICAN FOUNDATION.—Section 401(s)(2) of the Foreign Assistance Act of 1969 is amended by striking out “\$11,969,000 for fiscal year 1987” and inserting in lieu thereof “\$12,969,000 for fiscal year 1987 (not less than \$1,000,000 of which shall be for Haiti)”.

[(f) ADDITIONAL ASSISTANCE FOR ECONOMIC DEVELOPMENT IN HAITI.—In order to assist economic development in Haiti, a Foreign Commercial Service officer should be assigned to the United States Embassy in Haiti.

[SEC. 203. MILITARY TRAINING AND OTHER NONLETHAL ASSISTANCE FOR HAITI.]

[(a) AUTHORIZATION OF ASSISTANCE.—Up to \$4,000,000 of the aggregate amounts available for fiscal year 1987 to carry out chapter 2 of part II of the Foreign Assistance Act of 1961 (relating to grant military assistance), chapter 5 of part II of the Act (relating to international military education and training), and the Arms Export Control Act (relating to FMS assistance) may be made available for Haiti for education, training, and other nonlethal assistance (such as transportation equipment, communications equipment, and uniforms).

[(b) CONDITIONS ON MILITARY ASSISTANCE.—Funds made available pursuant to subsection (a) may be obligated only if the President certifies to the Congress the following;

[(1) The Government of Haiti has submitted a formal request to the United States specifying a comprehensive plan for the reform and reorganization of the mission, command, and control structures of the Haitian armed forces consistent with a transition to democracy, the rule of law, constitutional government, and an elected civilian government. Such a plan should include a publicly announced commitment by the armed forces of Haiti to abide by international human rights standards and adoption of a code of conduct to assure adherence to these standards.

[(2) The Government of Haiti is making substantial efforts—

[(A) to prevent the involvement of the Haitian armed forces in human rights abuses and corruption by removing from those forces and prosecuting, in accordance with due process, those military personnel responsible for the human rights abuses and corruption;

[(B) to ensure that freedom of speech and assembly are respected;

[(C) to conduct investigations into the killings of unarmed civilians in Gonaives, Martissant, and Fort Dimanche, to prosecute, in accordance with due process, those responsible for those killings, and to prevent any similar occurrences in the future;

[(D) to provide education and training to the Haitian armed forces with respect to internationally recognized human rights and the civil and political rights essential to democracy, in order to enable those forces to function consistent with those rights; and

[(E) to take steps to implement the policy of the Government of Haiti requiring former members of the Volunteers for National Security (VSN) to turn in their weapons and to take the necessary actions to enforce this requirement.

[(c) REPORTS.—Not later than three months after the President submits his certification under subsection (b) and every three months thereafter, the President shall report to the Congress on the extent to which the actions of the Government of Haiti are consistent with each of the objectives specified in subsection (b). Half of the assistance provided pursuant to subsection (a) shall be withheld from delivery until the President submits the first such report.

[(d) NOTIFICATION TO CONGRESS.—Funds made available pursuant to subsection (a) may be obligated only if the Committee on Appropriations and the Committee on Foreign Affairs of the House of Representatives and the Committee on Appropriations and the Committee on Foreign Relations of the Senate are notified fifteen days in advance.

[(e) RELATION TO EXISTING PROVISION.—Assistance under subsection (a) may be provided notwithstanding the limitations contained in section 705(e) of the International Security and Development Cooperation Act of 1985 and is in addition to the assistance allowed under the section.

[SEC. 204. RECOVERY BY HAITI OF ASSETS STOLEN BY DUVALIER REGIME.

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

[(1) the Government of Haiti believes that former president-for-life Jean Claude Duvalier and other individuals associated with the Duvalier regime illegally diverted to their own use sustainable amounts of the assets of the Government of Haiti;

[(2) the Government of Haiti is attempting to locate and recover those assets through legal means;

[(3) virtually every relevant jurisdiction, both in the United States and abroad, requires the posting of some form of security to secure the issuance of orders of attachment of other judicial seizures of property;

[(4) the Government of Haiti is unable, without outside assistance, to post the necessary security because of its lack of assets;

[(5) Haiti's economic situation could be significantly improved, and the need for external resources reduced, if the Government of Haiti is able to pursue its legal remedies against those who are in large part responsible for the economic crisis in Haiti; and

[(6) the United States has a substantial foreign policy interest in helping the Government of Haiti recover any assets which were illegally diverted by those associated with the Duvalier regime.

[(b) ACTIONS TO ASSIST HAITI.—The President shall exercise the authorities granted by section 203 of the International Emergency Economic Powers Act (50 U.S.C. App. 1702) to assist the Government of Haiti in its efforts to recover, through legal proceedings, assets which the Government of Haiti alleges were stolen by former president-for-life Jean Claude Duvalier and other individuals associated with the Duvalier regime. This subsection shall be deemed to satisfy the requirements of section 202 of that Act.

[TITLE III—PROTECTING TROPICAL FORESTS AND BIOLOGICAL DIVERSITY IN DEVELOPING COUNTRIES

[SEC. 301. PROTECTING TROPICAL FORESTS.

[Chapter 1 of part I of the Foreign Assistance Act of 1961 is amended—

[(1) by redesignating section 118 as section 117;

[(2) by striking out subsection (d) of that section; and

[(3) by inserting after that section the following new section 118:

[“SEC. 118. TROPICAL FORESTS.

[(a) IMPORTANCE OF FORESTS AND TREE COVER.—In enacting section 103(b)(3) of this Act the Congress recognized the importance of forests and tree cover to the developing countries. The Congress is particularly concerned about the continuing and accelerating alteration, destruction and loss of tropical forests in developing countries, which pose a serious threat to development and the environment. Tropical forest destruction and loss—

[(1) result in shortages of wood, especially wood for fuel; loss of biologically productive wetlands; siltation of lakes, reservoirs, and irrigation systems; floods; destruction of indigenous peoples; extinction of plant and animal species; reduced capacity for food production; and loss of genetic resources; and

[(2) can result in desertification and destabilization of the earth's climate.

Properly managed tropical forests provide a sustained flow of resources essential to the economic growth of developing countries, as well as genetic resources of value to developed and developing countries alike.

[(b) PRIORITIES.—The concerns expressed in subsection (a) and the recommendations of the United States Interagency Task Force on Tropical Forests shall be given high priority by the President—

["(1) in formulating and carrying out programs and policies with respect to developing countries, including those relating to bilateral and multilateral assistance and those relating to private sector activities; and

["(2) in seeking opportunities to coordinate public and private development and investment activities which affect forests in developing countries.

["(c) ASSISTANCE TO DEVELOPING COUNTRIES.—In providing assistance to developing countries, the President shall do the following:

["(1) Place a high priority on conservation and sustainable management of tropical forests.

["(2) To the fullest extent feasible, engage in dialogues and exchanges of information with recipient countries—

["(A) which stress the importance of conserving and sustainably managing forest resources for the long-term economic benefit of those countries, as well as the irreversible losses associated with forest destruction, and

["(B) which identify and focus on policies of those countries which directly or indirectly contribute to deforestation.

["(3) To the fullest extent feasible, support projects and activities—

["(A) which offer employment and income alternatives to those who otherwise would cause destruction and loss of forests, and

["(B) which help developing countries identify and implement alternatives to colonizing forested areas.

["(4) To the fullest extent feasible, support training programs, educational efforts, and the establishment or strengthening of institutions which increase the capacity of developing countries to formulate forest policies, engage in relevant land-use planning, and otherwise improve the management of their forests.

["(5) To the fullest extent feasible, help end destructive slash-and-burn agriculture by supporting stable and productive farming practices in areas already cleared or degraded and on lands which inevitably will be settled, with special emphasis on demonstrating the feasibility of agroforestry and other techniques which use technologies and methods suited to the local environment and traditional agricultural techniques and feature close consultation with and involvement of local people.

["(6) To the fullest extent feasible, help conserve forests which have not yet been degraded, by helping to increase production on lands already cleared or degraded through support of reforestation, fuelwood, and other sustainable forestry projects and practices, making sure that local people are involved at all stages of project design and implementation.

["(7) to the fullest extent feasible, support projects and other activities to conserve forested watersheds and rehabilitate those which have been deforested, making sure that local people are involved at all stages of project design and implementation.

[(8) To the fullest extent feasible, support training, research, and other actions which lead to sustainable and more environmentally sound practices for timber harvesting, removal, and processing, including reforestation, soil conservation, and other activities to rehabilitate degraded forest lands.

[(9) To the fullest extent feasible, support research to expand knowledge of tropical forests and identify alternatives which will prevent forest destruction, loss, or degradation, including research in agroforestry, sustainable management of natural forests, small-scale farms and gardens, small-scale animal husbandry, wider application of adopted traditional practices, and suitable crops and crop combinations.

[(10) To the fullest extent feasible, conserve biological diversity in forest areas by—

[(A) supporting and cooperating with United States Government agencies, other donors (both bilateral and multilateral), and other appropriate governmental, intergovernmental, and nongovernmental organizations in efforts to identify, establish, and maintain a representative network of protected tropical forest ecosystems on a worldwide basis;

[(B) whenever appropriate, making the establishment of protected areas a condition of support for activities involving forest clearance or degradation; and

[(C) helping developing countries identify tropical forest ecosystems and species in need of protection and establish and maintain appropriate protected areas.

[(11) to the fullest extent feasible, engage in efforts to increase the awareness of United States Government agencies and other donors, both bilateral and multilateral, of the immediate and long-term value of tropical forests.

[(12) To the fullest extent feasible, utilize the resources and abilities of all relevant United States Government agencies.

[(13) Require that any program or project under this chapter significantly affecting tropical forests (including projects involving the planting of exotic plant species)—

[(A) be based upon careful analysis of the alternatives available to achieve the best sustainable use of the land, and

[(B) take full account of the environmental impacts of the proposed activities on biological diversity, as provided for in the environmental procedures of the Agency for International Development.

[(14) Deny assistance under this chapter for—

[(A) the procurement or use of logging equipment, unless an environmental assessment indicates that all timber harvesting operations involved will be conducted in an environmentally sound manner which minimizes forest destruction and that the proposed activity will produce positive economic benefits and sustainable forest management systems; and

[(B) actions which significantly degrade national parks or similar protected areas which contain tropical forests or

introduce exotic plants or animals or animals into such areas.

[(15) Deny assistance under this chapter for the following activities unless an environmental assessment indicates that the proposed activity will contribute significantly and directly to improving the livelihood of the rural poor and will be conducted in an environmentally sound manner which supports sustainable development:

[(A) Activities which would result in the conversion of forest lands to the rearing of livestock.

[(B) The construction, upgrading, or maintenance of roads (including temporary haul roads for logging or other extractive industries) which pass through relatively undegraded forest lands.

[(C) The colonization of forest lands.

[(D) The construction of dams or other water control structures which flood relatively undegraded forest lands.

[(d) PVOs AND OTHER NONGOVERNMENTAL ORGANIZATIONS.—Whenever feasible, the President shall accomplish the objectives of this section through projects managed by private and voluntary organizations or international, regional, or national nongovernmental organizations which are active in the region or country where the project is located.

[(e) COUNTRY ANALYSIS REQUIREMENTS.—Each country development strategy statement or other country plan prepared by the Agency for International Development shall include an analysis of—

[(1) the actions necessary in that country to achieve conservation and sustainable management of tropical forests, and

[(2) the extent to which the actions proposed for support by the Agency meet the needs thus identified.

[(f) ANNUAL REPORT.—Each annual report required by section 634(a) of this Act shall include a report on the implementation of this section.”.

SEC. 302. PROTECTING BIOLOGICAL DIVERSITY.

[Section 119 of the Foreign Assistance Act of 1961 is amended by striking out subsections (c) and (d) and inserting in lieu thereof the following:

[(c) FUNDING LEVEL.—For fiscal year 1987, not less than \$2,500,000 of the funds available to carry out this part (excluding funds made available to carry out section 104(c)(2), relating to the Child Survival Fund) shall be allocated for assistance pursuant to subsection (b) for activities which were not funded prior to fiscal year 1987. In addition, the Agency for International Development shall, to the fullest extent possible, continue and increase assistance pursuant to subsection (b) for activities for which assistance was provided in fiscal years prior to fiscal year 1987.

[(d) COUNTRY ANALYSIS REQUIREMENTS.—Each country development strategy statement or other country plan prepared by the Agency for International Development shall include an analysis of—

[(1) the actions necessary in that country to conserve biological diversity, and

["(2) the extent to which the actions proposed for support by the Agency meet the needs thus identified.

["(e) LOCAL INVOLVEMENT.—To the fullest extent possible, projects supported under this section shall include close consultation with and involvement of local people at all stages of design and implementation.

["(f) PVOs AND OTHER NONGOVERNMENTAL ORGANIZATIONS.—Whenever feasible, the objectives of this section shall be accomplished through projects managed by appropriate private and voluntary organizations, or international, regional, or national nongovernmental organizations, which are active in the region or country where the project is located.

["(g) ACTIONS BY AID.—The Administrator of the Agency for International Development shall—

["(1) cooperate with appropriate international organizations, both governmental and nongovernmental;

["(2) look to the World Conservation Strategy as an overall guide for actions to conserve biological diversity;

["(3) engage in dialogues and exchanges of information with recipient countries which stress the importance of conserving biological diversity for the long-term economic benefit of those countries and which identify and focus on policies of those countries which directly or indirectly contribute to loss of biological diversity;

["(4) support training and education efforts which improve the capacity of recipient countries to prevent loss of biological diversity;

["(5) whenever possible, enter into long-term agreements in which the recipient country agrees to protect ecosystems or other wildlife habitats recommended for protection by relevant governmental or nongovernmental organizations or as a result of activities undertaken pursuant to paragraph (6), and the United States agrees to provide, subject to obtaining the necessary appropriations, additional assistance necessary for the establishment and maintenance of such protected areas;

["(6) support, as necessary and in cooperation with the appropriate governmental and nongovernmental organizations, efforts to identify and survey ecosystems in recipient countries worthy of protection;

["(7) cooperate with and support the relevant efforts of other agencies of the United States Government, including the United States Fish and Wildlife Service, the National Park Service, the Forest Service, and the Peace Corps;

["(8) review the Agency's environmental regulations and revise them as necessary to ensure that ongoing and proposed actions by the Agency do not inadvertently endanger wildlife species or their critical habitats, harm protected areas, or have other adverse impacts on biological diversity (and shall report to the Congress within a year after the date of enactment of this paragraph on the actions taken pursuant to this paragraph);

["(9) ensure that environmental profiles sponsored by the Agency include information needed for conservation of biological diversity; and

["(10) deny any direct or indirect assistance under this chapter for actions which significantly degrade national parks or similar protected areas or introduce exotic plants or animals into such areas.

[(h) ANNUAL REPORTS.—Each annual report required by section 634(a) of this Act shall include, in a separate volume, a report on the implementation of this section".

[TITLE IV—MISCELLANEOUS PROVISIONS RELATING TO CERTAIN FOREIGN ASSISTANCE PROGRAMS

[SEC. 401. INCREASE AUTHORIZATION FOR INTERNATIONAL NARCOTICS CONTROL PROGRAMS.

[Section 482(a)(1) of the Foreign Assistance Act of 1961 is amended by striking out "\$57,529,000 for the fiscal year 1987" and inserting in lieu thereof "\$65,445,000 for the fiscal year 1987".

[SEC. 402 AUTHORIZING A SEPARATE LINE ITEM APPROPRIATION FOR THE INSPECTOR GENERAL OF THE AGENCY FOR INTERNATIONAL DEVELOPMENT.

[Section 667(a)(1) of the Foreign Assistance Act of 1961 is amended by inserting after "Act" the following: ", of which \$21,750,000 for the fiscal year 1987 is authorized for the necessary operating expenses of the Office of the Inspector General of the Agency for International Development and the remaining amount for the fiscal year is authorized for other necessary operating expenses of that agency".

[SEC. 403. ADDITIONAL PROVISIONS.

[(a) BOARD OF THE INTER-AMERICAN FOUNDATION.—Section 401(g) of the Foreign Assistance Act of 1969 (22 U.S.C. 290f.(g)) is amended by striking out "seven" in the first sentence and "Four" in the second sentence and inserting in lieu thereof "nine" and "Six, respectively.

[(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect 120 days after the date of enactment of this Act.

[SEC. 404. OFFSETTING REDUCTIONS IN CERTAIN FOREIGN ASSISTANCE PROGRAMS.

[In order to provide the increased authorizations of appropriations contained in section 103(b), section 202(e), and section 401 without increasing the overall amount authorized to be appropriated for foreign assistance programs for fiscal year 1987—

[(1) section 104(g)(1)(B) of the Foreign Assistance Act of 1961 (relating to development assistance for health programs) is amended by striking out "\$205,000,000 for fiscal year 1987" and inserting in lieu thereof "\$180,000,000 for fiscal year 1987"; and

[(2) section 302(a)(1) of that Act (relating to international organizations and programs) is amended by striking out "\$270,000,000 for fiscal year 1987" and insert in lieu thereof "\$236,084,000 for fiscal year 1987".

[SEC. 405. CONFORMING AMENDMENT.

[Paragraph (6) of section 413(a) of the Omnibus Diplomatic Security and Antiterrorism Act of 1986 (Public Law 99-399) is repealed; and the sentence of section 209(a)(1) of the Foreign Service Act of 1980 which was repealed by that paragraph is hereby re-enacted.]

[Approved October 24, 1986.]

African Famine Relief and Recovery Act of 1985

[AN ACT To authorize appropriations for famine relief and recovery in Africa

[Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

[SECTION 1. SHORT TITLE.

[This Act may be cited as the “African Famine Relief and Recovery Act of 1985”.

[SEC. 2. * * *

[SEC. 3. MIGRATION AND REFUGEE ASSISTANCE.

[(a) AUTHORIZATION OF APPROPRIATIONS.—In addition to amounts otherwise available for such purpose, there are authorized to be appropriated to the Department of State for “Migration and Refugee Assistance” for the fiscal year 1985, \$37,500,000 for assisting refugees and displaced persons in Africa.

[(b) USE OF FUNDS.—

[(1) PROJECTS FOR IMMEDIATE DEVELOPMENT NEEDS.—Up to 54 percent of the funds authorized to be appropriated by this section may be made available to the United Nations Office of Emergency Operations in Africa for projects such as those proposed at the second International Conference on Assistance to Refugees in Africa (ICARA II) to address the immediate development needs created by refugees and displaced persons in Africa.

[(2) EMERGENCY RELIEF AND RECOVERY EFFORTS.—The remaining funds authorized to be appropriated by this section shall be used by the Bureau for Refugee Programs of the Department of State for emergency relief and recovery efforts in Africa.

[SEC. 4. DEPARTMENT OF DEFENSE ASSISTANCE.

[(a) SPECIAL RULE ON REIMBURSEMENT.—If the Department of Defense furnishes goods or services for African supplemental famine assistance activities, the Department of Defense shall be reimbursed for not more than the costs which it incurs in providing those goods or services. These costs do not include military pay and allowances, amortization and depreciation, and fixed facility costs.

[(b) DEFINITION OF AFRICAN SUPPLEMENTAL FAMINE ASSISTANCE ACTIVITIES.—For purposes of this section, the term “African supplemental famine assistance activities” means the provision of the following fiscal year 1985 supplemental assistance for Africa:

[(1) Famine assistance pursuant to section 2 of this Act.

[(2) Migration and refugee assistance pursuant to section 3 of this Act.

[(3) Assistance pursuant to supplemental appropriations for title II of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1721–1726).

[(4) Assistance with funds appropriated during fiscal year 1985 for the Emergency Refugee and Migration Assistance Fund (22 U.S.C. 2601(c)).

[SEC. 5. GENERAL PROVISIONS RELATING TO ASSISTANCE.

[(a) COUNTRIES TO BE ASSISTED.—Amounts authorized to be appropriated by this Act shall be available only for assistance in those countries in Africa which have suffered during calendar years 1984 and 1985 from exceptional food supply problems due to drought and other calamities.

[(b) "HICKENLOOPER AMENDMENT.—Assistance may be provided with funds authorized to be appropriated by this Act without regard to section 620(e)(1) of the Foreign Assistance Act of 1961 (22 U.S.C. 2370(e)(1)).

[(c) ENSURING THAT ASSISTANCE REACHES INTENDED RECIPIENTS.—The President shall ensure that adequate procedures have been established so that assistance pursuant to this Act is provided to the famine victims for whom it is intended.

[SEC. 6. REPORTS ON AFRICAN FAMINE ASSISTANCE.

[(a) REPORT ON UNITED STATES CONTRIBUTION TO MEET EMERGENCY NEEDS.—

[(1) REQUIREMENT FOR REPORT.—Not later than June 30, 1985, the President shall report to the Congress with respect to the United States contribution to meet emergency needs, including food needs, for African famine assistance.

[(2) INFORMATION TO BE INCLUDED IN REPORT.—The report required by this subsection shall describe—

[(A) the emergency needs, including food needs, for African famine assistance that are identified by the President's Interagency Task Force on the African Food Emergency, private and voluntary organizations active in famine relief, the United Nations Office for Emergency Operations in Africa, the United Nations Food and Agriculture Organization, the World Food Program, and such other organizations as the President considers appropriate; and

[(B) the projected fiscal year 1985 contribution by the United States Government to meet an appropriate share of those needs referred to in subparagraph (A).

[(b) REPORT ON ASSISTANCE PROVIDED PURSUANT TO THIS ACT.—

[(1) REQUIREMENT FOR REPORT.—Not later than September 30, 1985, the President shall report to the Congress on the assistance provided pursuant to this Act.

[(2) INFORMATION TO BE INCLUDED IN REPORT.—

[(A) USE OF FUNDS.—The report pursuant to this subsection shall describe the uses, by the Agency for International Development and by the Department of State, of the funds authorized to be appropriated by this Act, including—

[(i) a description of each project or program supported with any of those funds, and the amount allocated to it;

[(ii) the identity of each private and voluntary organization or international organization receiving any of those funds, and the amount of funds each received;

[(iii) the amount of those funds used for assistance to each country;

[(iv) the amount of those funds, if any, which will not have been obligated as of September 30, 1985; and

[(v) a list of any projects or programs supported with those funds which are not expected to be completed as of December 31, 1985.]

LEBANON EMERGENCY ASSISTANCE ACT OF 1983

(Public Law 98-43)

[An Act to authorize supplemental assistance to aid Lebanon in rebuilding its economy and armed forces, and for other purposes

[Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

[SECTION 1. This Act may be cited as the "Lebanon Emergency Assistance Act of 1983".

[ECONOMIC SUPPORT FUND

[SEC. 2. (a) It is hereby determined that the national interests of the United States would be served by the authorization and appropriation of additional funds for economic assistance for Lebanon in order to promote the economic and political stability of that country and to support the international effort to strengthen a sovereign and independent Lebanon.

[(b) Accordingly, in addition to amounts otherwise authorized to be appropriated for the fiscal year 1983 to carry out the provisions of chapter 4 of part II of the Foreign Assistance Act of 1961, there are authorized to be appropriated \$150,000,000 to carry out such provisions with respect to Lebanon.

[(c) Amounts authorized by this section may be appropriated in an appropriation Act for any fiscal year (including a continuing resolution) and shall continue to be available beyond that fiscal year notwithstanding any provision of that appropriation Act to the contrary.

[MILITARY SALES AND RELATED PROGRAMS

[SEC. 3. (a) In order to support the rebuilding of the armed forces of Lebanon, the Congress finds that the national security interests of the United States would be served by the authorization and appropriation of additional funds to provide training for the Lebanese armed forces and by the authorization of additional foreign military sales guaranties to finance procurements by Lebanon of defense articles and defense services for its security requirements.

[(b) In addition to amounts otherwise made available for the fiscal year 1983 to carry out the provisions of chapter 5 of part II of the Foreign Assistance Act of 1961, there are authorized to be appropriated for the fiscal year 1983 \$1,000,000 to carry out such provisions with respect to Lebanon.

[(c) In addition to amounts otherwise made available for the fiscal year 1983 for loan guaranties under section 24(a) of the Arms Export Control Act, \$100,000,000 of loan principal are authorized to be so guaranteed during such fiscal year for Lebanon.

【UNITED STATES ARMED FORCES IN LEBANON

【SEC. 4. (a) The President shall obtain statutory authorization from the Congress with respect to any substantial expansion in the number or role in Lebanon of United States Armed Forces, including any introduction of United States Armed Forces into Lebanon in conjunction with agreements providing for the withdrawal of all foreign troops from Lebanon and for the creation of a new multinational peace-keeping force in Lebanon.

【(b) Nothing in this section is intended to modify, limit, or suspend any of the standards and procedures prescribed by the War Powers Resolution of 1973.

【Approved June 27, 1983.】

**THE INTERNATIONAL SECURITY AND DEVELOPMENT
COOPERATION ACT OF 1981**

(Public Law 97-113)

【SAVINGS PROVISION.—Except as otherwise provided in this Act, the repeal by this Act of any provision of law that amended or repealed another provision of law does not affect in any way that amendment or repeal.】

* * * * *

SHORT TITLE

SECTION 1. This Act may be cited as the “International Security and Development Cooperation Act of 1981”.

【TITLE I—MILITARY SALES AND RELATED PROGRAMS

【REPORTS TO THE CONGRESS

【SEC. 101. (a)(1) Section 3(d)(1) of the Arms Export Control Act is amended—

【(A) in the text preceding subparagraph (A) by striking out “to a transfer of a defense article, or related training or other defense service, sold under this Act and may not give his consent to such a transfer under section 505(a)(1) or 505(a)(4) of the Foreign Assistance Act of 1961” and inserting in lieu thereof “, or under section 505(a)(1) or 505(a)(4) of the Foreign Assistance Act of 1961, to a transfer of any major defense equipment valued (in terms of its original acquisition cost) at \$14,000,000 or more, or any defense article or related training or other defense service valued (in terms of its original acquisition cost) at \$50,000,000 or more,”;

【(B) by amending subparagraph (B) to read as follows:

【“(B) a description of the article or service proposed to be transferred, including its acquisition cost.”;

【(C) in subparagraph (C) by striking out “defense article or related training or other defense service” and inserting in lieu thereof “article or service”; and

【(D) in the last sentence by striking out “defense articles, or related training or other defense services,” and inserting in lieu thereof “articles or services”.

[(2) Section 3(d)(3) of such Act is amended by striking out all that follows “The President may not give his consent” through “section 38 of this Act,” and inserting in lieu thereof “to the transfer of any major defense equipment valued (in terms of its original acquisition cost) at \$14,000,000 or more, or of any defense article or defense service valued (in terms of its original acquisition cost) at \$50,000,000 or more, the export of which has been licensed or approved under section 39 of this Act.”]

[(3) Section 3(d)(4) of such Act is amended—

[(A) by inserting “or” at the end of subparagraph (B);

[(B) by striking out “; or” at the end of subparagraph (C) and inserting in lieu thereof a period; and

[(C) by striking out subparagraph (D).]

[(b)(1) Section 28(a) of such Act is amended by striking out “five” and inserting in lieu thereof “fifteen”.

[(2) Section 28(b) of such Act is amended by striking out “the issuance of a letter of offer in accordance with such request would be subject to the requirements of section 36(b) of this Act” and inserting in lieu thereof “the request involves a proposed sale of major defense equipment for \$7,000,000 or more or of any other defense articles or defense services for \$25,000,000 or more”.

[(c) The first sentence of section 36(b)(1) of such Act is amended—

[(1) by striking out “\$25,000,000” and inserting in lieu thereof “\$50,000,000”; and

[(2) by striking out “\$7,000,000” and by inserting in lieu thereof “\$14,000,000”.

[(d) Section 36(c) of such Act is amended in the first sentence of paragraph (1)—

[(1) by striking out “\$7,000,000” and inserting in lieu thereof “\$14,000,000”; and

[(2) by striking out “25,000,000” and inserting in lieu thereof “\$50,000,000”.

[(e) Section 36(d) of such Act is amended by striking out “(c)” and inserting in lieu thereof “(c)(1)”.

[PROPOSED TRANSFERS OR SALES TO THE NORTH ATLANTIC TREATY ORGANIZATION, JAPAN, AUSTRALIA, OR NEW ZEALAND

[SEC. 102. (a) Section 3(d)(2) of the Arms Export Control Act is amended—

[(1) by striking out “(2) Unless” and inserting in lieu thereof “(2)(A) except as provided in subparagraph (B), unless”; and

[(2) by adding at the end thereof the following:

[(B) In the case of a proposed transfer to the North Atlantic Treaty Organization, or any member country of such Organization, Japan, Australia, or New Zealand, unless the President states in the certification submitted pursuant to paragraph (1) of this subsection that an emergency exists which requires that consent to the proposed transfer become effective immediately in the national security interests of the United States, such consent shall not become effective until fifteen calendar days after the date of such submission and such consent shall become effective then only if the Congress does not adopt, within such fifteen-day period, a concurrent resolution disapproving the proposed transfer.”]

[(b)(1) Section 36(b)(1) of such Act is amended in the fifth sentence by striking out “if the Congress, within thirty calendar days after receiving such certification,” and inserting in lieu thereof the following: “, with respect to a proposed sale to the North Atlantic Treaty Organization, any member country of such Organization, Japan, Australia, or New Zealand, if the Congress, within fifteen calendar days after receiving such certification, or with respect to a proposed sale to any other country or organization, if the Congress within thirty calendar days after receiving such certification,”.

[(2) Section 36(b)(2) of such Act is amended by inserting before the period at the end thereof a comma and the following: “except that for purposes of consideration of any resolution with respect to the North Atlantic Treaty Organization, any member country of such Organization, Japan, Australia, or New Zealand, it shall be in order in the Senate to move to discharge a committee to which such resolution was referred if such committee has not reported such resolution at the end of five calendar days after its introduction”.

[PERSONNEL PERFORMING DEFENSE SERVICES

[SEC. 103. Section 21(c)(2) of the Arms Export Control Act is amended to read as follows:

[(2) Within forty-eight hours of the existence of, or a change in status of significant hostilities or terrorist acts or a series of such acts, which may endanger American lives or property, involving a country in which United States personnel are performing defense services pursuant to this Act or the Foreign Assistance Act of 1961, the President shall submit to the Speaker of the House of Representatives and to the President pro tempore of the Senate a report, in writing, classified if necessary, setting forth—

[(A) the identity of such country;

[(B) a description of such hostilities or terrorist acts; and

[(C) the number of members of the United States Armed Forces and the number of United States civilian personnel that may be endangered by such hostilities or terrorist acts.”

[CHARGES FOR USE AND NONRECURRING RESEARCH, DEVELOPMENT, AND PRODUCTION COSTS

[SEC. 104. Section 21(e)(2) of the Arms Export Control Act is amended by inserting “standardization with the Armed Forces of Japan, Australia, or New Zealand in furtherance of the mutual defense treaties between the United States and those countries,” immediately after “standardization,”.

[FOREIGN MILITARY SALES AUTHORIZATION AND AGGREGATE CEILINGS

[SEC. 105. (a) Section 31(a) of the Arms Export Control Act is amended by striking out “\$500,000,000 for the fiscal year 1981” and inserting in lieu thereof “\$800,000,000 for the fiscal year 1982 and \$800,000,000 for the fiscal year 1983”.

[(b) Section 31(b) of such Act is amended to read as follows:

[(b)(1) The total amount of credits (or participations in credits) extended under section 23 of this Act shall not exceed \$800,000,000 for the fiscal year 1982 and \$800,000,000 for the first year 1983.

[(2) The total principal amount of loans guaranteed under section 24(a) of this Act shall not exceed \$3,269,525,000 for the fiscal year 1982 and 3,269,525,000 for the fiscal year 1983.

[(3) Of the aggregate total of credits (or participations in credits) under Section 23 of this Act, and of the total principal amount of loans guaranteed under section 24(a) of this Act, not less than \$1,400,000,000 for the fiscal year 1982 and not less than \$1,400,000,000 for the fiscal year 1983 shall be available only for Israel, of which not less than \$550,000,000 for each such year shall be available as credits under section 23 of this Act.

[(4) Of the amount available under paragraph (2) of this subsection for loan guaranties under section 24(a) of this Act, not less than \$280,000,000 for the fiscal year 1982 and not less than \$280,000,000 for the fiscal year 1983 shall be available only for Greece.

[(5) The principal amount of loans guaranteed under section 24(a) of this Act for the fiscal year 1982, and for the fiscal year 1983 with respect to Egypt, Greece, Sudan, Somalia, and Turkey shall (if and to the extent each such country so desires) be repaid in not more than twenty years, following a grace period of ten years on repayment of principal.

[(6) Of the total amount of credits (or participations in credits) extended under section 23 of this Act for the fiscal years 1982 and 1983, not less than \$200,000,000 for each such year shall be available only for Egypt, and Egypt shall be released from its contractual liability to repay the United States Government with respect to such credits and participations in credits.

[(7) Of the total amount of credits (or participations in credits) extended under section 23 of this Act for the fiscal years 1982 and 1983, not less than \$50,000,000 for each such year shall be available only for the Sudan, and the Sudan shall be released from its contractual liability to repay the United States Government with respect to such credits and participations in credits.”.

[(c) Section 31(c) of such Act is amended—

[(1) in the first sentence by striking out “fiscal year 1981” and inserting in lieu thereof “fiscal year 1982 and for the fiscal year 1983”;

[(2) in the last sentence by striking out “\$500,000,000” and inserting in lieu thereof “\$550,000,000”; and

[(3) in the last sentence by inserting “each” immediately before “such year”.

[REPEAL OF CEILING ON COMMERCIAL SALES

[SEC. 106. Section 38(b)(3) of the Arms Export Control Act is repealed.

[PERIODIC REVIEW OF ITEMS ON THE MUNITIONS LIST

[SEC. 107. Section 38 of the Arms Export Control Act is amended by adding at the end thereof the following new subsection:

["(f) The President shall periodically review the items on the United States Munitions List to determine what items, if any, no longer warrant export controls under this section. The results of such reviews shall be reported to the Speaker of the House of Representatives and to the Committee on Foreign Relations and the Committee on Banking, Housing, and Urban Affairs of the Senate. Such a report shall be submitted at least 30 days before any item is removed from the Munitions List and shall describe the nature of any controls to be imposed on that item under the Export Administration Act of 1979.".

[SPECIAL DEFENSE ACQUISITION FUND

[SEC. 108. (a) The Arms Export Control Act is amended by adding at the end thereof the following new chapter:

["CHAPTER 5—SPECIAL DEFENSE ACQUISITION FUND

[“SEC. 51. SPECIAL DEFENSE ACQUISITION FUND.—(a)(1) Under the direction of the President and in consultation with the Secretary of State, the Secretary of Defense shall establish a Special Defense Acquisition Fund (hereafter in this chapter referred to as the ‘Fund’), to be used as a revolving fund separate from other accounts, under the control of the Department of Defense, to finance the acquisition of defense articles and defense service in anticipation of their transfer pursuant to this Act, the Foreign Assistance Act of 1961, or as otherwise authorized by law, to eligible foreign countries and international organizations, and may acquire such articles and services with the funds in the Fund as he may determine. Acquisition under this chapter of items for which the initial issue quantity requirements for United States Armed Forces have not been fulfilled and are not under current procurement contract shall be emphasized when compatible with security assistance requirements for the transfer of such items.

["(2) Nothing in this chapter may be construed to limit or impair any responsibilities conferred upon the Secretary of State or the Secretary of Defense under this Act or the Foreign Assistance Act of 1961.

["(b) The Fund shall consist of—

["(1) collections from sales made under letters of offer issued pursuant to section 21(a)(1) of this Act representing the actual value of defense articles not intended to be replaced in stock,

["(2) collections from sales representing the value of asset use charges (including contractor rental payments for United States Government-owned plant and production equipment) and charges for the proportionate recoupment of nonrecurring research, development, and production costs, and

["(3) collections from sales made under letters of offer (or transfers made under the Foreign Assistance Act of 1961) of defense articles and defense services acquired under this chapter, representing the value of such items calculated in accordance with paragraph (2) or (3) of section 21(a) or section 22 of this Act or section 644(m) of the Foreign Assistance Act of 1961, as appropriate,

【together with such funds as may be authorized and appropriated or otherwise made available for the purposes of the Fund.

【“(c)(1) The size of the Fund may not exceed such dollar amount as is prescribed in section 138(g) of title 10, United States Code. For purposes of this limitation, the size of the Fund is the amounts in the Fund plus the value (in terms of acquisition cost) of the defense articles acquired under this chapter which have not been transferred from the Fund in accordance with this chapter.

【“(2) Amounts in the Fund shall be available for obligation in any fiscal year only to such extent or in such amounts as are provided in advance in appropriation Acts.

【“SEC. 52. USE AND TRANSFER OF ITEMS PROCURED BY THE FUND.—(a) No defense article or defense service acquired by the Secretary of Defense under this chapter may be transferred to any foreign country or international organization unless such transfer is authorized by this Act, the Foreign Assistance Act of 1961, or other law.

【“(b) The President may authorize the temporary use by the United States Armed Forces of defense articles and defense services acquired under this chapter prior to their transfer to a foreign country or international organization, if such is necessary to meet national defense requirements and the United States Armed Forces bear the costs of operation and maintenance of such articles or services while in their use and the costs of restoration or replacement upon the termination of such use.

【“(c) Except as provided in subsection (b) of this section, the Fund may be used to pay for storage, maintenance, and other costs related to the preservation and preparation for transfer of defense articles and defense services acquired under this chapter prior to their transfer, as well as the administrative costs of the Department of Defense incurred in the acquisition of such items to the extent not reimbursed pursuant to section 43(b) of this Act.

【“SEC. 53. ANNUAL REPORTS TO CONGRESS.—(a) Not later than December 31 of each year, the President shall submit to the Congress a comprehensive report on acquisitions of defense articles and defense services under this chapter. Each such report shall include—

【“(1) a description of each contract for the acquisition of defense articles or defense services under this chapter which was entered into during the preceding fiscal year;

【“(2) a description of each contract for the acquisition of defense articles or defense services under this chapter which the President anticipates will be entered into during the current fiscal year;

【“(3) a description of each defense article or defense service acquired under this chapter which was transferred to a foreign country or international organization during the preceding fiscal year; and

【“(4) an evaluation of the impact of the utilization of the authority of this chapter on United States defense production and the readiness of the United States Armed Forces.

【“(b) As part of the annual written report to the Congress required by section 139(a) of title 10, United States Code, regarding procurement schedules for each weapon system for which funding

authorization is required, the President shall provide a report estimating the likely procurements to be made through the Fund.”.

[(b) Section 138 of title 10, United States Code, is amended by adding immediately following subsection (f) the following new subsection:

[(g) The size of the Special Defense Acquisition Fund established pursuant to chapter 5 of the Arms Export Control Act may not exceed \$300,000,000 in fiscal year 1982 and may not exceed \$600,000,000 in fiscal year 1983 or any fiscal year thereafter.”.

[LEASING OF DEFENSE ARTICLES

[SEC. 109. (a) The Arms Export Control Act, as amended by section 108 of this Act, is further amended by adding at the end thereof the following new chapter:

["CHAPTER 6—LEASES OF DEFENSE ARTICLES

[“SEC. 61. LEASING AUTHORITY.—(a) The President may lease defense articles in the stocks of the Department of Defense to an eligible foreign country or international organization if—

[(1) he determines that there are compelling foreign policy and national security reasons for providing such articles on a lease basis rather than on a sales basis under this Act;

[(2) he determines that the articles are not for the time needed for public use; and

[(3) the country or international organization has agreed to pay in United States dollars all costs incurred by the United States Government in leasing such articles, including reimbursement for depreciation of such articles while leased, the costs of restoration or replacement if the articles are damaged while leased, and the replacement cost (less any depreciation in the value) of the articles if the articles are lost or destroyed while leased.

[The requirement of paragraph (3) shall not apply to leases entered into for purposes of cooperative research or development, military exercises, or communications or electronics interface projects, or to any defense article which has passed three-quarters of its normal service life.

[(b) Each lease agreement under this section shall be for a fixed duration of not to exceed five years and shall provide that, at any time during the duration of the lease, the President may terminate the lease and require the immediate return of the leased articles.

[(c) Defense articles in the stocks of the Department of Defense may be leased or loaned to a foreign country or international organization only under the authority of this chapter or chapter 2 of part II of the Foreign Assistance Act of 1961, and may not be leased to a foreign country or international organization under the authority of section 2667 of title 10, United States Code.

[“SEC. 62. REPORTS TO THE CONGRESS.—(a) Not less than 30 days before entering into or renewing any agreement with a foreign country or international organization to lease any defense article under this chapter, or to loan any defense article under chapter 2 of part II of the Foreign Assistance Act of 1961, for a period of one year or longer, the President shall transmit to the Speaker of the

House of Representatives, and to the chairman of the Committee on Foreign Relations of the Senate and the chairman of the Committee on Armed Services of the Senate, a written certification which specifies—

[(1) the country or international organization to which the defense article is to be leased or loaned;

[(2) the type, quantity, and value (in terms of replacement cost) of the defense article to be leased or loaned;

[(3) the terms and duration of the lease or loan; and

[(4) a justification for the lease or loan, including an explanation of why the defense article is being leased or loaned rather than sold under this Act.

[(b) The President may waive the requirements of this section (and in the case of an agreement described in section 63, may waive the provisions of that section) if he determines, and immediately reports to the Congress, that an emergency exists which requires that the lease or loan be entered into immediately in the national security interests of the United States.

["SEC. 63. LEGISLATIVE REVIEW.—(a)(1) In the case of any agreement involving the lease under this chapter, or the loan under chapter 2 of part II of the Foreign Assistance Act of 1961, to any foreign country or international organization for a period of one year or longer of any defense articles which are either (i) major defense equipment valued (in terms of its replacement cost less any depreciation in its value) at \$14,000,000 or more, or (ii) defense articles valued (in terms of their replacement cost less any depreciation in their value) at \$50,000,000 or more, the agreement may not be entered into or renewed if the Congress, within 30 calendar days after receiving the certification with respect to that proposed agreement pursuant to section 62(a), adopts a concurrent resolution stating that it objects to the proposed lease or loan.

[(2) This section shall not apply with respect to a loan or lease to the North Atlantic Treaty Organization, any member country of that Organization, Japan, Australia, or New Zealand.

[(b) Any resolution under subsection (a) shall be considered in the Senate in accordance with the provisions of section 601(b) of the International Security Assistance and Arms Export Control Act of 1976.

[(c) For the purpose of expediting the consideration and adoption of concurrent resolutions under subsection (a), a motion to proceed to the consideration of any such resolution after it has been reported by the appropriate committee shall be treated as highly privileged in the House of Representatives.

["SEC. 64. APPLICATION OF OTHER PROVISIONS OF LAW.—Any reference to sales of defense articles under this Act in any provision of law restricting the countries or organizations to which such sales may be made shall be deemed to include a reference to leases of defense articles under this chapter.”.

[(b) Such Act is further amended—

[(1) in section 2(b)—

[(A) by inserting “, leases,” immediately after “sales” both places it appears,

[(B) by inserting “whether there shall be a lease to a country,” immediately after “thereof,” , and

- [(C) by inserting “, lease,” immediately after “sale” the second place it appears;
- [(2) in section 3(a)—
 - [(A) in the text preceding paragraph (1) by inserting “or leased” immediately after “sold”, and
 - [(B) in paragraph (4) by inserting “or lease” immediately after “purchase”; and
 - [(3) in section 4 by inserting “or leased” immediately after “sold” in the first sentence.
- [(c) Paragraph (5) of section 503(b) of the Foreign Assistance Act of 1961 is amended to read as follows:
 - [(5) the loan agreement provides that (A) if the defense article is damaged while on loan, the country or international organization to which it was loaned will reimburse the United States for the cost of restoring or replacing the defense article, and (B) if the defense article is lost or destroyed while on loan, the country or international organization to which it was loaned will pay to the United States an amount equal to the replacement cost (less any depreciation in the value) of the defense article.”.
- [(d)(1) Section 109 of the International Security and Development Cooperation Act of 1980 is repealed.
- [(2) Section 36(a) of the Arms Export Control Act is amended—
 - [(A) by inserting “and” at the end of paragraph (8);
 - [(B) by striking out “; and” at the end of paragraph (9) and inserting in lieu thereof a period; and
 - [(C) by striking out paragraph (10).

[MILITARY ASSISTANCE

- [(SEC. 110. (a) Section 504(a) of the Foreign Assistance Act of 1961 is amended to read as follows:
 - [(a)(1) There are authorized to be appropriated to the President to carry out the purposes of this chapter not to exceed \$238,500,000 for the fiscal year 1982 and not to exceed \$238,500,000 for the fiscal year 1983.
 - [(2) Amounts appropriated under this subsection are authorized to remain available until expended.”.
 - [(b) Section 506(a) of such Act is amended by striking out “\$50,000,000” and inserting in lieu thereof “\$75,000,000”.
 - [(c) Section 503(a)(3) of such Act is amended by striking out “specified in section 504(a)(1) of this Act, within the dollar limitations of that section,” and inserting in lieu thereof “country.”.
 - [(d) Section 516 of such Act is repealed.

[STOCKPILING OF DEFENSE ARTICLES FOR FOREIGN COUNTRIES

- [(SEC. 111. Section 514(b)(2) of the Foreign Assistance Act of 1961 is amended by striking out “\$85,000,000 for the fiscal year 1981” and inserting in lieu thereof “\$130,000,000 for the fiscal year 1982 and \$125,000,000 for the fiscal year 1983”.

[INTERNATIONAL MILITARY ASSISTANCE AND SALES PROGRAM
MANAGEMENT

[SEC. 112. Section 515 of the Foreign Assistance Act of 1961 is amended to read as follows:

[“SEC. 515. OVERSEAS MANAGEMENT OF ASSISTANCE AND SALES PROGRAMS.—(a) In order to carry out his responsibilities for the management of international security assistance programs conducted under this chapter, chapter 5 of this part, and the Arms Export Control Act, the President may assign members of the Armed Forces of the United States to a foreign country to perform one or more of the following functions:

- [“(1) equipment and services case management;
- [“(2) training management;
- [“(3) program monitoring;
- [“(4) evaluation and planning of the host government’s military capabilities and requirements;
- [“(5) administrative support;
- [“(6) promoting rationalization, standardization, interoperability, and other defense cooperation measures among members of the North Atlantic Treaty Organization and with the Armed Forces of Japan, Australia, and New Zealand; and
- [“(7) liaison functions exclusive of advisory and training assistance.

[“(b) Advisory and training assistance conducted by military personnel assigned under this section shall be kept to an absolute minimum. It is the sense of the Congress that advising and training assistance in countries to which military personnel are assigned under this section shall be provided primarily by other personnel who are not assigned under this section and who are detailed for limited periods to perform specific tasks.

[“(c)(1) The number of members of the Armed Forces assigned to a foreign country under this section may not exceed six unless specifically authorized by the Congress. The President may waive this limitation if he determines and reports to the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives, 30 days prior to the introduction of the additional military personnel, that United States national interests require that more than six members of the Armed Forces be assigned under this section to carry out international security assistance programs in a country not specified in this paragraph. For the fiscal year 1982 and the fiscal year 1983, Indonesia, the Republic of Korea, the Philippines, Thailand, Egypt, Jordan, Morocco, Saudi Arabia, Greece, Portugal, Spain, and Turkey are authorized to have military personnel strengths larger than six under this section to carry out international security assistance programs.

[“(2) The total number of members of the Armed Forces assigned under this section to a foreign country in a fiscal year may not exceed the number justified to the Congress for that country in the congressional presentation materials for that fiscal year, unless the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives are notified 30 days in advance of the introduction of the additional military personnel.

["(d) Effective October 1, 1982, the entire costs (including salaries of United States military personnel) of overseas management of international security assistance programs under this section shall be charged to or reimbursed from funds made available to carry out this chapter, other than any such costs which are either paid directly for such defense services under section 21(a) of the Arms Export Control Act or reimbursed from charges for services collected from foreign governments pursuant to section 21(e) and section 43(b) of that Act.

["(e) Members of the Armed Forces assigned to a foreign country under this section shall serve under the direction and supervision of the Chief of the United States Diplomatic Mission to that country.

["(f) The President shall continue to instruct United States diplomatic and military personnel in the United States missions abroad that they should not encourage, promote, or influence the purchase by any foreign country of United States-made military equipment, unless they are specifically instructed to do so by an appropriate official of the executive branch.".

INTERNATIONAL MILITARY EDUCATION AND TRAINING

[SEC. 113. Section 542 of the Foreign Assistance Act of 1961 is amended by striking out "\$34,000,000 for the fiscal year 1981" and inserting in lieu thereof "\$42,000,000 for the fiscal year 1982 and \$42,000,000 for the fiscal year 1983".

PEACEKEEPING OPERATIONS

[SEC. 114. (a) Section 552(a) of the Foreign Assistance Act of 1961 is amended by striking out "\$25,000,000 for the fiscal year 1981" and inserting in lieu thereof "\$19,000,000 for the fiscal year 1982 and \$19,000,000 for the fiscal year 1983".

["(b) Section 552(c) of such Act is amended by striking out "(1)" and all that follows through "may not be transferred" and inserting in lieu thereof "the total amount so transferred in any fiscal year may not exceed \$15,000,000".

FOREIGN INTIMIDATION AND HARASSMENT OF INDIVIDUALS IN THE UNITED STATES

[SEC. 115. Chapter 1 of the Arms Export Control Act is amended by adding at the end thereof the following new section:

["SEC. 6. FOREIGN INTIMIDATION AND HARASSMENT OF INDIVIDUALS IN THE UNITED STATES.—No letters of offer may be issued, no credits or guarantees may be extended, and no export licenses may be issued under this Act with respect to any country determined by the President to be engaged in a consistent pattern of acts of intimidation or harassment directed against individuals in the United States. The President shall report any such determination promptly to the Speaker of the House of Representatives and to the chairman of the Committee on Foreign Relations of the Senate.".

【TITLE II—ECONOMIC SUPPORT FUND

【AUTHORIZATION OF APPROPRIATIONS

【SEC. 201. Section 531(b)(1) of the Foreign Assistance Act of 1961 is amended by striking out “for the fiscal year 1981, \$2,065,300,000” and inserting in lieu thereof “\$2,623,500,000 for the fiscal year 1982 and \$2,723,500,000 for the fiscal year 1983”.

【PROVISIONS RELATING TO USE OF FUNDS

【SEC. 202. Chapter 4 of part II of the Foreign Assistance Act of 1961 is amended by striking out sections 532 and 533 and inserting in lieu thereof the following new sections:

【“SEC. 532. MIDDLE EAST PROGRAMS.—(a)(1) Of the funds authorized to be appropriated to carry out this chapter for the fiscal year 1982 and for the fiscal year 1983, not less than \$785,000,000 for each such year shall be available only for Israel and not less than \$750,000,000 for each such year shall be available only for Egypt. Amounts made available for Israel and Egypt for the fiscal year 1982 pursuant to this paragraph shall be in addition to the amounts made available to those countries pursuant to paragraph (4) of this subsection.

【“(2) All of the funds made available to Israel and to Egypt under this chapter for the fiscal years 1982 and 1983 shall be provided on a grant basis.

【“(3) The total amount of funds allocated for Israel under this chapter for the fiscal year 1982 and for the fiscal year 1983 may be made available as a cash transfer. In exercising the authority of this paragraph, the President shall ensure that the level of cash transfers made to Israel does not cause an adverse impact on the total amount of nonmilitary exports from the United States to Israel.

【“(4) In addition to the amounts requested for Israel and Egypt under this chapter for the fiscal year 1982, \$21,000,000 shall be made available for Israel for the fiscal year 1982 and \$21,000,000 shall be made available for Egypt for the fiscal year 1982 in order to replace the funds which were authorized and appropriated for those countries in the fiscal year 1981 but which were reprogrammed in order to provide assistance for Liberia and El Salvador.

【“(5) Of the amounts provided to Egypt under this chapter for the fiscal year 1982 and for the fiscal year 1983, up to \$50,000,000 for each such year may be used under title XII of chapter 2 of part I of this Act in building agricultural extension services in Egypt for the small farmer in order to upgrade the skills of the agricultural faculty in provincial universities, improve the agricultural curriculum offered and the equipment available in provincial universities, and establish a provincial university extension service with an outreach program which can directly reach the Egyptian small farmer.

【“(b)(1) Of the funds authorized to be appropriated to carry out this chapter for the fiscal year 1982 and for the fiscal year 1983, \$11,000,000 for each such year may be used for special requirements in the Middle East, including regional cooperative projects of a scientific and technological nature in accordance with paragraph (2) of this subsection, other regional programs, development

programs on the West Bank and in Gaza, population programs, project development and support, and programs of participant training.

["(2) It is the sense of the Congress that, in order to continue to build the structure of peace in the Middle East, the United States should finance, and where appropriate participate in, cooperative projects of a scientific and technological nature involving Israel and Egypt and other Middle East countries wishing to participate. These cooperative projects should include projects in the fields of agriculture, health, energy, the environment, education, water resources, and the social sciences. Of the funds available under paragraph (1) of this subsection for the fiscal year 1982 and for the fiscal year 1983, \$4,000,000 for each such year may be used in accordance with this paragraph for scientific and technological projects which will promote regional cooperation among Israel and Egypt and other Middle East countries.

["(3) The President may obligate funds under paragraph (1) of this subsection only if, in accordance with the established prenotification procedures under section 634A of this Act, he transmits a report to the Committee on Foreign Affairs and the Committee on Appropriations of the House of Representatives, and to the Committee on Foreign Relations and the Committee on Appropriations of the Senate, at least 15 days prior to such obligation. This report shall set forth—

["(A) the name of the proposed recipient of such funds,

["(B) the amount of funds to be made available to such recipient, and

["(C) the purpose for which such funds are to be made available.

["(4) At the end of the fiscal year 1981, at the end of the fiscal year 1982, and at the end of the fiscal year 1983, the President shall report to the Congress on the use of funds under this chapter during that fiscal year for special requirements in the Middle East.

["(c) None of the funds appropriated to carry out this chapter for the fiscal year 1982 or the fiscal year 1983 may be made available to Syria.

["(d) It is the sense of the Congress that, of the funds authorized to be appropriated to carry out this chapter, \$7,000,000 for the fiscal year 1982 and \$7,000,000 or more for the fiscal year 1983 should be made available for Lebanon for relief and rehabilitation programs of international and private voluntary agencies and other not-for-profit United States organizations operating in Lebanon.

["SEC. 533. EASTERN MEDITERRANEAN PROGRAMS.—(a) Not less than two-thirds of the funds made available to Turkey under this chapter for each of the fiscal years 1982 and 1983 shall be provided on a grant basis.

["(b) Of the funds authorized to be appropriated to carry out this chapter for the fiscal year 1982 and for the fiscal year 1983, \$15,000,000 for each such year shall be available only for Cyprus. Of that amount, \$5,000,000 for the fiscal year 1982 and \$10,000,000 for the fiscal year 1983 shall be for scholarship programs to bring Cypriots to the United States for education.

["SEC. 534. PROHIBITION ON USE OF FUNDS FOR NUCLEAR FACILITIES.—Funds available to carry out this chapter for the fiscal year

1982 and for the fiscal year 1983 may not be used to finance the construction of, the operation or maintenance of, or the supplying of fuel for, any nuclear facility in a foreign country unless the President certifies to the Congress that use of funds for such purpose is indispensable to the achievement of nonproliferation objectives which are uniquely significant and of paramount importance to the United States.

["SEC. 535. EMERGENCY ASSISTANCE.—(a) Of the funds appropriated to carry out this chapter, up to \$75,000,000 for the fiscal year 1982 and up to \$75,000,000 for the fiscal year 1983 may be made available for emergency use under this chapter when the national interests of the United States urgently require economic support to promote economic or political stability.

["(b) Notwithstanding any provision of this chapter or of an appropriations Act (including a joint resolution making continuing appropriations) which earmarks funds available to carry out this chapter for a specific country or purpose, up to 5 percent of each amount so earmarked may be used to carry out this section.

["SEC. 536. SPECIAL REQUIREMENTS FUND.—Of the amounts appropriated to carry out this chapter, up to \$75,000,000 for the fiscal year 1982 may be made available as a special requirements fund, except that such funds may not be obligated unless the Committee on Foreign Relations of the Senate, the Committee on Foreign Affairs of the House of Representatives, and the Committee on Appropriations of each House of the Congress are notified fifteen days in advance of such obligation.

["SEC. 537. TUNISIA.—Of of the funds authorized to be appropriated to carry out this chapter for the fiscal year 1982 and 1983, not less than \$5,000,000 for each such year shall be available for Tunisia.

["SEC. 538. COSTA RICA.—Of the funds authorized to be appropriated to carry out this chapter for the fiscal years 1982 and 1983, not less than \$15,000,000 for each such year shall be available only for Costa Rica for the purposes of economic assistance.

["SEC. 539. NICARAGUA.—Of the funds authorized to be appropriated to carry out this chapter, \$20,000,000 for the fiscal year 1982 and \$20,000,000 for the fiscal year 1983 shall be available only for Nicaragua.”.

【ACQUISITION OF AGRICULTURAL COMMODITIES AND RELATED PRODUCTS UNDER COMMODITY IMPORT PROGRAMS

【SEC. 203. The Congress directs the President to allocate at least 15 percent of the funds which are made available each fiscal year under this title for commodity import programs for use in financing the purchase of agricultural commodities and agricultural-related products which are of United States-origin.

【TITLE III—DEVELOPMENT ASSISTANCE

【AGRICULTURE, RURAL DEVELOPMENT, AND NUTRITION

【SEC. 301. (a) The first sentence of section 103(a)(2) of the Foreign Assistance Act of 1961 is amended by striking out “\$713,500,000 for the fiscal year 1981” and inserting in lieu thereof “\$700,000,000 for the fiscal year 1982 and \$700,000,000 for the fis-

cal year 1983, of which up to \$1,000,000 for each such fiscal year shall be available only to carry out section 316 of the International Security and Development Cooperation Act of 1980”.

[(b)(1) It is the sense of the Congress that the United States should strongly support the efforts of developing countries to improve infant feeding practices, in particular through the promotion of breast feeding. As a demonstration of that support, the President is authorized to use up to \$5,000,000 of the funds made available for the fiscal year 1982 to carry out the purposes of sections 103 and 104(c) of the Foreign Assistance Act of 1961 in order to assist developing countries establish or improve programs to encourage improved infant feeding practices. In carrying out this paragraph, the Agency for International Development should provide funds for necessary research to obtain better information on the precise nature and magnitude of problems relating to infant feeding practices, including the use of infant formula, in developing countries.

[(2) The President shall, as part of the congressional presentation documentation for the fiscal years 1983 and 1984, include information relevant to the implementation of this subsection, including—

[(A) a description of actions taken by the Agency for International Development to promote breast feeding and to improve supplemental infant feeding practices in developing countries through funds made available in this subsection and through its regular programs in the fields of health, nutrition, and population activities;

[(B) a summary of the results of studies authorized by this subsection on the nature and magnitude of problems in developing countries related to infant feeding practices; and

[(C) a summary of reports by member countries of the World Health Organization on their actions to implement the International Code of Marketing of Breast Milk Substitutes.

[(c) Section 103 of such Act is amended by adding at the end thereof the following new subsection:

[(“g) In order to carry out the purposes of this section, the President may continue to participate in and may provide, on such terms and conditions as he may determine, up to \$180,000,000 to the International Fund for Agriculture Development. There are authorized to be appropriated to the President for the purposes of this subsection \$180,000,000, except that not more than \$40,500,000 may be appropriated under this subsection for the fiscal year 1982. Amounts appropriated under this subsection are authorized to remain available until expended.”.

[(POPULATION AND HEALTH

[(SEC. 302. (a) Section 104(g) of the Foreign Assistance Act of 1961 is amended by striking out the first sentence and inserting in lieu thereof the following: “There are authorized to be appropriated to the President, in addition to funds otherwise available for such purposes—

[(“1) \$211,000,000 for the fiscal year 1982 and \$211,000,000 for the fiscal year 1983 to carry out subsection (b) of this section; and

["(2) \$133,405,000 for the fiscal year 1982 and \$133,405,000 for the fiscal year 1983 to carry out subsection (c) of this section.

[Of the funds appropriated for each of the fiscal years 1982 and 1983 to carry out subsection (b) of this section, not less than 16 percent or \$38,000,000, whichever amount is less, shall be available only for the United Nations Fund for Population Activities.".

[(b) Section 104(f) of such Act is amended by adding at the end thereof the following:

["(3) None of the funds made available to carry out this part may be used to pay for any biomedical research which relates, in whole or in part, to methods of, or the performance of abortions or involuntary sterilization as a means of family planning.".

[EDUCATION AND HUMAN RESOURCES DEVELOPMENT

[SEC. 303. (a) The second sentence of section 105(a) of the Foreign Assistance Act of 1961 is amended by striking out "\$101,000,000 for the fiscal year 1981" and inserting in lieu thereof "\$103,600,000 for the fiscal year 1982 and \$103,600,000 for the fiscal year 1983".

[(b) Such section is further amended by adding at the end thereof the following: "For each of the fiscal years 1982 and 1983, the President shall use not less than \$4,000,000 of the funds made available for the purposes of this section to finance scholarships for undergraduate or professional education in the United States for South African students who are disadvantaged by virtue of legal restrictions on their ability to get an adequate undergraduate or professional education, except that up to \$1,000,000 of the funds made available for each such fiscal year under chapter 4 of part II of this Act for southern African regional programs may be used to finance such scholarships in lieu of an equal amount under this section.".

[ENERGY, PRIVATE VOLUNTARY ORGANIZATIONS, AND SELECTED DEVELOPMENT ACTIVITIES

[SEC. 304. (a) Section 106(d)(3) of the Foreign Assistance Act of 1961 is amended by inserting immediately before the semicolon at the end thereof the following: "and programs of disaster preparedness, including the prediction of and contingency planning for natural disasters abroad".

[(b) Section 106(e)(1) of such Act is amended by striking out "\$140,000,000 for the fiscal year 1981" and inserting in lieu thereof "\$147,200,000 for the fiscal year 1982 and \$147,200,000 for the fiscal year 1983".

[UNITED NATIONS DECADE FOR WOMEN

[SEC. 305. Section 113 of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new subsection:

["(c) Not less than \$500,000 of the funds made available under this chapter for the fiscal year 1982 shall be expended on international programs which support the original goals of the United Nations Decade for Women.".

[HUMAN RIGHTS

[SEC. 306. The first sentence of section 116(e) of the Foreign Assistance Act of 1961 is amended by striking out “the fiscal year 1981” and inserting in lieu thereof “each of the fiscal years 1982 and 1983”.

[ENVIRONMENT AND NATURAL RESOURCES

[SEC. 307. Section 118 of the Foreign Assistance Act of 1961 is amended to read as follows:

["SEC. 118. ENVIRONMENT AND NATURAL RESOURCES.—(a) The Congress finds that if current trends in the degradation of natural resources in developing countries continue, they will severely undermine the best efforts to meet basic human needs, to achieve sustained economic growth, and to prevent international tension and conflict. The Congress also finds that the world faces enormous, urgent, and complex problems, with respect to natural resources, which require new forms of cooperation between the United States and developing countries to prevent such problems from becoming unmanageable. It is, therefore, in the economic and security interests of the United States to provide leadership both in thoroughly reassessing policies relating to natural resources and the environment, and in cooperating extensively with developing countries in order to achieve environmentally sound development.

["(b) In order to address the serious problems described in subsection (a), the President is authorized to furnish assistance under this part for developing and strengthening the capacity of developing countries to protect and manage their environment and natural resources. Special efforts shall be made to maintain and where possible to restore the land, vegetation, water, wildlife, and other resources upon which depend economic growth and human well-being, especially of the poor.

["(c)(1) The President, in implementing programs and projects under this chapter, shall take fully into account the impact of such programs and projects upon the environment and natural resources of developing countries. Subject to such procedures as the President considers appropriate, the President shall require all agencies and officials responsible for programs or projects under this chapter—

["(A) to prepare and take fully into account an environmental impact statement for any program or project under this chapter significantly affecting the environment of the global commons outside the jurisdiction of any country, the environment of the United States, or other aspects of the environment which the President may specify; and

["(B) to prepare and take fully into account an environmental assessment of any proposed program or project under this chapter significantly affecting the environment of any foreign country.

[Such agencies and officials should, where appropriate, use local technical resources in preparing environmental impact statements and environmental assessments pursuant to this subsection.

["(2) The President may establish exceptions from the requirements of this subsection for emergency conditions and for cases in

which compliance with those requirements would be seriously detrimental to the foreign policy interests of the United States.

["(d)(1) In enacting section 103(b)(3) of this Act the Congress recognized the importance of forests and tree cover to the developing countries. The Congress is particularly concerned about the continuing and accelerating alteration, destruction, and loss of tropical forests in developing countries. Tropical forests constitute a major world resource. Their destruction and loss pose a serious threat to development and the environment in developing countries. Tropical forest destruction and loss result in shortages of wood, especially wood for fuel; siltation of lakes, reservoirs and irrigation systems; floods; destruction of indigenous peoples; extinction of plant and animal species; reduced capacity for food production; and loss of genetic resources; and can result in desertification and in destabilization of the earth's climate. Properly managed tropical forests provide a sustained source of fiber and other commodities essential to the economic growth of developing countries.

["(2) The concerns expressed in paragraph (1) and the recommendations of the United States Interagency Task Force on Tropical Forests shall be considered by the President—

["(A) in formulating and carrying out programs and policies with respect to developing countries, including those relating to bilateral and multilateral assistance and those relating to private sector activities, and

["(B) in seeking opportunities to coordinate public and private development and investment activities which affect forests in developing countries.

["(3) It is the sense of the Congress that the President should instruct the representatives of the United States to the United Nations and to other appropriate international organizations to urge—

["(A) that higher priority be given in the programs of these organizations to the problems of tropical forest alteration and loss, and

["(B) that there be improved cooperation and coordination among these organizations with respect to tropical forest activities.”.

【SAHEL DEVELOPMENT PROGRAM—IMPLEMENTATION

【SEC. 308. (a) Section 121(c) of the Foreign Assistance Act of 1961 is amended in the third sentence by striking out “\$88,442,000 for the fiscal year 1981” and inserting in lieu thereof “\$86,558,000 for the fiscal year 1982 and \$86,558,000 for the fiscal year 1983”.

【(b) Section 121 of such Act is amended by adding at the end thereof the following new subsection:

【“(d) Funds available to carry out this section (including foreign currencies acquired with funds appropriated to carry out this section) may not be made available to any foreign government for disbursement unless the Administrator of the Agency for international Development determines that the foreign government will maintain a system of accounts with respect to those funds which will provide adequate identification of and control over the receipt and expenditure of those funds.”.

【PRIVATE AND VOLUNTARY ORGANIZATIONS

【SEC. 309. Section 123 of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new subsections:

【“(f) For each of the fiscal years 1982, 1983, and 1984, funds in an amount not less than 12 percent of the aggregate amount appropriated for that fiscal year to carry out sections 103(a), 104(b), 104(c), 105, 106, 121, and 491 of this Act shall be made available for the activities of private and voluntary organizations, and the President shall seek to channel funds in an amount not less than 16 percent of such aggregate amount for the activities of private and voluntary organizations.

【“(g) After December 31, 1984, funds made available to carry out section 103(a), 104(b), 104(c), 105, 106, 121, or 491 of this Act may not be made available for programs of any United States private and voluntary organization which does not obtain at least 20 percent of its total annual financial support for its international activities from sources other than the United States Government, except that this restriction does not apply with respect to programs which, as of that date, are receiving financial support from the agency primarily responsible for administering this part. The Administrator of the agency primarily responsible for administering this part may, on a case-by-case basis, waive the restriction established by this subsection, after taking into account the effectiveness of the overseas development activities of the organization, its level of volunteer support, its financial viability and stability, and the degree of its dependence for its financial support on the agency primarily responsible for administering this part.”.

【HOUSING GUARANTY PROGRAMS

【SEC. 310. (a) Section 222(a) of the Foreign Assistance Act of 1961 is amended—

【(1) in the second sentence by striking out “\$1,555,000,000” and inserting in lieu thereof “\$1,718,000,000”; and

【(2) in the third sentence by striking out “September 30, 1982” and inserting in lieu thereof “September 30, 1984”.

【(b) Section 223(b) of such Act is amended by adding at the end thereof the following: “All of the foregoing fees referred to in this section together with earnings thereon and other income arising from guaranty operations under this title shall be held in a revolving fund account maintained in the Treasury of the United States. All funds in such account may be invested in obligations of the United States. Any interest or other receipts derived from such investments shall be credited to such account and may be used for the purposes cited in this section.”.

【INTERNATIONAL ORGANIZATIONS AND PROGRAMS

【SEC. 311. (a) Section 301 of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new subsection:

【“(h) The President is authorized to permit the United States to participate in and to use any of the funds made available under this part after the date of enactment of this subsection for the pur-

pose of furnishing assistance (on such terms and conditions as the President may determine) to the International Food Policy Research Institute.”.

[(b) Section 302(a)(1) of such Act is amended by striking out “\$233,350,000 for the fiscal year 1981” and inserting in lieu thereof “\$218,600,000 for the fiscal year 1982 and \$218,600,000 for the fiscal year 1983. Of the funds appropriated under this paragraph for each of the fiscal years 1982 and 1983, (A) not less than 19.6 percent or \$45,000,000, whichever amount is less, shall be available only for the United States Children’s Fund, (B) not less than 59.5 percent or \$134,500,000, whichever amount is less, shall be available only for the United Nations Development Fund, (C) not less than 4.4 percent or \$10,000,000, whichever amount is less, shall be available only for the United Nations Environment Fund, (D) not less than 0.159 percent or \$400,000, whichever amount is less, shall be available only for the United Nations Trust Fund for Southern Africa, and (E) not less than 0.196 percent or \$500,000, whichever amount is less, shall be available only for the United Nations Institute for Training and Research”.

[TRADE AND DEVELOPMENT PROGRAM

[SEC. 312. (a) The section caption of section 661 of the Foreign Assistance Act of 1961 is amended by striking out “REIMBURSABLE DEVELOPMENT PROGRAMS” and inserting in lieu thereof “TRADE AND DEVELOPMENT PROGRAM”.

[(b) Such section 661 is further amended—

[(1) by inserting “(a)” immediately before “The President”;

[(2) in the first sentence by striking out “to use \$4,000,000 of the funds made available for the fiscal year 1981 for the purposes of this Act”; and

[(3) by adding at the end thereof the following new subsection:

[(“(b) There are authorized to be appropriated to the President for purposes of this section, in addition to funds otherwise available for such purposes, \$6,907,000 for the fiscal year 1982 and \$6,907,000 for the fiscal year 1983. Amounts appropriated under this subsection are authorized to remain available until expended.”.

[AFRICAN DEVELOPMENT FOUNDATION

[SEC. 313. Section 510 of the international Security and Development Cooperation Act of 1980 is amended—

[(1) by striking out “for the fiscal year 1981”; and

[(2) by striking out “\$2,000,000” and inserting in lieu thereof “not less than \$2,000,000 for the fiscal year 1982 and up to \$2,000,000 for the fiscal year 1983”.

[TITLE IV—FOOD FOR PEACE PROGRAMS

[REPEAL OF OBSOLETE FOREIGN CURRENCY PROVISIONS

[SEC. 401. The Agricultural Trade Development and Assistance Act of 1954 is amended—

[(1) in section 101, by striking out “for foreign currencies” and inserting in lieu thereof “, to the extent that sales for dollars under the terms applicable to such sales are not possible,

for foreign currencies on credit terms and on terms which permit conversion to dollars at the exchange rate applicable to the sales agreement”;

[(2) by amending section 103(b) to read as follows:

[(b) except where the President determines that it would be inconsistent with the objectives of this Act, determine the amount of foreign currencies needed for the uses specified in subsections (a), (b), (e), and (h) of section 104 and in title III, and the agreements for credit sales shall provide for payment of such amounts in dollars or in foreign currencies upon delivery of the agricultural commodities; and such payment may be considered as an advance payment of the earliest installments.”;

[(3) in section 103(d), by striking out “(1)” and by striking out “, or (2) for the purpose only of sales of agricultural commodities for foreign currencies under title I of this Act, any country or area dominated by a Communist government”;

[(4) in section 103(l), by striking out “obtain commitments from friendly” and all that follows through “United States of America, and”;

[(5) in section 104—

[(A) in the text preceding subsection (a), by striking out “this title” and inserting in lieu thereof “agreements for such sales entered into prior to January 1, 1972.”; and

[(B) in paragraph (3) of the proviso following subsection (k), by striking out “(except as provided in subsection (c) of this section).”;

[(6) in section 106(a)—

[(A) by inserting “(1)” after “(a)”;

[(B) by adding at the end thereof the following:

[(2) Payment by any friendly country for commodities purchased for foreign currencies on credit terms and on terms which permit conversion to dollars shall be upon terms no less favorable to the United States than those for development loans made under section 122 of the Foreign Assistance Act of 1961.”;

[(7) by repealing section 108; and

[(8) by repealing section 109(b).

[EMERGENCY OR EXTRAORDINARY RELIEF REQUIREMENTS

[SEC. 402. Section 104(d) of the Agricultural Trade Development and Assistance Act of 1954 is amended by striking out “\$5,000,000” and inserting in lieu thereof “\$10,000,000”.

[SELF-HELP MEASURES TO INCREASE AGRICULTURAL PRODUCTION; VERIFICATION OF SELF-HELP PROVISIONS

[SEC. 403. (a) Section 109(a) of the Agricultural Trade Development and Assistance Act of 1954 is amended—

[(1) by inserting in paragraph (3) immediately before the semicolon “, and reducing illiteracy among the rural poor”;

[(2) by striking out the period at the end of paragraph (10) and inserting in lieu thereof “; and”;

[(3) by inserting the following new paragraph immediately after paragraph (10);

["(11) carrying out programs to improve the health of the rural poor."]

[(b) Section 109 of the Agricultural Trade Development and Assistance Act of 1954 is amended by adding at the end thereof a new subsection as follows:

["(d)(1) In each agreement entered into under this title and in each amendment to such an agreement, the economic development and self-help measures which the recipient country agrees to undertake shall be described (A) to the maximum extent feasible, in specific and measurable terms, and (B) in a manner which ensures that the needy people in the recipient country will be the major beneficiaries of the self-help measures pursuant to each agreement.

["(2) The President shall, to the maximum extent feasible, take appropriate steps to assure that, in each agreement entered into under this title and in each amendment to such an agreement, the self-help measures agreed to are additional to the measures that the recipient country otherwise would have undertaken irrespective of that agreement or amendment.

["(3) The President shall take all appropriate steps to determine whether the economic development and self-help provisions of each agreement entered into under this title, and of each amendment to such an agreement, are being fully carried out."]

[(c) The amendments made by this section shall not be effective if the Agriculture and Food Act of 1981 is enacted (either before or after the enactment of this Act) and contains the same amendments.

[TITLE II MINIMUM

[SEC. 404. Section 201(b)(3) of the Agricultural Trade Development and Assistance Act of 1954 is amended by striking out "1,400,000 metric tons" and inserting in lieu thereof, "1,200,000 metric tons for nonemergency programs".

[TITLE V—OTHER ASSISTANCE PROGRAMS

[AMERICAN SCHOOLS AND HOSPITALS ABROAD

[SEC. 501. Section 214(c) of the Foreign Assistance Act of 1961 is amended by striking out "\$30,000,000 for the fiscal year 1981" and inserting in lieu thereof "\$20,000,000 for the fiscal year 1982 and \$20,000,000 for the fiscal year 1983".

[INTERNATIONAL NARCOTICS CONTROL

[SEC. 502. (a)(1) Section 481(d) of the Foreign Assistance Act of 1961 is amended to read as follows:

["(d)(1) The Secretary of State shall inform the Secretary of Health and Human Services of the use or intended use by any country or international organization of any herbicide to eradicate marihuana in a program receiving assistance under this chapter.

["(2) The Secretary of Health and Human Services shall monitor the impact on the health of persons who may use or consume marihuana of the spraying of a herbicide to eradicate such marihuana in a program receiving assistance under this chapter, and if the Secretary determines that such persons are exposed to amounts of such herbicide which are harmful to their health, the Secretary

shall prepare and transmit a report to the Congress setting forth such determination together with any recommendations the Secretary may have.

[(3) Of the fund authorized to be appropriated for the fiscal year 1982 under section 482, the President is urged to use not less than \$100,000 to develop a substance that clearly and readily warns persons who may use or consume marihuana that it has been sprayed with the herbicide paraquat or other herbicide harmful to the health of such persons.

[(4) If the Secretary of Agriculture determines that a substance has been developed that clearly and readily warns persons who may use or consume marihuana that it has been sprayed with the herbicide paraquat or other herbicide harmful to the health of such persons, such substance shall be used in conjunction with the spraying of paraquat or such other herbicide in any program receiving assistance under this chapter.”.

[(2) Assistance provided from funds appropriated, before the enactment of this Act, to carry out section 481 of the Foreign Assistance Act of 1961 may be made available for purposes prohibited by subsection (d) of such section as in effect immediately before the enactment of this subsection.

[(3) Fund appropriated for the fiscal year 1980 to carry out section 481 of the Foreign Assistance Act of 1961 which were obligated for assistance for the Republic of Colombia may be used for purposes other than those set forth in section 482(a)(2) of that Act as in effect immediately before the enactment of the International Security and Development Cooperation Act of 1980.

[(4) Paragraphs (2) and (3) of this subsection shall apply only to the extent provided in advance in an appropriations Act. For such purpose, the funds described in those paragraphs are authorized to be made available for the purposes specified in those paragraphs.

[(b) Section 481 of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new subsection:

[(e) Not later than February 1 of each year, the President shall transmit to the Speaker of the House of Representatives, and to the Committee on Foreign Relations of the Senate, a report on the status of the United States policy to establish and encourage an international strategy to prevent the illicit production of and to interdict and intercept trafficking in narcotics.”.

[(c) Section 482(a) of such Act is amended to read as follows:

[(a)(1) To carry out the purposes of section 481, there are authorized to be appropriated to the President \$37,700,000 for the fiscal year 1982 and \$37,700,000 for the fiscal year 1983.

[(2) Amounts appropriated under this subsection are authorized to remain available until expended.”.

[INTERNATIONAL DISASTER ASSISTANCE

[SEC. 503. Section 492(a) of the Foreign Assistance Act of 1961 is amended by striking out “\$25,000,000 for the fiscal year 1981” and inserting in lieu thereof “\$27,000,000 for the fiscal year 1982 and \$27,000,000 for the fiscal year 1983”.

【ASSISTANCE FOR DISPLACED PERSONS IN CENTRAL AMERICA

【SEC. 504. Chapter 9 of part I of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new section:

【“SEC. 495I. ASSISTANCE FOR DISPLACED PERSONS IN CENTRAL AMERICA.—(a)(1) The Congress recognizes that prompt United States assistance is necessary to help meet the basic human needs of persons displaced by strife in El Salvador. Therefore, the President is authorized to furnish assistance, on such terms and conditions as he may determine, to help alleviate the suffering of these displaced persons. Assistance provided under this section shall be for humanitarian purposes, with emphasis on the provision of food, medicine, medical care, and shelter and, where possible, implementation of other relief and rehabilitation activities. The Congress encourages the use, where appropriate, of the services of private and voluntary organizations and international relief agencies in the provision of assistance under this section.

【“(2) The Congress understands that the country of Belize has expressed interest and willingness in the resettlement in its territory of Haitian nationals who desire to settle in Belize. Therefore, the President is authorized to furnish assistance, on such terms and conditions as he may determine, to assist the Government of Belize in the resettlement of Haitian nationals in the national territory of Belize.

【“(b) There are authorized to be appropriated to the President for the purposes of this section, in addition to amounts otherwise available for such purposes, \$5,000,000 for the fiscal year 1982 and \$5,000,000 for the fiscal year 1983. Amounts appropriated under this section are authorized to remain available until expended.

【“(c) Assistance under this section shall be provided in accordance with the policies and utilizing the general authorities provided in section 491.”.

【TITLE VI—PEACE CORPS

【ESTABLISHMENT AS AN INDEPENDENT AGENCY

【SEC. 601. (a) The Peace Corps Act (22 U.S.C. et seq.) is amended by inserting the following new section 2A immediately after section 2:

【“PEACE CORPS AS AN INDEPENDENT AGENCY

【“SEC. 2A. Effective on the date of the enactment of the International Security and Development Cooperation Act of 1981, the Peace Corps shall be an independent agency within the executive branch and shall not be an agency within the ACTION Agency or any other department or agency of the United States.”.

【(b) There are transferred to the Director of the Peace Corps all functions relating to the Peace Corps which were vested in the Director of the ACTION Agency on the day before the date of the enactment of this Act.

【(c)(1) All personnel, assets, liabilities, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds as are determined by the Direc-

tor of the Office of Management and Budget, after consultation with the comptroller General of the United States, the Director of the Peace Corps, and the Director of the ACTION Agency, to be employed, held, used, or assumed primarily in connection with any function relating to the Peace Corps before the date of the enactment of this Act are transferred to the Peace Corps. The transfer of unexpended balances pursuant to the preceding sentence shall be subject to section 202 of the Budget and Accounting Procedures Act of 1950 (31 U.S.C. 581c).

[(2)(A) The transfer pursuant to this subsection of full-time personnel (except special Government employees) and part-time personnel holding permanent positions shall not cause any employee to be separated or reduced in rank, class, grade, or compensation, or otherwise suffer a loss of employment benefits for one year after—

[(i) the date on which the Director of the Office of Management and Budget submits the report required by subsection (f)(1) of this section, or

[(ii) the effective date of the transfer of such employee, whichever occurs later.

[(B) The personnel transferred pursuant to this subsection shall, to the maximum extent feasible, be assigned to such related functions and organizational units in the Peace Corps as such personnel were assigned to immediately before the date of the enactment of this Act.

[(C) Collective-bargaining agreements in effect on the date of the enactment of this Act covering personnel transferred pursuant to this subsection or employed on such date of enactment by the Peace Corps shall continue to be recognized by the Peace Corps until the termination date of such agreements or until such agreements are modified in accordance with applicable procedures.

[(3) Under such regulations as the President may prescribe, each person who, immediately before the date of the enactment of this Act, does not hold an appointment under section 7(a)(2) of the Peace Corps Act and who is determined under paragraph (1) of this subsection to be employed primarily in connection with any function relating to the Peace Corps shall, effective on the date of the enactment of this Act, and notwithstanding subparagraph (B) of section 7(a)(2) of the Peace Corps Act, be appointed a member of the Foreign Service under section 7(a)(2) of the Peace Corps Act, and be appointed or assigned to an appropriate class of the Foreign Service, except that—

[(A) any person who, immediately before such date of enactment, holds a career or career-conditional appointment shall not, without the consent of such person, be so appointed until three years after such date of enactment, during which period any such person not consenting to be so appointed may continue to hold such career or career-conditional appointment; and

[(B) each person so appointed who, immediately before such date of enactment, held a career or career-conditional appointment at grade GS-8 or lower of the General Schedule established by section 5332 of title 5, United States Code, shall be

appointed a member of the Foreign Service for the duration of operations under the Peace Corps Act.

Each person appointed under this paragraph shall receive basic compensation at the rate of such person's class determined by the President to be appropriate, except that the rate of basic compensation received by such person immediately before the effective date of such person's appointment under this paragraph shall not be reduced as a result of the provisions of this paragraph.

[(d)(1) Section 4(b) of the Peace Corps Act (22 U.S.C. 2503(b)) is amended by striking out "such agency or officer of the United States Government as he shall direct. The head of any such agency or any such officer" and inserting in lieu thereof "the Director of the Peace Corps. The Director of the Peace Corps".

[(2) The Director of the Peace Corps shall continue to exercise all the functions under the Peace Corps Act or any other law or authority which the Director was performing on December 14, 1981.

[(e)(1) Section 3 of the Peace Corps Act (22 U.S.C. 2502) is amended by repealing subsections (d), (e), and (f) and by redesignating subsection (g) as subsection (d).

[(2) The amendment made by paragraph (1) of this subsection shall not alter or affect (A) the validity of any action taken before the date of the enactment of this Act under those provisions of law repealed by that amendment, or (B) the liability of any person for any payment described in section 3(f) of the Peace Corps Act as in effect immediately before the date of the enactment of this Act.

[(f)(1) Not later than the thirtieth day after the date of the enactment of this Act, or February 15, 1982, whichever occurs later, the Director of the Office of Management and Budget, after consultation with the Director of the Peace Corps and the Director of the ACTION Agency, shall submit to the appropriate committees of the Congress and to the Comptroller General a report on the steps taken to implement the provisions of this title, including descriptions of the dispositions of administrative matters, including matters relating to personnel, assets, liabilities, contracts, property, records, and unexpended balances or appropriations, authorizations, allocations, and other funds employed, used, held, available, or to be made available in connection with functions or activities relating to the Peace Corps.

[(2) Not later than the forty-fifth day after the date of the enactment of this Act, or March 1, 1982, whichever occurs later, the Comptroller General shall submit to the appropriate committees of the Congress a report stating whether, in the judgment of the Comptroller General, determinations made by the Director of the Office of Management and Budget under subsection (c)(1) of this section were equitable.

[(g) References in any statute, reorganization plan, Executive order, regulation, or other official document or proceeding to the ACTION Agency or the Director of the ACTION Agency with respect to functions or activities relating to the Peace Corps shall be deemed to refer to the Peace Corps or the Director of the Peace Corps, respectively.

【AUTHORIZATION OF APPROPRIATIONS】

【SEC. 602. (a) Section 3(b) of the Peace Corps Act (22 U.S.C. 2502(b)) is amended by striking out “fiscal year 1981 not to exceed \$118,000,000” and inserting in lieu thereof “the fiscal year 1982 not to exceed \$105,000,000 and for the fiscal year 1983 not to exceed \$105,000,000”.

【(b) Section 3(c) of such Act is amended by striking out “fiscal year 1981” and inserting in lieu thereof “each fiscal year”.

【INTEGRATION OF DISABLED PEOPLE】

【SEC. 603. Section 3 of the Peace Corps Act (22 U.S.C. 2502) is amended by adding at the end thereof the following new subsection:

【“(h) In recognition of the fact that there are over 400,000,000 disabled people in the world, 95 percent of whom are among the poorest of the poor, the Peace Corps shall be administered so as to give particular attention to programs, projects, and activities which tend to integrate disabled people into the national economies of developing countries, thus improving their status and assisting the total development effort.”.

【RESTORATION OF CERTAIN AUTHORITIES FORMERLY CONTAINED IN THE FOREIGN SERVICE ACT】

【SEC. 604. (a) Section 10 of the Peace Corps Act (22 U.S.C. 2509) is amended by adding at the end thereof the following new subsections:

【“(i) The Director of the Peace Corps shall have the same authority as is available to the Secretary of State under section 26(a) of the State Department Basic Authorities Act of 1956. For purposes of this subsection, the reference in such section 26(a) to a principal officer of the Foreign Service shall be deemed to be a reference to a Peace Corps representative and the reference in such section to a member of the Foreign Service shall be deemed to be reference to a person employed, appointed, or assigned under this Act.

【“(j) The provisions of section 30 of the State Department Basic Authorities Act of 1956 shall apply to volunteers and persons employed, appointed, or assigned under this Act. For purposes of this subsection, references to the Secretary in subsection (b) of such section shall be deemed to be references to the Director of the Peace Corps, references to the Secretary in subsection (f) of such section shall be deemed to be references to the President, and the reference in subsection (g) of such section to a principal representative of the United States shall be deemed to be a reference to a Peace Corps representative.”.

【(b) Section 5(h) of such Act is amended by striking out the last two sentences.

【(c) To the extent that the authorities provided by the amendments made by subsection (a) are authorities which are not applicable with respect to the Peace Corps immediately before the enactment of this Act and which require the expenditure of funds, those authorities may not be exercised using any funds appropriated after February 15, 1981, and before the date of the enactment of this Act.

【MISCELLANEOUS—CONFORMING AMENDMENTS

【SEC. 605. (a) Section 9 of the Peace Corps Act (22 U.S.C. 2508) is amended by striking out “section 10(a)(4)” in the second sentence and inserting in lieu thereof “section 10(a)(5)”.

【(b) Section 18 of such Act (22 U.S.C. 2517) is repealed.

【READJUSTMENT ALLOWANCE

【SEC. 606. The first sentence of section 5(c) of the Peace Corps Act (22 U.S.C. 2504(c)) is amended by striking out “not to exceed \$125” and inserting in lieu thereof “not less than \$125”.

【TITLE VII—MISCELLANEOUS PROVISIONS

【ADVANCE ACQUISITION OF PROPERTY

【SEC. 701. Section 608(a) of the Foreign Assistance Act of 1961 is amended—

【(1) in the first sentence—

【(A) by inserting “, or (if a substantial savings would occur) other property already owned by an agency of the United States Government,” immediately after “excess personal property”, and

【(B) by inserting “or supplementary to” immediately after “in lieu of”; and

【(2) in the second sentence by inserting “any property available from an agency of the United States Government,” immediately before “or other property”.

【CONSTRUCTION OF PRODUCTIVE ENTERPRISES IN EGYPT

【SEC. 702. The first sentence of section 620(k) of the Foreign Assistance Act of 1961 is amended by striking out “for fiscal year 1977, fiscal year 1980, or fiscal year 1981”.

【COMPENSATION FOR PARTICIPATING AGENCY EMPLOYEES

【SEC. 703. The first sentence of section 625(d) of the Foreign Assistance Act of 1961 is amended by striking out “together with allowances and benefits under that Act” and inserting in lieu thereof “or under chapter 53 of title 5, United States Code, or at any other rate authorized by law, together with allowances and benefits under the Foreign Service Act of 1980”.

【NOTIFICATION OF PROGRAM CHANGES

【SEC. 704. Section 634A of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following: “Whenever a proposed reprogramming exceeds \$1,000,000 and the total amount proposed for obligation for a country under this Act in a fiscal year exceeds by more than \$5,000,000 the amount specified for that country in the report required by section 653(a) of this Act, notifications of such proposed reprogrammings shall specify—

【“(1) the nature and purpose of such proposed obligation, and

【“(2) to the extent possible at the time of the proposed obligation, the country for which such funds would otherwise have been obligated.”.

[INSPECTOR GENERAL

[SEC. 705. (a) The Inspector General Act of 1978 is amended—

[(1) in paragraph (1) of section 2, by inserting “the Agency for International Development,” immediately after “Department of Transportation,”;

[(2) in section 11—

[(A) in paragraph (1), by inserting “the Agency for International Development,” immediately after “Administrator of”; and

[(B) in paragraph (2), by inserting “the Agency for International Development,” immediately after “Transportation or”; and

[(3) by inserting immediately after section 8 the following new section 8A:

[“SPECIAL PROVISIONS RELATING TO THE AGENCY FOR INTERNATIONAL DEVELOPMENT

[“SEC. 8A. (a) In addition to the other duties and responsibilities specified in this Act, the Inspector General of the Agency for International Development—

[(1) shall supervise, direct, and control all security activities relating to the programs and operations of that Agency, subject to the supervision of the Administrator of that Agency; and

[(2) to the extent requested by the Director of the United States International Development Cooperation Agency (after consultation with the Administrator of the Agency for International Development), shall supervise, direct, and control all audit, investigative, and security activities relating to programs and operations within the United States International Development Cooperation Agency.

[“(b) In addition to the Assistant Inspector Generals provided for in section 3(d) of this Act, the Inspector General of the Agency for International Development shall, in accordance with applicable laws and regulations governing the civil service, appoint an Assistant Inspector General for Security who shall have the responsibility for supervising the performance of security activities relating to programs and operations of the Agency for International Development.

[“(c) The semiannual reports required to be submitted to the Administrator of the Agency for International Development pursuant to section 5(b) of this Act shall also be submitted to the Director of the United States International Development Cooperation Agency.

[“(d) In addition to the officers and employees provided for in section 6(a)(6) of this Act, members of the Foreign Service may, at the request of the Inspector General of the Agency for International Development, be assigned as employees of the Inspector General. Members of the Foreign Service so assigned shall be responsible solely to the Inspector General, and the Inspector General (or his or her designee) shall prepare the performance evaluation reports for such members.

[“(e) In establishing and staffing field offices pursuant to section 6(c) of this Act, the Administrator of the Agency for International

Development shall not be bound by overseas personnel ceilings established under the Monitoring Overseas Direct Employment policy.

[(f) The reference in section 7(a) of this Act to an employee of the establishment shall, with respect to the Inspector General of the Agency for International Development, be construed to include an employee of or under the United States International Development Cooperation Agency.

[(g) The Inspector General of the Agency for International Development shall be in addition to the officers provided for in section 624(a) of the Foreign Assistance Act of 1961.

[(h) As used in this Act, the term 'Agency for International Development' includes any successor agency primarily responsible for administering part I of the Foreign Assistance Act of 1961."

[(b)(1) Section 624(g) of the Foreign Assistance Act of 1961 is repealed.

[(2) Section 239(e) of such Act is amended by striking out "Auditor General" each of the three places it appears and inserting in lieu thereof "Inspector General".

[(3) Section 5316 of title 5, United States Code, is amended by striking out "Auditor General of the Agency for International Development" and inserting in lieu thereof "Inspector General, Agency for International Development".

[(c) The individual holding the position of Inspector General of the Agency for International Development on the date of enactment of this section shall not be required to be reappointed by reason of the enactment of this section.

【OPERATING EXPENSES

【SEC. 706. Section 667(a) of the Foreign Assistance Act of 1961 is amended—

[(1) by striking out ", for the fiscal year 1981"; and

[(2) in paragraph (1) by striking out "\$293,800,000" and inserting in lieu thereof "\$335,600,000 for the fiscal year 1982 and \$335,600,000 for the fiscal year 1983".

【TECHNICAL AMENDMENT

【SEC. 707. The last sentence of section 620(f) of the Foreign Assistance Act of 1961 is amended to read as follows: "For the purposes of this subsection, the phrase 'Communist country' includes specifically, but is not limited to, the following countries:

【"Czechoslovak Socialist Republic,

【"Democratic People's Republic of Korea,

【"Estonia,

【"German Democratic Republic,

【"Hungarian People's Republic,

【"Latvia,

【"Lithuania,

【"Mongolian People's Republic,

【"Peoples Republic of Albania,

【"People's Republic of Bulgaria,

【"People's Republic of China,

【"Polish People's Republic,

【"Republic of Cuba,

["Socialist Federal Republic of Yugoslavia,
 ["Socialist Republic of Romania,
 ["Socialist Republic of Vietnam,
 ["Tibet,
 ["Union of Soviet Socialist Republics (including its captive
 constituent republics)].

[EMERGENCY HUMANITARIAN HELP FOR THE PEOPLE OF POLAND

[SEC. 708. (a) The people of Poland, with whom the people of the United States have a longstanding friendship, now face serious domestic food shortages which will be worsened by large-scale loss of their livestock this winter if feed supplies do not arrive quickly. Therefore, the President is urged, for urgent humanitarian reasons, to use existing authorities promptly in order to provide to the people of Poland, under as favorable terms as possible, feed grains from Commodity Credit Corporation stocks or other appropriate commodities.

[(b) For the longer term, the President is encouraged to pursue discussions with other Western countries about a multilateral effort to help the people of Poland achieve self-sustaining economic recovery in the years ahead.

[(c) Chapter 4 of part II of the Foreign Assistance Act of 1961, as amended by section 202 of this Act, is further amended by adding at the end thereof the following new section:

["SEC. 540. POLAND.—Notwithstanding any other provision of law, \$5,000,000 of the amount authorized to be appropriated to carry out this chapter for the fiscal year 1982 shall be available only for Poland for the purchase, transportation, and distribution of food and medical supplies through private and voluntary agencies where appropriate." .

[USE OF CERTAIN POLISH CURRENCIES

[SEC. 709. (a) Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, section 508 of the General Government Matters, Department of Commerce, and Related Agencies Appropriation Act, 1962, or any other provision of law, the currencies or credits received by the United States from the April 1981 sale and from the October 1981 sale of United States Government-held surplus dairy products to Poland shall, to such extent as may be provided in advance in an appropriation Act, be used by the President in Poland to serve United States interests, including use for activities of common benefit to the people of the United States and the people of Poland, such as joint programs in energy, agriculture, education, science, health, and culture, or for humanitarian activities.

[(b) Notwithstanding any other provision of law, the availability or expenditure of such foreign currencies or credits shall not affect or reduce appropriations otherwise available for the purposes described in subsection (a).

[FINDINGS REGARDING GLOBAL SECURITY

[SEC. 710. (a) The Congress finds that the security of the United States and other countries is increasingly affected by a broad range

of global problems including shortages or potential shortages of food, oil, water, wood, and other basic mineral and natural resources; desperate poverty; sickness; population pressures; environmental deterioration, including soil erosion and water pollution; and large-scale and destabilizing refugee problems.

[(b) The Congress finds that hunger, disease, and extreme poverty are among the most critical of these global problems. As ever greater numbers of people perceive the disparity between their own continuing deprivation and the prosperity of others, and judge their predicament to be neither just nor inevitable, it becomes increasingly likely that there will be unrest and violence with consequent disruption of the flow of essential materials, adverse effect on the world economy, decreased likelihood of cooperative efforts toward meeting the other critical problems threatening national and global security, and increased likelihood of confrontation between nations which possess nuclear arms.

[(c) Therefore, the Congress finds that the Nation's understanding of global and national security must be broad enough to include the problems cited in this section, and that adequate protection of the security of the United States requires effective action on these global problems, and in particular on the problems of hunger, disease, and extreme poverty.

【WORLD FOOD SECURITY RESERVES

【SEC. 711. (a) The Congress finds that—

[(1) the Congress recently passed and the President signed into law an Act which provides for establishment of a United States food security reserve of up to four million metric tons of wheat to be used for emergency food assistance;

[(2) the food import needs of developing countries will increase over the next ten years; and

[(3) other grain exporting countries could take additional steps to assure continuity of food assistance during food crisis years.

[(b) The President shall encourage other grain exporting countries to establish their own food security reserves or take other measures that complement the United States food security reserve.

[(c) The President shall report to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate within one year after the enactment of this Act on the actions he has taken and the response of other countries to these proposals.

【FINDINGS AND DECLARATION OF POLICY REGARDING WORLD HUNGER

【SEC. 712. The Congress, affirming the value of human life, finds and declares that the elimination of hunger and its causes is of fundamental moral significance and, further, that it is in the political, economic, and security interests of the United States. Therefore, the Congress declares that the elimination of hunger and its causes shall be a primary objective of United States relations with the developing countries.

【REAFFIRMATION OF SUPPORT FOR HUMAN RIGHTS PROVISIONS

【SEC. 713. (a) The Congress reaffirms its support for the various statutory provisions which have been enacted in order to promote internationally recognized human rights.

【(b) It is the sense of the Congress that a strong commitment to the defense of human rights should continue to be a central feature of United States foreign policy.

【IMMIGRANT VISAS FOR TAIWAN

【SEC. 714. The approval referred to in the first sentence of section 202(b) of the Immigration and Nationality Act shall be considered to have been granted with respect to Taiwan (China).

【LEBANON

【SEC. 715. It is the sense of the Congress that the Government of the United States should continue to support diplomatic efforts to resolve the current crisis in Lebanon, and to pursue a comprehensive and coordinated policy in Lebanon guided by the following principles:

【(1) maintenance of an effective cease-fire throughout Lebanon;

【(2) resolution of the issue of the Syrian missiles deployed in Lebanon;

【(3) freedom, security, and opportunity for the Christian and all other Lebanese communities, including the Moslem, Druze, Armenian, and Jewish communities in Lebanon;

【(4) reaffirmation of the historic United States-Lebanon relationship and strengthening the longstanding commitment of the United States to the independence, sovereignty, and territorial integrity of Lebanon, without partition, free from terrorism and violence, and free to determine its future without Soviet or other outside interference;

【(5) generous international support for relief, rehabilitation, and humanitarian assistance for Lebanon, particularly for those Lebanese citizens who have suffered from the terrorism and violence of recent events;

【(6) restoration of Lebanon's sovereignty free from outside domination or occupation; and

【(7) support for a free and open national election.

【USE OF CHEMICAL AND TOXIN WEAPONS

【SEC. 716. (a) The Congress condemns the use of, and the provision for use of, chemical agents and toxin weapons against the peoples of Laos, Kampuchea, or Afghanistan.

【(b) It is the sense of the Congress that the President should, acting through the Permanent Representative of the United States to the United Nations and all other appropriate diplomatic agents, seek definite measures to bring to an end actions by any party or government in using, and providing for use, chemical agents or toxin weapons against the peoples of Laos, Kampuchea, and Afghanistan, in violation of the spirit and the provisions of—

【(1) the Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and

Toxin Weapons and on Their Destruction (done at Washington, London, and Moscow on April 10, 1972);

[(2) the Protocol for the Prohibition of the Use in War of Asphyxiating, Poisonous or Other Gases, and of Bacteriological Methods of Warfare (signed at Geneva on June 17, 1925); and

[(3) customary international law.

[(c) It is further the sense of Congress that the President should—

[(1) allocate the highest possible priority to the development of further evidence clarifying the nature and origins of the chemical agents and toxin weapons being used against the peoples of Laos, Kampuchea, and Afghanistan; and

[(2) vigorously seek a satisfactory explanation from the Government of the Soviet Union regarding the strong circumstantial and presumptive evidence of its role in the use, or provision for use, of such weapons.

[(d) The Congress reiterates the concern expressed in House Resolution 644 (96th Congress), adopted by the House of Representatives on May 19, 1980, regarding the outbreak of pulmonary anthrax near Sverdlosk on April 3, 1979, and expresses its disappointment that the Soviet Union has failed adequately to respond to requests for data explaining this incident as provided in the Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on Their Destruction.

[(e) It is further the sense of Congress that the negotiation of a treaty prohibiting the development, production, and stockpiling of chemical weapons, with reliable verification provisions should be given a high priority by the United States Government and by all foreign governments.

[FINANCIAL OBLIGATIONS OF THE SOVIET UNION TO THE UNITED NATIONS

[SEC. 717. (a) The Congress finds and declares that—

[(1) the financing of the United Nations is the collective responsibility of all member nations;

[(2) the International Court of Justice has determined that the expenses of the United Nations incurred in its peacekeeping operations are properly included as a part of the regular expenses of the United Nations;

[(3) peacekeeping operations are vital to the mission of the United Nations and must be adequately financed if such operations are to continue; and

[(4) the Government of the Union of Soviet Socialist Republics is currently \$180,000,000 in arrears on its payments to the United Nations, primarily as a result of its refusal to pay for the peacekeeping operations of the United Nations.

[(b) It is the sense of the Congress that the President, acting through the Permanent Representative of the United States to the United Nations, should undertake a diplomatic initiative to obtain payment by the Government of the Union of Soviet Socialist Republics of all its outstanding financial obligations to the United Nations, including its assessments with respect to the peacekeeping operations of the United Nations.

【CONDEMNATION OF LIBYA FOR ITS SUPPORT OF INTERNATIONAL
TERRORIST MOVEMENTS

【SEC. 718. (a) The Congress condemns the Libyan Government for its support of international terrorist movements, its efforts to obstruct positive movement toward the peaceful resolution of problems in the Middle East region, and its actions to destabilize and control governments of neighboring states in Africa.

【(b) The Congress believes that the President should conduct an immediate review of concrete steps the United States could take, individually and in concert with its allies, to bring economic and political pressure on Libya to cease such activities, and should submit a report on that review to the Congress within one hundred and eighty days after the date of enactment of this Act. Such a review should include the possibility of tariffs on or prohibitions against the import of crude oil from Libya.

【UNITED STATES CITIZENS ACTING IN THE SERVICE OF
INTERNATIONAL TERRORISM

【SEC. 719. (a) It is the sense of the Congress that the spread of international terrorism poses a grave and growing danger for world peace and for the national security of the United States. As a part of its vigorous opposition to the activities of international terrorist leaders and the increase of international terrorism, the United States should take all steps necessary to ensure that no United States citizen is acting in the service of terrorism or of the proponents of terrorism.

【(b) Not later than six months after the enactment of this Act, the President shall submit to the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate a report which includes—

【(1) a description of all legislation, currently in force, and of all administrative remedies, presently available, which can be employed to prevent the involvement, service, or participation by United States citizens in activities in support of international terrorism or terrorist leaders;

【(2) as assessment of the adequacy of such legislation and remedies, and of the enforcement resources available to carry out such measures, to prevent the involvement, service, or participation by United States citizens in activities in support of international terrorism or terrorist leaders; and

【(3) a description of available legislative and administrative alternatives, together with an assessment of their potential impact and effectiveness, which could be enacted or employed to put an end to the participation by United States citizens in activities in support of international terrorism or terrorist leaders.

【NONALIGNED COUNTRIES

【SEC. 720. (a) In considering whether to provide assistance, make sales, extend credits, or guarantee loans under the provisions of the Foreign Assistance Act of 1961, as amended, or the Arms Export Control Act, to any country represented at the Meeting of the Ministers of Foreign Affairs and Heads of Delegations of the Non-

Aligned Countries to the 36th General Session of the General Assembly of the United Nations on September 25 and 28, 1981, the President shall take into account whether such country has dissociated itself from the communique issued following the meeting.

[(b) Within thirty days after the date of enactment of this section, the President shall submit a report to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate on the countries which have dissociated themselves from the nonaligned countries communique and on their methods of dissociation.

[PROMOTING THE DEVELOPMENT OF THE HAITIAN PEOPLE AND PROVIDING FOR ORDERLY EMIGRATION FROM HAITI

[SEC. 721. (a)(1) It is the sense of the Congress that up to \$15,000,000 of the funds available for the fiscal year 1982 to carry out chapter 1 of part I of the Foreign Assistance Act of 1961 should be made available for development assistance for Haiti, subject to the limitation in subsection (b) of this section.

[(2) To the maximum extent practicable, assistance for Haiti for the fiscal year 1982 under chapter 1 of part I of the Foreign Assistance Act of 1961 should be provided through private and voluntary organizations.

[(b) Funds available for the fiscal year 1982 to carry out chapter 1 of part I or chapter 2 or chapter 5 of part II of the Foreign Assistance Act of 1961 may be expended for Haiti, and credits and guarantees extended for the fiscal year 1982 under the Arms Export Control Act may be approved for use for Haiti, only if the President determines that the Government of Haiti—

[(1) is cooperating with the United States in halting illegal emigration from Haiti;

[(2) is not aiding, abetting, or otherwise supporting illegal emigration from Haiti;

[(3) has provided assurances that it will cooperate fully in implementing United States development assistance programs in Haiti (including programs for prior fiscal years); and

[(4) is not engaged in a consistent pattern of gross violations of internationally recognized human rights.

[(c) Six months after the date of enactment of this Act, the President shall prepare and transmit to the Congress a report on the extent to which the actions of the Government of Haiti are consistent with paragraphs (1), (2), (3), and (4) of subsection (b) of this section.

[(d) Notwithstanding the limitations of section 660 of the Foreign Assistance Act of 1961, funds made available under such Act for the fiscal year 1982 and for the fiscal year 1983 may be used for programs with Haiti to assist in halting illegal emigration from Haiti to the United States.

[COMPREHENSIVE ANALYSIS OF FOREIGN ASSISTANCE

[SEC. 722. (a) It is the sense of Congress that at a time when major retrenchments and reappraisals are being made in domestic programs, it is also logical that, while maintaining past international commitments, the magnitude and direction of future foreign assistance programs should also be reviewed. As part of such

a review process, the President is requested to provide a comprehensive report to the Congress on his approach to foreign assistance. Such report shall include an analysis and recommendations on the following issues:

[(1) the relationship between foreign assistance and defense expenditures as means of conducting foreign policy;

[(2) the appropriate mix between military and economic assistance;

[(3) the strengths and weaknesses, and appropriate mix, of bilateral and multilateral assistance programs;

[(4) the relevance of the basic human needs approach to current aid policy;

[(5) the performance of other aid donors, and the benefits they derive from their programs;

[(6) criteria for determining the appropriate size and composition of country programs;

[(7) the appropriateness of the current mix of grants and loans, and the possibility of combining them with new or existing guarantee, insurance, and export credit programs;

[(8) specific means to more actively engage the private sector in assistance programs; and

[(9) the usefulness of current functional categories in constructing the development assistance budget.

[(b) The Congress requests that the President provide to the Congress a preliminary report by March 31, 1982, and a final report by June 30, 1982, with respect to the issues referred to in subsection (a).

EXTERNAL DEBT BURDENS OF EGYPT, ISRAEL, AND TURKEY

[SEC. 732. The Congress finds that the Governments of Egypt, Israel, and Turkey each have an enormous external debt burden which may be made more difficult by virtue of financing provided for those governments under various United States assistance programs. In order to assist the Congress in examining United States assistance for these countries, the President shall report to the Speaker of the House of Representatives and to the chairman of the Committee on Foreign Relations of the Senate, not later than one hundred and twenty days after the date of enactment of this Act and not later than one year after the date of enactment of this Act, regarding economic conditions prevailing in Egypt, Israel, and Turkey which may affect their respective ability to meet their international debt obligations and to stabilize their economies. These reports shall also analyze the impact on Egypt's economy of Arab sanctions against Egypt.

NICARAGUA

[SEC. 724. (a) In furnishing assistance under this Act to the Government of Nicaragua, the President shall take into account the extent to which that Government has engaged in violations of internationally recognized human rights (including the right to organize and operate labor unions free from political oppression, the right to freedom of the press, and the right to freedom of religion) and shall encourage the Government of Nicaragua to respect those rights.

[(b) In furnishing assistance under this Act to the Government of Nicaragua, the President shall take into account the extent to which that Government has fulfilled its pledge of July 1979 to the member states of the Organization of American States—

[(1) to establish full respect for human rights in Nicaragua in accordance with the United Nations Universal Declaration of the Rights and Duties of Man and the Charter on Human Rights of the Organization of American States;

[(2) to allow the free movement in Nicaragua of the Inter-American Commission on Human Rights; and

[(3) to establish the framework for free and democratic elections so that the people of Nicaragua may elect their representatives to city councils, to constitutional assembly, and to Nicaragua's highest-ranking authorities, with such framework to include, but not be limited to, the full and complete opportunity for political activity of the Nicaraguan people.

[(c) Assistance to the Government of Nicaragua under this Act shall be terminated if the President determines and reports to the Congress that the Government of Nicaragua cooperates with or harbors any international terrorist organization or is aiding, abetting, or supporting acts of violence or terrorism in other countries, or that Soviet, Cuban, or other foreign combat military forces are stationed or situated within the borders of Nicaragua and the presence of such forces constitutes a threat to the national security of the United States or to any Latin American ally of the United States.

[(d) Any agreement between the United States and the Government of Nicaragua regarding the use of funds appropriated to carry out this Act, which are to be made available in the form of loans, shall specifically require that to the maximum extent possible such loan funds, and any local currency generated in conjunction therewith, shall be used for assistance to the private sector. Local currency loan programs in Nicaragua shall be monitored and audited in accordance with section 624(g) of the Foreign Assistance Act of 1961.

[(e) For each six-month period in which any funds are expended under this Act for Nicaragua, the President shall submit to the Speaker of the House of Representatives, and the chairman of the Committee on Foreign Relations of the Senate, a report accounting fully and in itemized detail for the amounts obligated and actually expended in Nicaragua.

[ASSISTANCE AND SALES FOR ARGENTINA

[SEC. 725. (a) Section 620B of the Foreign Assistance Act of 1961 is repealed.

[(b) Notwithstanding any other provision of law, assistance may be provided to Argentina under chapter 2, 4, 5, or 6 of part II of the Foreign Assistance Act of 1961, credits (including participations in credits) may be extended and loans may be guaranteed with respect to Argentina under the Arms Export Control Act, defense articles and defense services may be sold to Argentina under the Arms Export Control Act, and export licenses may be issued to or for the Government of Argentina under section 38 of the Arms Export Control Act, only if the President has submitted to the Speak-

er of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate a detailed report certifying that—

[(1) the Government of Argentina has made significant progress in complying with internationally recognized principles of human rights; and

[(2) the provision of such assistance, credits, loan guarantees, defense articles, defense services, or export licenses is in the national interests of the United States.

[(c) The Congress welcomes the actions of the Government of Argentina to adjudicate numerous cases of those detained under the national executive power of the Argentine Government, and the Congress hopes that progress will continue, especially with regard to providing information on citizens listed as “disappeared” and prisoners remaining at the disposition of the national executive power. In the process of making the determination required in paragraph (1) of subsection (b), among other things, the President shall consider—

[(1) efforts by the Government of Argentina to provide information on citizens identified as “disappeared”; and

[(2) efforts by the Government of Argentina to release or bring to justice those prisoners held at the disposition of the national executive power (PEN).

[REPEAL OF LIMITATIONS ON ASSISTANCE, SALES, AND SALES CREDITS FOR CHILE

[SEC. 726. (a) Section 406 of the International Security Assistance and Arms Export Control Act of 1976 (22 U.S.C. 2370 note) is repealed.

[(b) Notwithstanding any other provisions of law—

[(1) no assistance may be furnished under chapter 2, 4, 5, or 6 of part II of the Foreign Assistance Act of 1961 to Chile;

[(2) no sale of defense articles or services may be made under the Arms Export Control Act to Chile;

[(3) no credits (including participation in credits) may be extended and no loan may be guaranteed under the Arms Export Control Act with respect to Chile; and

[(4) no export licenses may be issued under section 38 of the Arms Export Control Act to or for the Government of Chile;

[unless and until the President submits to the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate a detailed report certifying—

[(A) that the Government of Chile has made significant progress in complying with internationally recognized principles of human rights;

[(B) that the provisions of such assistance, articles or services is in the national interest of the United States; and

[(C) that the Government of Chile is not aiding or abetting international terrorism and has taken appropriate steps to cooperate to bring to justice by all legal means available in the United States or Chile those indicted by a United States grand jury in connection with the murders of Orlando Letelier and Ronni Moffitt.

【ASSISTANCE FOR EL SALVADOR

【SEC. 727. (a) It is the sense of the Congress that assistance furnished to the Government of El Salvador, both economic and military, should be used to encourage—

【(1) full observance of internationally recognized human rights in accordance with sections 116 and 502B of the Foreign Assistance Act of 1961;

【(2) full respect for all other fundamental human rights, including the right of freedom of speech and of the press, the right to organize and operate free labor unions, and the right to freedom of religion;

【(3) continued progress in implementing essential economic and political reforms, including land reform and support for the private sector;

【(4) a complete and timely investigation of the deaths of all United States citizens killed in El Salvador since October 1979;

【(5) an end to extremist violence and the establishment of a unified command and control of all government security forces in this effort;

【(6) free, fair, and open elections at the earliest date; and

【(7) increased professional capability of the Salvadoran Armed Forces in order to establish a peaceful and secure environment in which economic development and reform and the democratic processes can be fully implemented, thereby permitting a phased withdrawal of United States military training and advisory personnel at the earliest possible date.

【(b) It is the sense of the Congress that the United States economic assistance to El Salvador should put emphasis on revitalizing the private sector and supporting the free market system. The Congress recognizes that the lack of foreign exchange to buy imported raw materials and intermediate goods is a major impediment to the ability of the Salvadoran economy to provide jobs. The Congress also recognizes that the funds budgeted for economic assistance are only a fraction of the foreign exchange needed, and United States economic aid should be used, wherever possible, to stimulate private sector lending. Therefore, the Congress urges the President to set aside a portion of the economic support funds to provide guarantees to private United States banks willing to give credits to the Salvadoran private sector.

【RESTRICTIONS ON MILITARY ASSISTANCE AND SALES TO EL SALVADOR

【SEC. 728. (a)(1) The Congress finds that peaceful and democratic development in Central America is in the interest of the United States and of the community of American States generally, that the recent civil strife in El Salvador has caused great human suffering and disruption to the economy of that country, and that substantial assistance to El Salvador is necessary to help alleviate that suffering and to promote economic recovery within a peaceful and democratic process. Moreover, the Congress recognizes that the efforts of the Government of El Salvador to achieve these goals are affected by the activities of forces beyond its control.

【(2) Taking note of the substantial progress made by the Government of El Salvador in land and banking reforms, the Congress de-

clares it should be the policy of the United States to encourage and support the Government of El Salvador in the implementation of these reforms.

[(3) The United States also welcomes the continuing efforts of President Duarte and his supporters in the Government of El Salvador to establish greater control over the activities of members of the armed forces and government security forces. The Congress finds that it is in the interest of the United States to cooperate with the Duarte government in putting an end to violence in El Salvador by extremist elements among both the insurgents and the security forces, and in establishing a unified command and control of all government forces.

[(4) The United States supports the holding of free, fair, and open elections in El Salvador at the earliest date. The Congress notes the progress being made by the Duarte government in this area, as evidenced by the appointment of an electoral commission.

[(b) In fiscal year 1982 and 1983, funds may be obligated for assistance for El Salvador under chapter 2 or 5 of part II of the Foreign Assistance Act of 1961, letters of offer may be issued and credits and guarantees may be extended for El Salvador under the Arms Export Control Act, and members of the Armed Forces may be assigned or detailed to El Salvador to carry out functions under the Foreign Assistance Act of 1961 or the Arms Export Control Act, only if not later than thirty days after the date of enactment of this Act and every one hundred and eighty days thereafter, the President makes a certification in accordance with subsection (d).

[(c) If the President does not make such a certification at any of the specified times then the President shall immediately—

[(1) suspend all expenditures of funds and other deliveries of assistance for El Salvador which were obligated under chapters 2 and 5 of part II of the Foreign Assistance Act of 1961 after the date of enactment of this Act;

[(2) withhold all approvals for use of credits and guarantees for El Salvador which were extended for the Arms Export Control Act after the date of enactment of this Act;

[(3) suspend all deliveries of defense articles, defense services, and design and construction services to El Salvador which were sold under the Arms Export Control Act after the date of enactment of this Act; and

[(4) order the prompt withdrawal from El Salvador of all members of the Armed Forces performing defense services, conducting international military education and training activities, or performing management functions under section 515 of the Foreign Assistance Act of 1961.

[Any suspension of assistance pursuant to paragraphs (1) through (4) of this subsection shall remain in effect during fiscal year 1982 and during fiscal year 1983 until such time as the President makes a certification in accordance with subsection (d).

[(d) The certification required by subsection (b) is a certification by the President to the Speaker of the House of Representatives and to the chairman of the Committee on Foreign Relations of the Senate of a determination that the Government of El Salvador—

[(1) is making a concerted and significant effort to comply with internationally recognized human rights;

[(2) is achieving substantial control over all elements of its own armed forces, so as to bring to an end the indiscriminate torture and murder of Salvadoran citizens by these forces:

[(3) is making continued progress in implementing essential economic and political reforms, including the land reform program;

[(4) is committed to the holding of free elections at an early date and to that end has demonstrated its good faith efforts to begin discussions with all major political factions in El Salvador which have declared their willingness to find and implement an equitable political solution to the conflict, with such solution to involve a commitment to—

[(A) a renouncement of further military or paramilitary activity; and

[(B) the electoral process with internationally recognized observers.

[Each such certification shall discuss fully and completely the justification for making each of the determinations required by paragraphs (1) through (4).

[(e) On making the first certification under subsection (b) of this section, the President shall also certify to the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate that he has determined that the Government of El Salvador has made good faith efforts both to investigate the murders of the six United States citizens in El Salvador in December 1980 and January 1981 and to bring to justice those responsible for those murders.

[REPORTING REQUIREMENT RELATING TO EL SALVADOR

[SEC. 729. (a) Not later than ninety days after the date of enactment of this section, the President shall prepare and transmit to the Speaker of the House of Representatives and to the chairman of the Committee on Foreign Relations of the Senate a report setting forth—

[(1) the viewpoints of all major parties to conflict in El Salvador and of the influential actors in the Salvadoran political system regarding the potential for and interest in negotiations, elections, and a settlement of the conflict; and

[(2) The views of democratic Latin American nations, Canada, the Organization of American States, and European allies of the United States regarding a negotiated settlement to such conflict.

[(b) It is the sense of the Congress that the President shall, as soon as possible, send a special envoy or use other appropriate means to consult with and gather information from appropriate representatives of the parties to the Salvadorian conflict, democratic governments of Latin America, Canada, and European allies of the United States regarding the attainment of a negotiated settlement in El Salvador.

[RESTRICTIONS ON AID TO EL SALVADOR

[SEC. 730. None of the funds authorized to be appropriated by this Act may be made available for the provision of assistance to El Salvador for the purpose of planning for compensation, or for

the purpose of compensation, for the confiscation, nationalization, acquisition, or expropriation of any agricultural or banking enterprise, or of the properties or stock shares which may be pertaining thereto.

【EL SALVADORAN REFUGEES

【SEC. 731. It is the sense of the Congress that the administration should continue to review, on a case-by-case basis, petitions for extended voluntary departure made by citizens of El Salvador who claim that they are subject to persecution in the homeland, and should take full account of the civil strife in El Salvador in making decisions on such petitions.

【CONSOLIDATED REPORTS: ARMS EXPORT CONTROL ACT

【SEC. 732. Section 25 of the Arms Export Control Act is amended to read as follows:

【“SEC. 25. ANNUAL ESTIMATE AND JUSTIFICATION FOR SALES PROGRAM.—(a) No later than February 1 of each year, the President shall transmit to the Congress, as a part of the annual presentation materials for security assistance programs proposed for the next fiscal year, a report which sets forth—

【“(1) an arms sales proposal covering all sales and licensed commercial exports under this Act of major weapons or weapons-related defense equipment for \$7,000,000 or more, or of any other weapons or weapons-related defense equipment for \$25,000,000 or more, which are considered eligible for approval during the current calendar year, together with an indication of which sales and licensed commercial exports are deemed most likely actually to result in the issuance of a letter of offer or of an export license during such year;

【“(2) an estimate of the total amount of sales and licensed commercial exports expected to be made to each foreign nation from the United States;

【“(3) the United States national security considerations involved in expected sales or licensed commercial exports to each country, an analysis of the relationship between anticipated sales to each country and arms control efforts concerning such country and an analysis of the impact of such anticipated sales on the stability of the region that includes such country;

【“(4) an estimate with regard to the international volume of arms traffic to and from nations purchasing arms as set forth in paragraphs (1) and (2) of this subsection, together with best estimates of the sale and delivery of weapons and weapons-related defense equipment by all major arms suppliers to all major recipient countries during the preceding fiscal year;

【“(5) an estimate of the aggregate dollar value and quantity of defense articles and defense services, military education and training, grant military assistance, and credits and guarantees, to be furnished by the United States to each foreign country and international organization in the next fiscal year;

【“(6) an analysis and description of the services performed during the preceding fiscal year by officers and employees of the United States Government carrying out functions on a full-time basis under this Act for which reimbursement is provided

under section 43(b) or section 21(a) of this Act, including the number of personnel involved in performing such services;

["(7) the total amount of funds in the reserve under section 24(c) at the end of the fiscal year immediately preceding the fiscal year in which a report under this section is made, together with an assessment of the adequacy of such total amount of funds as a reserve for the payment of claims under guarantees issued pursuant to section 24 in view of the current debt servicing capacity of borrowing countries, as reported to the Congress pursuant to section 634(a)(5) of the Foreign Assistance Act of 1961;

["(8) a list of all countries with respect to which findings made by the President pursuant to section 3(a)(1) of this Act are in effect on the date of such transmission;

["(9) the progress made under the program of the Republic of Korea to modernize its armed forces, the role of the United States in mutual security efforts in the Republic of Korea and the military balance between the People's Republic of Korea and the Republic of Korea;

["(10) the amount and nature of Soviet military assistance to the armed forces of Cuba during the preceding fiscal year and the military capabilities of those armed forces;

["(11) the status of each loan and each contract of guaranty or insurance theretofore made under the Foreign Assistance Act of 1961, predecessor Acts, or any Act authorizing international security assistance, with respect to which there remains outstanding any unpaid obligation or potential liability; the status of each extension of credit for the procurement of defense articles or defense services, and of each contract of guaranty in connection with any such procurement, theretofore made under the Arms Export Control Act with respect to which there remains outstanding any unpaid obligation or potential liability; and

["(12) such other information as the President may deem necessary.

["(b) Not later than thirty days following the receipt of a request made by the Committee on Foreign Relations of the Senate or the Committee on Foreign Affairs of the House of Representatives for additional information with respect to any information submitted pursuant to subsection (a), the President shall submit such information to such committee.

["(c) The President shall make every effort to submit all of the information required by subsection (a) or (b) wholly in unclassified form. Whenever the President submits any such information in classified form, he shall submit each classified information in an addendum and shall also submit simultaneously a detailed summary, in unclassified form, of such classified information.”.

[CONSOLIDATED REPORTS: FOREIGN ASSISTANCE ACT OF 1961

[SEC. 733. Section 634(a) of the Foreign Assistance Act of 1961 is amended—

["(1) by amending the first sentence to read as follows: “In order that the Congress and the American people may be better and more currently informed regarding American foreign

policy and the effectiveness of assistance provided by the United States Government to other countries and to international organizations, the Chairman of the Development Coordination Committee shall prepare and transmit to the Congress, no later than February 1 of each year, as a part of the annual presentation materials for foreign assistance, a report as described in this subsection. This report shall include—”;

[(2) in paragraph (1)(B) by striking out “the progressive developing countries are making toward achieving those objectives which are indicative of improved well-being of the poor majority, which objectives shall include but not be limited to”;

[(3) in paragraph (2)—

[(A) by striking out “and” at the end of subparagraph (D);

[(B) by adding “and” at the end of subparagraph (E);

and

[(C) by adding at the end thereof the following:

[(F) of any contract in excess of \$100,000 administered by the Agency for International Development which was entered into in the preceding fiscal year without competitive selection procedures, and the reasons for doing so;”;

[(4) by amending paragraph (4) to read as follows:

[(4) the status of each sale of agricultural commodities on credit terms theretofore made under the Agricultural Trade Development and Assistance Act of 1954 with respect to which there remains outstanding any unpaid obligation; and the status of each transaction with respect to which a loan, contract or guarantee of insurance, or extension of credit (or participation therein) was theretofore made under the Export-Import Bank Act of 1945 with respect to which there remains outstanding any unpaid obligation or potential liability; except that such report shall include individually only any loan, contract, sale, extension of credit, or other transactions listed in this paragraph which is in excess of \$1,000,000;”;

[(5) In paragraph (7), by striking out “and” after the semicolon; and

[(6) by striking out paragraph (8) and inserting in lieu thereof the following new paragraphs:

[(8) the amount of all foreign currencies acquired without payment of dollars on hand of each foreign country as of September 30 of the preceding fiscal year;

[(9) the Development Coordination Committee’s operations pursuant to section 640B(f) of this Act;

[(10) the aggregate dollar value and quantity of grant military assistance, military education and training, and any other defense articles and services furnished under this Act by the United States to each foreign country and international organization for the preceding fiscal year;

[(11) information concerning the activities of the Minority Resource Center during the preceding fiscal year; and

[(12) other information appropriate to the conduct of the foreign assistance program of the United States Government.”.

【REPEALS

【SEC. 734. (a) The following provisions of the following Acts are repealed:

【(1) The Foreign Assistance Act of 1961: Sections 125(b), 301(b), 301(e)(3), 302(a)(3), 451(b), 481(c)(2), 495D(e), 495H(c)(2), 513, 601(e)(2), 613(c), 620(b), 620(i), 620(m), 640B(g), 657, 659, and 668, and the second sentence of section 542.

【(2) The International Security and Development Cooperation Act of 1980; Sections 108, 313(b), 603, 713, 714, 720, and 721.

【(3) The International Development Cooperation Act of 1979: Sections 124, 504(b), 506, 507(b), 508(b), and 509(c).

【(4) The Special International Security Assistance Act of 1979: Sections 4(e)(2), 7(b), 8(c), and 9.

【(5) The International Development and Food Assistance Act of 1978: Sections 117(b)(2), 122(b), 201, 303, and 603(a)(1).

【(6) The International Development and Food Assistance Act of 1977: Sections 132(a), 133(c)(6), and 214.

【(7) Section 213 of the International Development and Food Assistance Act of 1975.

【(8) The Foreign Assistance Act of 1974: Sections 3, 25, 26, 27, 43, 49, 50(c) and 51(c).

【(9) The Foreign Assistance Act of 1973: Sections 36(e), 37, and 38.

【(10) The Arms Export Control Act: Section 43(c), and the fifth paragraph of section 1.

【(11) The International Security Assistance Act of 1979: Sections 6(b), 20(a), 25, and 28.

【(12) The International Security Assistance Act of 1978: Sections 15(b), 23(d), 23(e)(2), 24(c), 25, and 27.

【(13) The International Security Assistance Act of 1977: Sections 14, 22, 24(c), 25, and 28(a)(2).

【(14) Section 507 of the International Security Assistance and Arms Export Control Act of 1976.

【(15) Section 7 of the Act entitled “An Act to amend the Foreign Military Sales Act, and for other purposes”, approved January 12, 1971 (22 U.S.C. 2410a).

【(b) Section 620(s)(1) of the Foreign Assistance Act of 1961 is amended—

【(1) in subparagraph (A) by inserting “and” after the semicolon;

【(2) in subparagraph (B)—

【(A) by inserting “or other” after “foreign exchange”, and

【(B) by striking out “; and” and inserting in lieu thereof a period; and

【(3) by repealing subparagraph (C).

【(c) Except as otherwise explicitly provided by their terms, amendments to the Foreign Assistance Act of 1961 and the Arms Export Control Act which are applicable only to a single fiscal or calendar year or which require reports or other actions on a non-recurring basis shall be deemed to have expired and shall be re-

moved from law upon the expiration of the applicable time periods for the fulfillment of the required actions.

【REPORT ON NUCLEAR ACTIVITIES

【SEC. 735. Beginning with the fiscal year 1983 and for each fiscal year thereafter, the President shall prepare and transmit to the Congress, as part of the presentation materials for foreign assistance programs proposed for that fiscal year, a classified report describing the nuclear programs and related activities of any country for which a waiver of section 669 or 670 of the Foreign Assistant Act of 1961 is in effect, including an assessment of—

【(1) the extent and effectiveness of International Atomic Energy Agency safeguards at that country's nuclear facilities; and

【(2) the capability, actions, and intentions of the government of that country with respect to the manufacture or acquisition of a nuclear explosive device.

【ASSISTANCE TO PAKISTAN

【SEC. 736. Chapter 1 of part III of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following:

【“SEC. 620E. ASSISTANCE TO PAKISTAN.—(a) The Congress recognizes that Soviet forces occupying Afghanistan pose a security threat to Pakistan. The Congress also recognizes that an independent and democratic Pakistan with continued friendly ties with the United States is in the interest of both nations. The Congress finds that United States assistance will help Pakistan maintain its independence. Assistance to Pakistan is intended to benefit the people of Pakistan by helping them meet the burdens imposed by the presence of Soviet forces in Afghanistan and by promoting economic development. In authorizing assistance to Pakistan, it is the intent of Congress to promote the expeditious restoration of full civil liberties and representative government in Pakistan. The Congress further recognizes that it is in the mutual interest of Pakistan and the United States to avoid the profoundly destabilizing effects of the proliferation of nuclear explosive devices or the capacity to manufacture or otherwise acquire nuclear devices.

【“(b) The United States reaffirms the commitment made in its 1959 bilateral agreement with Pakistan relating to aggression from a Communist or Communist-dominated state.

【“(c) Security assistance for Pakistan shall be made available in order to assist Pakistan in dealing with the threat to its security posed by the Soviet presence in Afghanistan. The United States will take appropriate steps to ensure that defense articles provided by the United States to Pakistan are used for defensive purposes.

【“(d) The President may waive the prohibitions of section 669 of this Act at any time during the period beginning on the date of enactment of this section and ending on September 30, 1987, to provide assistance to Pakistan during that period if he determines that to do so is in the national interest of the United States.”.

【PROHIBITIONS RELATING TO NUCLEAR TRANSFERS AND NUCLEAR
DETONATIONS

【SEC. 737. (a) The Congress finds that any transfer of a nuclear explosive device to a non-nuclear-weapon state or, in the case of a non-nuclear-weapon state, any receipt or detonation of a nuclear explosive device would cause grave damage to bilateral relations between the United States and that country.

【(b) Section 669(b)(2) of the Foreign Assistance Act of 1961 is amended to read as follows:

【“(2)(A) A certification under paragraph (1) of this subsection shall take effect on the date on which the certification is received by the Congress. However, if, within thirty calendar days after receiving this certification, the Congress adopts a concurrent resolution stating in substance that the Congress disapproves the furnishing of assistance pursuant to the certification, then upon the adoption of that resolution the certification shall cease to be effective and all deliveries of assistance furnished under the authority of that certification shall be suspended immediately.

【“(B) Any concurrent resolution under this paragraph shall be considered in the Senate in accordance with the provisions of section 601(b) of the International Security Assistance and Arms Export Control Act of 1976.

【“(C) For the purpose of expediting the consideration and adoption of concurrent resolutions under this paragraph, a motion to proceed to the consideration of any such resolution after it has been reported by the appropriate committee shall be treated as highly privileged in the House of representatives.”.

【(c) Section 670 of such Act is amended to read as follows:

【“SEC. 670. NUCLEAR REPROCESSING TRANSFERS, TRANSFERS OF NUCLEAR EXPLOSIVE DEVICES, AND NUCLEAR DETONATIONS.—(a)(1) Except as provided in paragraph (2) of this subsection, no funds authorized to be appropriated by this Act or the Arms Export Control Act may be used for the purpose of providing economic assistance (including assistance under chapter 4 of part II), providing military assistance or grant military education and training, providing assistance under chapter 6 of part II, or extending military credits or making guarantees, to any country which on or after the date of enactment of the International Security Assistance Act of 1977 delivers nuclear reprocessing equipment, materials, or technology to any other country or receives such equipment, materials, or technology from any other country (except for the transfer of reprocessing technology associated with the investigation, under international evaluation programs in which the United States participates, of technologies which are alternatives to pure plutonium reprocessing).

【“(2) Notwithstanding paragraph (1) of this subsection, the President may furnish assistance which would otherwise be prohibited under that paragraph if he determines and certifies in writing to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate that the termination of such assistance would be seriously prejudicial to the achievement of United States nonproliferation objectives or otherwise jeopardize the com-

mon defense and security. The President shall transmit with such certification a statement setting forth the specific reasons therefor.

[(3)(A) A certification under paragraph (2) of this subsection shall take effect on the date on which the certification is received by the Congress. However, if, within 30 calendar days after receiving this certification, the Congress adopts a concurrent resolution stating in substance that the Congress disapproves the furnishing of assistance pursuant to the certification, then upon the adoption of that resolution the certification shall cease to be effective and all deliveries of assistance furnished under the authority of that certification shall be suspended immediately.

[(B) Any concurrent resolution under this paragraph shall be considered in the Senate in accordance with the provisions of section 601(b) of the International Security Assistance and Arms Export Control Act of 1976.

[(C) For the purpose of expediting the consideration and adoption of concurrent resolutions under this paragraph, a motion to proceed to the consideration of any such resolution after it has been reported by the appropriate committee shall be treated as highly privileged in the House of Representatives.

[(b)(1) Except as provided in paragraphs (2) and (3) of this subsection, no funds authorized to be appropriated by this Act or the Arms Export Control Act may be used for the purpose of providing economic assistance (including assistance under chapter 4 of part II), providing military assistance or grant military education and training providing assistance under chapter 6 of part II, or extending military credits or making guarantees, to any country which on or after the date of enactment of the International Security Assistance Act of 1977—

[(A) transfers a nuclear explosive device to a non-nuclear-weapon state, or

[(B) is a non-nuclear-weapon state and either—

[(i) receives a nuclear explosive device, or

[(ii) detonates a nuclear explosive device.

[(2)(A) Notwithstanding paragraph (1) of this subsection, the President may, for a period of not more than 30 days of continuous session, furnish assistance which would otherwise be prohibited under paragraph (1) of this subsection if, before furnishing such assistance, the President transmits to the Speaker of the House of Representatives, and to the chairman of the Committee on Foreign Relations of the Senate, a certification that he has determined that an immediate termination of assistance to that country would be detrimental to the national security of the United States. Not more than one such certification may be transmitted for a country with respect to the same detonation, transfer, or receipt or a nuclear explosive device.

[(B) If the President transmits a certification to the Congress under subparagraph (A), a joint resolution which would permit the President to exercise the waiver authority of paragraph (3) of this subsection shall, if introduced in either House within thirty days of continuous session after the Congress receives this certification, be considered in the Senate and House of Representatives in accordance with subparagraphs (C) and (D) of this paragraph.

["(C) Any joint resolution under this paragraph shall be considered in the Senate in accordance with the provisions of section 601(b) of the International Security Assistance and Arms Export Control Act of 1976.

["(D) For the purpose of expediting the consideration and adoption of joint resolutions under this paragraph, a motion to proceed to the consideration of such a joint resolution after it has been reported by the appropriate committee shall be treated as highly privileged in the House of Representatives.

["(E) For purposes of this paragraph, the term 'joint resolution' means a joint resolution the matter after the resolving clause of which is as follows: "That the Congress having received on _____ a certification by the President under section 670(b)(2) of the Foreign Assistance Act of 1961 with respect to _____, the Congress hereby authorizes the President to exercise the waiver authority contained in section 670(b)(3) of that Act', with the date of receipt of the certification inserted in the first blank and the name of the country inserted in the second blank.

["(3) Notwithstanding paragraph (1) of this subsection, if the Congress enacts a joint resolution under paragraph (2) of this subsection, the President may furnish assistance which would otherwise be prohibited under paragraph (1) if he determines and certifies in writing to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate that the termination of such assistance would be seriously prejudicial to the achievement of United States nonproliferation objectives or otherwise jeopardize the common defense and security. The President shall transmit with such certification a statement setting forth the specific reasons therefor.

["(4) For purposes of this subsection, continuity of session is broken only by an adjournment of Congress sine die and the days on which either House is not in session because of an adjournment of more than three days to a day certain are excluded in the computation of any period of time in which Congress is in continuous session.

["(5) As used in this subsection, the term 'non-nuclear-weapon state' means any country which is not a nuclear-weapon state, as defined in article IX(3) of the Treaty on the Non-Proliferation of Nuclear Weapons."

[Approved December 29, 1981.]

**THE INTERNATIONAL SECURITY AND DEVELOPMENT
AUTHORIZATION ACT OF 1983**

(PUBLIC LAW 98-151)

[SAVINGS PROVISION.—Except as otherwise provided in this Act, the repeal by this Act, of any provision of law that amended or repealed another provision of law does not affect in any way that amendment or repeal.

【JOINT RESOLUTION

【Making further continuing appropriations for the fiscal year 1984.

【*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are hereby appropriated, out of any money in the Treasury not otherwise appropriated, and out of applicable corporate or other revenues, receipts, and funds, for the several departments, agencies, corporations, and other organizational units of the Government for the fiscal year 1984, and for other purposes, namely:*

【SEC. 101. (a) Pending enactment of the Department of Defense Appropriation Act, 1984, such amounts as may be necessary for continuing activities, not otherwise specifically provided for elsewhere in this joint resolution, which were conducted in fiscal year 1983, for which provision was made in the Department of Defense Appropriation Act, 1983, but such activities shall be funded at not to exceed an annual rate for new obligational authority of \$247,000,000, which is an increase above the current rate, and this level shall be distributed on a pro rata basis to each appropriation account utilizing the fiscal year 1984 amended budget request as the base for such distribution and shall be available under the terms and conditions provided for in the applicable appropriation Acts for fiscal year 1983. *Provided, That, unless approved by both the House and the Senate in H.R. 4185, no appropriation or funds made available or authority granted pursuant to this subsection shall be used to initiate multiyear procurements, utilizing advance procurement funding for economic order quantity procurement unless specifically appropriated later: Provided further, That none of the funds appropriated or made available pursuant to this subsection shall be available for the conversion of any full-time positions in support of the Army Reserve, Air Reserve, Army National Guard, and Air National Guard by Active or Reserve Military Personnel, from civilian positions designated "military technicians" to military positions: Provided further, That, unless approved by both the House and the Senate in H.R. 4185, no appropriation or funds made available or authority granted pursuant to this subsection shall be used to initiate or resume any project, activity, operation or organization, which is defined as any project, subproject, activity, budget activity, program element, and subprogram within a program element, and for investment items is further defined as a P-1 line item in a budget activity within an appropriation account and a R-1 line item which includes a program element and subprogram element within an appropriation account, for which appropriations, funds or other authority were not available during the fiscal year 1983.*

【(b)(1) Such amounts as may be necessary for continuing the activities under the purview of the Foreign Assistance Appropriations Act as provided for in Public Law 97-377 and Public Law 98-63, under the terms and conditions, and at the rate, provided for in those Acts or at the rate provided for in the budget estimates, whichever is lower, and under the more restrictive authority: *Provided, That such terms and conditions shall be applied without regard to the earmarkings, ceilings or transfers of funds contained in such Acts, except that the provisions of title V of Public Law 97-*

121 shall apply including the provisions of section 523 of such title: *Provided further*, That notwithstanding the provisions of this subsection making amounts available or otherwise providing for levels of program authority, the following amounts only shall be provided for the following accounts or under the following headings: \$79,720,549 for payment to the "International Bank for Reconstruction and Development", to remain available until expended, and not to exceed \$983,220,105 in callable capital subscriptions; \$118,423,983 for payment to the "Inter-American Development Bank", to remain available until expended, of which not more than \$80,423,000 shall be available for the Fund for Special Operations, as authorized by sections 26, 29, and 30 of the Inter-American Development Bank Act, and not to exceed \$806,464,582 in callable capital subscriptions; \$945,000,000 for payment to the "International Development Association", to remain available until expended; \$13,232,676 for payment to the "Asian Development Bank", to remain available until expended, and not to exceed \$251,377,943 in callable capital subscriptions; \$100,000,000 for payment to the "Asian Development Fund", to remain available until expended; \$17,986,678 for payment to the "African Development Bank", to remain available until expended, and not to exceed \$53,960,036 in callable capital subscriptions; \$50,000,000 for payment to the "African Development Fund", to remain available until expended; \$314,164,000 for "International Organizations and Programs", including the provisions of section 103(g) of the Foreign Assistance Act of 1961, except that such funds shall be made available only in accordance with the Joint Explanatory Statement of the Committee of Conference accompanying the conference report on this joint resolution (H.R. Res. 413); \$715,106,500 for "Agriculture, rural development, and nutrition, Development Assistance"; \$240,000,000 for "Population, Development Assistance"; \$125,000,000 for "Health, Development Assistance"; \$116,477,000 for "Education and human resources development, Development Assistance", of which \$4,000,000 shall be available only for scholarships for South African students in accordance with the last sentence of section 105(a) of the Foreign Assistance Act of 1961; \$140,288,000 for "Energy and selected development activities, Development Assistance"; \$10,000,000 for "Science and technology, Development Assistance": *Provided further*, That of the funds made available to carry out the provisions of sections 103 through 106 of the Foreign Assistance Act of 1961, as amended, not less than \$10,000,000 shall be available for Botswana: *Provided further*, That funds made available as loans to carry out the provisions of section 103 through 106 of the Foreign Assistance Act of 1961 shall remain available for obligation until September 30, 1985; up to \$20,000,000 of the funds appropriated by this subsection to carry out the provisions of chapter 1 of part I are available for the "Private Sector Revolving Fund", which shall be available for obligation until September 30, 1985, except that amounts hereafter deobligated from the Private Sector Revolving Fund are hereby continued available for reobligation for the purposes of such fund; \$30,000,000 for "American schools and hospitals abroad"; \$103,000,000 for "Sahel development program"; \$36,537,000 for "Payment to the Foreign Service Retirement and Disability Fund"; \$25,000,000 for "International

disaster assistance”, to remain available until expended, of which \$10,000,000 shall be used only for earthquake relief and reconstruction in southern Italy, which amount may be derived either from amounts appropriated to carry out the provisions of section 491 of the Foreign Assistance Act of 1961 or from up to \$10,000,000 of amounts heretofore appropriated pursuant to chapter 4 of part II of such Act for Syria which are, if deobligated, hereby continued available for the purposes of section 491 or for other programs for Italy consistent with sections 103 through 106 of such Act, and up to \$15,000,000 of such deobligated amounts are hereby continued available and may be used for grant economic assistance programs for Grenada, except that such funds for Grenada may not be made available for obligation unless the Appropriations Committees of both Houses of Congress are previously notified 15 days in advance; \$1,100,000 in foreign currencies for “Overseas training and special development activities (foreign currency program)”; \$2,903,250,000 for the “Economic Support Fund”, of which not less than \$910,000,000 shall be available for Israel, not less than \$750,000,000 shall be available for Egypt, not less than \$15,000,000 shall be available for Cyprus, and, notwithstanding section 660 of the Foreign Assistance Act of 1961, not less than \$3,000,000 shall be available for programs and projects in El Salvador to promote the creation of judicial investigative capabilities, protection for key participants in pending judicial cases, and modernization of penal and evidentiary codes; \$46,200,000 for “Peacekeeping operations”; \$361,533,250 for “Operating expenses of the Agency for International Development”, subject to the limitation on transfers of funds into this account and payment for Foreign Affairs Administrative Support contained in Public Law 97-377; \$16,250,000 for “Trade and Development”; \$41,200,000 for “International narcotics control”; \$3,000,000 for the “African Development Foundation”; \$13,000,000 for the “Inter-American Foundation”; not to exceed \$10,000,000 for gross obligations for the amount of direct loans and not to exceed \$100,000,000 of contingent liability for total commitments to guarantee loans for the “Overseas Private Investment Corporation”; \$115,000,000 for the “Peace Corps”; \$323,000,000 for “Migration and Refugee Assistance”; \$2,500,000 for “Anti-Terrorism Assistance”; \$510,000,000 for necessary expenses to carry out the provisions of section 503 of the Foreign Assistance Act of 1961; \$51,532,000 for “International Military Education and Training”; \$1,315,000,000 for necessary expenses to carry out sections 23 and 24 of the Arms Export Control Act, of which not less than \$850,000,000 shall be available for Israel (\$1,700,000,000 of the amount provided for the total aggregate credit sale ceiling during the fiscal year 1984 shall be available only to Israel), and not less than \$465,000,000 shall be available for Egypt; \$4,401,250,000 of contingent liability for total commitments to guarantee loans under “Foreign Military Credit Sales”: *Provided further*, That of the total aggregate credit ceiling made available to Israel, up to \$300,000,000 shall be made available for research and development activities in the United States and \$250,000 shall be made available for the procurement of defense articles and defense services in Israel for the Lavi program: *Provided further*, That not more than \$64,800,000 of the total funds

and authorities made available under this subsection for programs for military assistance shall be available for El Salvador; not to exceed \$225,000,000 are authorized to be made available for the "Special Defense Acquisition Fund"; and not to exceed \$3,865,000,000 of gross obligations for the principal amount of direct loans and \$10,000,000,000 of total commitments to guarantee loans under "Export-Import Bank of the United States", and not to exceed \$16,899,000 shall be available for administrative expenses: *Provided further*, That no funds in this subsection shall be available for Guatemala except for economic development projects through private voluntary organizations: *Provided further*, That none of the funds appropriated or otherwise made available to the Agency for International Development shall be used to fund projects or programs where comparable American private enterprise funding is available: *Provided further*, That the Secretary of the Treasury and the Secretary of State are directed to submit to the Committees on Foreign Affairs and the Committees on Appropriations by February 1, 1984, a report on the domestic economic policies of those nations receiving economic assistance, either directly or indirectly from the United States including, where appropriate, an analysis of the foreign assistance programs conducted by these recipient nations: *Provided further*, That appropriations made available and authority provided by this subsection shall remain available until September 30, 1984, notwithstanding section 102 of this joint resolution.

[Not later than January 31 of each year, or at the time of the transmittal by the President to the Congress of the annual presentation materials on foreign assistance, whichever is earlier, the President shall transmit to the Speaker of the House of Representatives and the President of the Senate a full and complete report which assesses, with respect to each foreign country, the degree of support by the government of each such country during the preceding twelve-month period for the foreign policy of the United States. Such report shall include, with respect to each such country which is a member of the United Nations, information to be compiled and supplied by the Permanent Representative of the United States to the United Nations, consisting of a comparison of the overall voting practices in the principal bodies of the United Nations during the preceding twelve-month period of such country and the United States, with special note of the voting and speaking records of such country on issues of major importance to the United States in the General Assembly and the Security Council, and shall also include a report on actions with regard to the United States in important related documents such as the Non-Aligned Communiqué. A full compilation of the information supplied by the Permanent Representative of the United States to the United Nations for inclusion in such report shall be provided as an addendum to such report. None of the funds appropriated or otherwise made available pursuant to this subsection shall be obligated or expended to finance directly any assistance to a country which the President finds, based on the contents of the report required to be transmitted under this paragraph, is engaged in a consistent pattern of opposition to the foreign policy of the United States.

[None of the funds heretofore appropriated otherwise made available for Syria for the purposes of carrying out the provisions of chapter 4 of part II of the Foreign Assistance Act of 1961 shall be expended after the date of enactment of this joint resolution. The Administrator of the Agency for International Development is directed to terminate the economic assistance program to Syria and to deobligate all funds heretofore obligated for assistance to Syria, except that such funds may continue to be available to finance the training or studies outside of Syria of students whose course of study or training program began before enactment of this joint resolution. The Administrator of the Agency for International Development is authorized to adopt as a contract of the United States Government, and assume any liabilities arising thereunder (in whole or in part), any contract with a United States contractor which had been funded by the Agency for International Development prior to the date of enactment of this joint resolution. Amounts certified pursuant to section 1311 of the Supplemental Appropriations Act, 1955, as having been obligated against appropriations heretofore made pursuant to chapter 4 of part II of the Foreign Assistance Act of 1961 (and predecessor legislation) for Syria are hereby continued available until expended to meet necessary expenses arising from the termination under this subsection of assistance programs for Syria authorized by such chapter: *Provided*, That this shall not be construed as permitting payments or reimbursements of any kind to the Government of Syria.

[None of the funds appropriated or otherwise made available under this subsection may be available for any country during any three-month period beginning on or after October 1, 1983, immediately following a certification by the President to the Congress that the government of such country is failing to take adequate measures to prevent narcotic drugs or other controlled substances (as listed in the schedules in section 202 of the Comprehensive Drug Abuse and Prevention Control Act of 1971 (21 U.S.C. 812)) which are cultivated, produced, or processed illicitly, in whole or in part, in such country, or transported through such country from being sold illegally within the jurisdiction of such country to United States Government personnel or their dependents or from entering the United States unlawfully.

[Amounts certified pursuant to section 1311 of the Supplemental Appropriations Act, 1955, as having been obligated against appropriations heretofore made under the authority of the Foreign Assistance Act of 1961, as amended, for the same general purpose as any of the subparagraphs under "Agency for International Development" in prior appropriations Acts, are, if deobligated, hereby continued available for development project assistance for the same period as the respective appropriations in such subparagraphs for the same general purpose and for the same country as originally obligated or for relief, rehabilitation, and reconstruction activities in the Andean region: *Provided*, That the Appropriations Committees of both Houses of the Congress are notified fifteen days in advance of the deobligation or reobligation of such funds.

[Section 101(b)(1) of this joint resolution may be cited as the "Foreign Assistance and Related Programs Appropriations Act, 1984".

[(2) Section 101(b)(2) of this joint resolution may be cited as the "International Security and Development Assistance Authorizations Act of 1983".

[AUTHORIZATIONS OF APPROPRIATIONS

[There is authorized to be appropriated to the President \$1,315,000,000 for the fiscal year 1984 to carry out section 23 of the Arms Export Control Act. The total principal amount of loans guaranteed under section 24(a) of the Arms Export Control Act shall not exceed \$4,446,500,000 for the fiscal year 1984.

[There are authorized to be appropriated for the fiscal year 1984 the following amounts to carry out the following provisions of the Foreign Assistance Act of 1961:

- [(1) \$725,213,000 to carry out section 103.
- [(2) \$244,600,000 to carry out section 104(b).
- [(3) \$133,400,000 to carry out section 104(c).
- [(4) \$121,477,000 to carry out section 105.
- [(5) \$160,000,000 to carry out section 106.
- [(6) \$103,000,000 to carry out section 121.
- [(7) \$30,000,000 to carry out section 214
- [(8) \$266,214,000 to carry out chapter 3 of part I.
- [(9) \$47,000,000 to carry out section 481.
- [(10) \$25,000,000 to carry out section 491.
- [(11) \$3,074,000,000 to carry out chapter 4 of part II.
- [(12) \$639,700,000 to carry out section 503.
- [(13) \$56,452,000 to carry out chapter 5 of part II.
- [(14) \$46,200,000 to carry out chapter 6 of part II.
- [(15) \$22,000,000 to carry out section 661.
- [(16) \$370,000,000 to carry out section 667.

[There is authorized to be appropriated to the President to carry out the African Development Foundation Act \$3,000,000 for the fiscal year 1984.

[There is authorized to be appropriated to carry out the Peace Corps Act \$1116,000,000 for the fiscal year 1984.

[Section 10 of Public Law 91-672 and section 15(a) of the State Department Basic Authorities Act of 1956 shall not apply with respect to funds appropriated for "Migration and Refugee Assistance" or for the Inter-American Foundation by the joint resolution of October 1, 1983 (Public Law 98-107), as amended by this joint resolution.

[ASSISTANCE FOR ISRAEL AND EGYPT

[Section 31(b)(3) of the Arms Export Control Act is amended to read as follows:

["(3) Of the aggregate total of credits (or participations in credits) extended under section 23 of this Act and of the total principal amount of loans guaranteed under section 24(a) of this Act, not less than \$1,700,000,000 for the fiscal year 1984 shall be available only for Israel, of which not less than \$850,000,000 shall be credits under section 23. Of the total aggregate credit ceiling made available to Israel, up to \$300,000,000 shall be made available to Israel, up to \$300,000,000 shall be made available for research and development activities in the United States and \$250,000,000 shall be

made available for the procurement of defense articles and defense services in Israel for the Lavi program.”.

【Section 31(c) of such Act is amended—

【(a) in the first sentence by striking out “for the fiscal year 1982 and for the fiscal year 1983” and inserting in lieu thereof “for the fiscal year 1984”; and

【(b) in the last sentence—

【(1) by striking out “\$550,000,000” and inserting in lieu thereof “\$850,000,000 for the fiscal year 1984”; and

【(2) by striking out “for each such year”.

【Section 31(b)(6) of such Act is amended to read as follows:

【“(6) Of the total amounts of credits (participations in credits) extended under section 23 of this Act, not less than \$465,000,000 for the fiscal year 1984 shall be available only for Egypt, and Egypt shall be released from its contractual liability to repay the United States Government with respect to such credits (and participations in credits). Of the total principal amount of loans guaranteed under section 24(a) of this Act, not less than \$900,000,000 for the fiscal year 1984 shall be available only for Egypt.”.

【Section 31(b)(5) of such Act is amended by striking out “for the fiscal year 1982 and for the fiscal year 1983” and inserting in lieu thereof “for the fiscal year 1984”.

【Section 532 of the Foreign Assistance Act of 1961 is amended to read as follows:

【“SEC. 532. EARMARKING FOR ISRAEL AND EGYPT.—Of the funds authorized to be appropriated to carry out this chapter for the fiscal year 1984, not less than \$910,000,000 shall be available only for Israel and not less than \$750,000,000 shall be available only for Egypt.”.

【CONDITIONS ON MILITARY ASSISTANCE FOR EL SALVADOR

【Not more than 70 percent of the amount made available for the fiscal year 1984 for military assistance for El Salvador under chapters 2 and 5 of part II of the Foreign Assistance Act of 1961 and under the Arms Export Control Act may be expended until—

【(1) Salvadoran authorities have substantially concluded all investigative actions in the case of the National Guardsmen charged with murder in the deaths of the four United States churchwomen in December 1980 that were set forth in communications from the Department of State (including the letters dated July 8 and September 23, 1983); and

【(2) Salvadoran authorities have brought the accused to trial and have obtained a verdict.

【Not more than 90 percent of the amount made available for the fiscal year 1984 for military assistance for El Salvador under chapters 2 and 5 of part II of the Foreign Assistance Act of 1961 and under the Arms Export Control Act may be expended until the President has determined and certified to the Congress that—

【(1) the Government of El Salvador has not taken any action which would alter, suspend, or terminate the land reform program for phase I or phase III promulgated under Decree 154 (dated March 5, 1980) or Decree 207 (dated April 28, 1980) in a manner detrimental to the rights of the beneficiaries or the potential beneficiaries under those decrees; and

[(2) the Government of El Salvador continues to make documented progress on implementing the land reform program.

[MINORITY SET-ASIDE

[Except to the extent that the Administrator of the Agency for International Development determines otherwise, not less than 10 percent of the aggregate of the funds made available for the fiscal year 1984 to carry out chapter 1 of part I of the Foreign Assistance Act of 1961 shall be made available only for activities of economically and socially disadvantaged enterprises (within the meaning of section 133(c)(5) of the International Development and Food Assistance Act of 1977), historically Black colleges and universities, and private and voluntary organizations which are controlled by individuals who are Black Americans, Hispanic Americans, or Native Americans, or who are economically and socially disadvantaged (within the meaning of section 133(c)(5) (B) and (C) of the International Development and Food Assistance Act of 1977). For purposes of this section, economically and socially disadvantaged individuals shall be deemed to include women.

[MINORITY RESOURCE CENTER

[None of the funds authorized to be appropriated for the fiscal year 1984 to carry out the Foreign Assistance Act of 1961 may be used to eliminate the Minority Resource Center as a separate and distinct entity within the Agency for International Development, including implementation of a consolidation of the Minority Resource Center with the Office of Small and Disadvantaged Business Utilization under section 133(c)(8) of the International Development and Food Assistance Act of 1977.

[PROMOTING THE DEVELOPMENT OF THE HAITIAN PEOPLE AND PROVIDING FOR ORDERLY EMIGRATION FROM HAITI

[It is the sense of the Congress that for the fiscal year 1984 up to \$24,000,000 of the funds available to carry out chapter 1 of part I of the Foreign Assistance Act of 1961, and up to \$10,000,000 of the funds available to carry out chapter 4 of part II of such Act, should be made available for development assistance for Haiti, subject to the limitation contained in the third paragraph of this heading

[To the maximum extent practicable, assistance for Haiti under chapter 1 of part I and under chapter 4 of part II of the Foreign Assistance Act of 1961 should be provided through private and voluntary organizations.

[Funds available for fiscal year 1984 to carry out chapter 1 of part 1 or chapter 2, 4, or 5 of Part II of the Foreign Assistance Act of 1961 may be obligated for Haiti, and credits may be extended and guarantees may be issued under the Arms Export Control Act for Haiti, only if the President determines that the Government of Haiti—

[(1) is continuing to cooperate with the United States in halting illegal emigration to the United States from Haiti;

[(2) is cooperating fully in implementing United States development, food, and other economic assistance programs in Haiti (including programs for prior fiscal years); and

[(3) is making a concerted and significant effort to improve the human rights situation in Haiti by implementing the political reforms which are essential to the development of democracy in Haiti, including the establishment of political parties, free elections, and freedom of the press.

[Six months after the date of enactment of this section, the President shall report to the Congress on the extent to which the actions of the Government of Haiti are consistent with each numbered provision contained in the third paragraph of this heading.

[Notwithstanding the limitations of section 660 of the Foreign Assistance Act of 1961, funds made available under such Act for the fiscal year 1984 may be used for programs with Haiti, which shall be consistent with prevailing United States refugee policies, to assist in halting significant illegal emigration from Haiti to the United States.

[PRIVATE SECTOR REVOLVING FUND

[The amendment contained in section 407 of H.R. 2992, as reported by the Committee on Foreign Affairs of the House of Representatives on May 17, 1983, is hereby enacted.

[ANTITERRORISM ASSISTANCE PROGRAM

[The amendments contained in title II of H.R. 2992, as reported by the Committee on Foreign Affairs of the House of Representatives on May 17, 1983, are hereby enacted, except that, for purposes of such enactment, section 575 of the Foreign Assistance Act of 1961 shall read as follows:

["SEC. 575. APPROPRIATIONS.—There is authorized to be appropriated to the President to carry out this chapter \$5,000,000 for the fiscal year 1984. Amounts appropriated under this section are authorized to remain available until expended.”.

[(c) Notwithstanding any other provision of this joint resolution, except section 102, such amounts as may be necessary for continuing the following activities, not otherwise provided for in this joint resolution, which were conducted in the fiscal year 1983, under the terms and conditions provided in applicable appropriation Acts for the fiscal year 1983, at the current rate:

[Health planning activities authorized by title XV of the Public Health Service Act;

[National Research Service Awards authorized by section 472(d) of the Public Health Service Act;

[National Arthritis Advisory Board, National Diabetes Advisory Board, and National Digestive Diseases Advisory Board authorized by section 437 of the Public Health Service Act;

[Medical Library Assistance programs authorized by title III of the Public Health Service Act;

[Refugee and entrant assistance activities under the provisions of title IV of the Immigration and Nationality Act, title IV and part B of title III of the Refugee Act of 1980, and sections 501 (a) and (b) of the Refugee Education Assistance Act of 1980: *Provided*, That such funds may be expended for indi-

viduals who would meet the definition of "Cuban and Haitian entrant" under section 501(e) of the Refugee Education Assistance Act of 1980 but for the application of paragraph (2)(B) thereof: *Provided further*, That none of the funds made available under this joint resolution may be used to implement any administratively proposed block grant, per capita grant, or similar consolidation of the Refugee Resettlement Program, or to distribute any funds under any such administrative proposal;

【Child abuse prevention and treatment and adoption opportunities activities authorized by the Child Abuse Prevention and Treatment Act;

【Activities under the Domestic Volunteer Service Act of 1973, as amended; and

【Activities of the Department of Defense, Army National Guard and Army Reserve Operation and Maintenance and National Guard and Reserve Equipment Procurement.

【(d) Notwithstanding any other provisions of this joint resolution, except section 102, such sums as may be necessary for programs, projects, or activities provided for in the Agriculture, Rural Development and Related Agencies Appropriation Act, 1984 (H.R. 3223), to the extent and in the manner provided for in the conference report and joint explanatory statement of the Committee of Conference (House Report Number 98-450), filed in the House of Representatives on October 27, 1983, as if such Act had been enacted into law.

【(e) Notwithstanding any other provision of this joint resolution except section 102, such amounts as may be necessary for programs, projects, or activities not otherwise specifically provided for in this joint resolution for which appropriations, funds, or other authority would be available in the Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriation Act, 1984 (H.R. 3222), at a rate for operations and to the extent and in the manner that was provided for in Public Law 98-107: *Provided*, That none of the funds made available in this joint resolution for the Department of Justice and the Federal Trade Commission may be used for any activity, the purpose of which is to overturn or alter the per se prohibition on resale price maintenance in effect under Federal antitrust laws: *Provided further*, That nothing in this provision shall prohibit any employee of the Department of Justice or the Federal Trade Commission from presenting testimony on this matter before appropriate committees of the House and Senate.

【(f) Such amounts as may be necessary for continuing the activities, not otherwise specifically provided for in this joint resolution, which were provided for in H.R. 4139, the Treasury, Postal Service and General Government Appropriations Act, 1984, as passed by the House of Representatives on October 27, 1983, to the extent and in the manner provided for in such Act, and at a rate for operations as was provided for in S. 1646, the Treasury, Postal Service and General Government Appropriations Bill, 1984, as reported to the Senate (S. Rept. 98-186) on July 20, 1983: *Provided*, That any activity included in the Senate reported bill (S. 1646), but not included in the House passed bill (H.R. 4139), shall be continued at

the rate and under the terms and conditions of the Senate reported bill (S. 1646).

[(g) Notwithstanding any other provision of this joint resolution, the following amounts are hereby made available, in addition to funds otherwise available, for the following purposes:

[EDUCATION FOR THE HANDICAPPED

[For an additional amount for carrying out section 611 of the Education of the Handicapped Act, \$25,000,000 to become available on July 1, 1984 and to remain available until September 30, 1985.

[REHABILITATION SERVICES AND HANDICAPPED RESEARCH

[For an additional amount for carrying out section 100(b)(1) of the Rehabilitation Act of 1973, \$10,000,000.

[GRANTS TO SCHOOLS WITH SUBSTANTIAL NUMBERS OF IMMIGRANTS

[For carrying out emergency immigrant education assistance under title V of H.R. 3520 as passed the House of Representatives September 13, 1983, \$30,000,000.

[HIGHER EDUCATION

[For an additional amount for work-study programs under title IV of the Higher Education Act of 1965, \$5,000,000.

[For an additional amount for supplemental educational opportunity grants under title IV of the Higher Education Act of 1965, \$5,000,000.

[COMMUNITY HEALTH CENTERS

[For an additional amount for carrying out titles III and XIX of the Public Health Service Act with respect to community health centers, \$10,000,000.

[NATIONAL TECHNICAL INSTITUTE FOR THE DEAF

[For an additional amount for carrying out the National Technical Institute for the Deaf Act, \$1,700,000.

[GALLAUDET COLLEGE

[For an additional amount for carrying out the Act of June 18, 1954 (68 Stat. 265), relating to Gallaudet College, \$2,000,000.

[FOOD DISTRIBUTION AND EMERGENCY SHELTERS

[There is hereby appropriated, out of any money in the Treasury not otherwise appropriated, \$10,000,000 to the Federal Emergency Management Agency to carry out an emergency food and shelter program. Notwithstanding any other provision of this joint resolution or any other provision of law, such amount shall be made available under the terms and conditions of the following paragraphs:

[The Director of the Federal Emergency Management Agency shall, as soon as practicable after enactment of this Act, constitute a national board for the purpose of determining how the program funds are to be distributed to individual localities. The national

board shall consist of seven members. The United Way of America, the Salvation Army, the Council of Churches, the National Conference of Catholic Charities, the Council of Jewish Federations, Inc., the American Red Cross, and the Federal Emergency Management Agency shall each designate a representative to sit on the national board. The representative of the Federal Emergency Management Agency shall chair the national board.

Each locality designated by the national board to receive funds shall constitute a local board for the purpose of determining how its funds will be distributed. The local board shall consist, to the extent practicable, of representatives of the same organizations as the national board except that the mayor or appropriate head of government will replace the Federal Emergency Management Agency member.

The Director of the Federal Emergency Management Agency shall award a grant for \$10,000,000 to the national board within thirty days after enactment of this Act for the purpose of providing emergency food and shelter to needy individuals through private voluntary organizations.

Eligible private voluntary organizations should be nonprofit, have a voluntary board, have an accounting system, and practice nondiscrimination.

Participation in the program should be based upon a private voluntary organization's ability to deliver emergency food and shelter to needy individuals and such other factors as are determined by the local boards.

Total administrative costs shall not exceed 2 per centum of the total appropriation.

As authorized by the Charter of the Commodity Credit Corporation, the Corporation shall process and distribute surplus food owned or to be purchased by the Corporation under the food distribution and emergency shelter program in cooperation with the Federal Emergency Management Agency.

SEC. 102. Appropriations and funds made available and authority granted pursuant to this joint resolution shall be available from November 10, 1983, and shall remain available until (a) enactment into law of an appropriation for any project or activity provided for in this joint resolution, or (b) enactment of the applicable appropriation Act by both Houses without any provision for such project or activity, or (c) September 30, 1984, whichever first occurs.

SEC. 103. Appropriations made and authority granted pursuant to this joint resolution shall cover all obligations or expenditures incurred for any project or activity during the period for which funds or authority for such project or activity are available under this joint resolution.

SEC. 104. Expenditures made pursuant to this joint resolution shall be charged to the applicable appropriation, fund, or authorization whenever a bill in which such applicable appropriation, fund, or authorization is contained is enacted into law.

SEC. 105. No provision in any appropriation Act for the fiscal year 1984 referred to in section 101 of this joint resolution that makes the availability of any appropriation provided therein dependent upon the enactment of additional authorizing or other leg-

islation shall be effective before the date set forth in section 102(c) of this joint resolution.

【SEC. 106. Notwithstanding any other provision of this joint resolution except section 102, there are appropriated to the Postal Service Fund sufficient amounts so that postal rates for all preferred-rate mailers covered by section 3626 of title 39, United States Code, shall be continued at the rates in effect on September 1, 1983 (step 14): *Provided*, That mail for overseas voting and mail for the blind shall continue to be free: *Provided further*, That six-day delivery and rural delivery of mail shall continue at the 1983 level.

【SEC. 107. All obligations incurred in anticipation of the appropriations and authority provided in this joint resolution for the purposes of maintaining the minimum level of essential activities necessary to protect life and property and bringing about orderly termination of other functions are hereby ratified and confirmed if otherwise in accordance with the provisions of this joint resolution.

【SEC. 108. Notwithstanding any other provision of this joint resolution, funds available to the Federal Building Fund within the General Services Administration may be used to initiate new construction, purchase, advance design, and repairs and alteration line-items projects which are included in the Treasury, Postal Service and General Government Appropriation Act, 1984, as passed by the House or as reported to the Senate.

【SEC. 110. Notwithstanding any other provision of this joint resolution, within available funds not to exceed \$100,000 is available to the Federal Law Enforcement Training Center and may be used for plans, major maintenance, and improvements to Center lands and facilities, to remain available until expended.

【SEC. 112. Notwithstanding any other provision of law, none of the funds made available to the General Services Administration pursuant to section 210(f) of the Federal Property and Administrative Services Act of 1949 shall be obligated or expended after the date of enactment of this joint resolution for the procurement by contract of any service which, before such date, was performed by individuals in their capacity as employees of the General Services Administration in any position of guards, elevator operators, messengers, and custodians, except that such funds may be obligated or expended for the procurement by contract of the covered services with sheltered workshops employing the severely handicapped under Public Law 92-28.

【SEC. 113. Notwithstanding any other provision of this joint resolution, \$7,400,000 is appropriated to the Tennessee Valley Authority, to be available for the purpose of providing recreation on the Ocoee River, \$6,400,000 of which is for reimbursement of the power program for additional costs of power operations resulting from recreational releases of water, all of which shall be reimbursed from imposition of fees for such recreation activities.

【SEC. 114. The head of any department or agency of the Federal Government in carrying out any loan guarantee or insurance program for the fiscal year 1984 shall enter into commitments to guarantee or insure loans pursuant to such program in the full amount provided by law subject only to (1) the availability of qualified ap-

plicants for such guarantee or insurance, and (2) limitations contained in appropriation Acts.

[SEC. 115. (a) Chapter 25 of title 18, United States Code, is amended by adding the following new section:

[“§ 510. Forging endorsements on Treasury checks or bonds or securities of the United States

[(a) Whoever, with intent to defraud—

[(1) falsely makes or forges any endorsement or signature on a Treasury check or bond or security of the United States; or

[(2) passes, utters, or publishes, or attempts to pass, utter, or publish, any Treasury check or bond or security of the United States bearing a falsely made or forged endorsement or signature shall be fined not more than \$10,000 or imprisoned not more than ten years, or both.

[(b) Whoever, with knowledge that such Treasury check or bond or security of the United States is stolen or bears a falsely made or forged endorsement or signature buys, sells, exchanges, receives, delivers, retains, or conceals any such Treasury check or bond or security of the United States that in fact is stolen or bears a forged or falsely made endorsement or signature shall be fined not more than \$10,000 or imprisoned not more than ten years, or both.

[(c) If the face value of the Treasury check or bond or security of the United States or the aggregate face value, if more than one Treasury check or bond or security of the United States, does not exceed \$500, in any of the above-mentioned offenses, the penalty shall be a fine of not more than \$1,000 or imprisonment for not more than one year, or both.”.

[(b) Section 3056(a) of title 18, United States Code, is amended by inserting in the fifth clause the number “510,” after “509.”.

[(c) The analysis of chapter 25, of title 18, United States Code, immediately preceding section 471 of such title, is amended by adding at the end thereof the following:

["510. Forging endorsements on Treasury checks or bonds or securities of the United States.”.

[SEC. 116. There is appropriated to the Department of Justice a total of not more than \$100,000 which shall be paid to the person or persons giving information which leads to the arrest and conviction for the bombing of the Senate Wing of the United States Capitol on November 7, 1983, to be paid with the written approval of the Attorney General. Any officer or employee of the United States or any State or local government who furnishes information or renders service in the performance of his official duties is ineligible for payment under this section.

[SEC. 117. Notwithstanding any other provision of law, the ban on the use of United States Route 209 by commercial vehicular traffic established in Public Law 98-63 is extended until December 31, 1985: *Provided*, That up to 150 northbound and up to 150 southbound commercial vehicles per day serving businesses or persons in Orange County, New York are exempted from such ban: *Provided further*, That the exemption established herein is subject to reevaluation for safety by the five member United States Route

209 commission which shall make recommendations to the National Park Service for modification of such ban.

【SEC. 118. (a)(1) Section 5723(a)(1) of title 5, United States Code, is amended—

【(A) by inserting “(A)” after “travel expenses”;

【(B) by striking out “manpower shortage or” and inserting in lieu thereof “manpower shortage, (B)”;

【(C) by inserting “, or (B) of any person appointed by the President, by and with the advice and consent of the Senate, to a position the rate of pay for which is equal to or higher than the minimum rate of pay prescribed for GS-16” after “Senior Executive Service”.

【(2) Sections 5724(a)(2) and 5726(b) of title 5, United States Code, are each amended by striking out “11,000” and inserting in lieu thereof “18,000”.

【(3) Section 5724(b)(1) of title 5, United States Code, is amended by striking out “not in excess of 20 cents a mile”.

【(4) Section 5724 of title 5, United States Code, is amended by adding at the end thereof the following new subsection:

【“(j) The regulations prescribed under this section shall provide that the reassignment or transfer of any employee, for permanent duty, from one official station or agency to another which is outside the employee’s commuting area shall take effect only after the employee has been given advance notice for a reasonable period. Emergency circumstances shall be taken into account in determining whether the period of advance notice is reasonable.”.

【(5) Section 5724a(a)(3) of title 5, United States Code, is amended—

【(A) in the first sentence thereof, by striking out “30 days” and inserting in lieu thereof “60 days”;

【(B) by striking out the second and fourth sentences thereof and inserting after the first sentence the following: “The period of residence in temporary quarters may be extended for an additional 60 days if the head of the agency concerned or his designee determines that there are compelling reasons for the continued occupancy of temporary quarters.”.

【(6) Section 5724a(a)(4) of title 5, United States Code, is amended—

【(A) by inserting “(A)” after “(4)”;

【(B) by adding at the end thereof the following new subparagraph:

【“(B)(i) In connection with the sale of the residence of the old official station, reimbursement under this paragraph shall not exceed 10 percent of the sale price or \$15,000, whichever is the lesser amount.

【“(ii) In connection with the purchase of a residence at the new official station, reimbursement under this paragraph shall not exceed 5 percent of the purchase price or \$7,500, whichever is the lesser amount.

【“(iii) Effective October 1 of each year, the respective maximum dollar amounts applicable under clauses (i) and (ii) shall be increased by the percent change, if any, in the Consumer Price Index published for December of the preceding year over that published for December of the second preceding year, ad-

justed to the nearest one-tenth of 1 percent. For the purpose of this clause, 'Consumer Price Index' means the Consumer Price Index for All Urban Consumers, United States City Average, Housing Component (1967=100), prepared by the Bureau of Labor Statistics, Department of Labor.”.

[(7)(A)(i) Subchapter II of chapter 57 of title 5, United States Code, is amended by adding after section 5724a the following new sections:

["§ 5724b. Taxes on reimbursements for travel, transportation, and relocation expenses of employees transferred

[(a) Under such regulations as the President may prescribe and to the extent considered necessary and appropriate, as provided therein, appropriations or other funds available to an agency for administrative expenses are available for the reimbursement of all or part of the Federal, State, and city income taxes incurred by an employee, or by an employee and such employee's spouse (if filing jointly), for any moving or storage expenses furnished in kind, or for which reimbursement or an allowance is provided (but only to the extent of the expenses paid or incurred). Reimbursements under this subsection shall also include an amount equal to all income taxes for which the employee, or the employee and spouse, as the case may be, would be liable due to the reimbursement for the taxes referred to in the first sentence of this subsection.

[(b) For the purpose of this section, 'moving or storage expenses' means travel and transportation expenses (including storage of household goods and personal effects under section 5724 of this title) and other relocation expenses under sections 5724a and 5726(c) of this title.

["§ 5724c. Relocation services

["Each agency is authorized to enter into contracts to provide relocation services to agencies and employees for the purpose of carrying out the provisions of this subchapter. Such services include but need not be limited to arranging for the purchase of a transferred employee's residence.”.

[(ii) The chapter analysis at the beginning of chapter 57 of title 5, United States Code, is amended by inserting after the item relating to section 5724a the following new items:

["5724b. Taxes on reimbursements for travel, transportation, and relocation expenses of employees transferred.

["5724c. Relocation services.”.

[(B) Section 5724(i) of title 5, United States Code, is amended by striking out “5724a” and inserting in lieu thereof “5724a, 5724b.”.

[(b) The amendments made by subsection (a) shall be carried out by agencies by the use of funds appropriated or otherwise available for the administrative expenses of each of such respective agencies. The amendments made by such subsection do not authorize the appropriation of funds in amounts exceeding the sums already authorized to be appropriated for such agencies.

[(c)(1) The amendments made by subsection (a) shall take effect on the date of the enactment of this joint resolution.

[(2) Not later than thirty days after the date of the enactment of this joint resolution, the President shall prescribe the regulations required under the amendments made by subsection (a). Such regulations shall take effect as of such date of enactment.

[SEC. 119. (a) Notwithstanding any other provision of this joint resolution, the project for navigation at Eastport Harbor, Maine, authorized by section 101 of the River and Harbor Act of 1960 (74 Stat. 480), is not authorized after the date of enactment of this joint resolution.

[(b) The Secretary of the Army shall transfer without consideration to the city of Eastport, Maine, title to any facilities and improvements constructed by the United States as part of the project described in subsection (a) of this section. Such transfer shall be made as soon as practicable after the date of enactment of this joint resolution. Nothing in this section shall require the conveyance of any interest in land underlying such project title to which is held by the State of Maine.

[SEC. 121. Funds appropriated or otherwise made available for fiscal year 1984 pursuant to section 101(e) of this joint resolution or the enactment into law of H.R. 3222 shall be available notwithstanding section 15(a) of the State Department Basic Authorities Act of 1956 and section 701 of the United States Information and Exchange Act of 1948, as amended, until November 18, 1983.

[SEC. 123. Section 5132(a)(1) of title 31, United States Code, is amended by inserting after the second sentence thereof the following: "The Secretary shall annually sell to the public, directly and by mail, sets of uncirculated and proof coins, and shall solicit such sales through the use of the customer list of the Bureau of the Mint."

[SEC. 125. Notwithstanding any other provision of this joint resolution, there are hereby appropriated \$165,000 for the Joint Study Panel on the Social Security Administration for purposes of carrying out the study required by section 338 of the Social Security Amendments of 1983, to remain available until September 30, 1984.

[SEC. 126. For payments to defray the costs of training and provision of incentives to employers to hire and train certain wartime veterans who have been unemployed for long periods of time as authorized by law (the Emergency Veterans' Job Training Act of 1983, Public Law 98-77), \$75,000,000, to remain available until September 30, 1986: *Provided*, That not more than \$25,000,000 of the amount appropriated shall be available for transfer to the "Readjustment benefits" appropriation for educational assistance payments under the provisions of section 18 of Public Law 98-77. Any unused portion of the amount so transferred may be returned to this appropriation at any time, but not later than December 31, 1984.

[SEC. 127. The paragraph under the heading "Housing Programs, Annual Contributions for Assisted Housing" in the Department of Housing and Urban Development-Independent Agencies Appropriation Act, 1984 (Public Law 98-45, 97 Stat. 219, 220), is amended by striking out the period at the end thereof and inserting a colon in lieu thereof and the following: "*Provided further*, That \$6,000,000 of contract authority and \$30,000,000 of budget

authority provided in or subject to the fourth proviso of this paragraph are approved for use to extend annual contributions contracts in accordance with section 504 of the Housing and Urban Development Act of 1970, as amended by section 6 of Public Law 98-35 (97 Stat. 197, 198-199): *Provided further*, That upon enactment of this joint resolution, \$2,217,150,000 of budget authority shall be used only for the section 8 existing housing program (42 U.S.C. 1437f), \$540,000,000 of budget authority shall be used only for the section 8 moderate rehabilitation program (42 U.S.C. 1437f), and \$900,000,000 of budget authority shall be used only for the development or acquisition costs of public housing other than for Indian families: *Provided further*, That if no authorization Act for fiscal year 1984 for the assisted housing programs of the Department of Housing and Urban Development is enacted before January 1, 1984, then the amount of budget authority to be used only for the section 8 existing housing program is increased to \$3,922,650,000 as of January 1, 1984, the amount of contracts for annual contributions as provided under this heading in Public Law 98-45 is hereby increased by \$23,551,393, and the \$1,500,000,000 of budget authority deferred until January 1, 1984 in the second proviso under this heading in Public Law 98-45, shall, on January 1, 1984, be added to and merged with budget authority which is subject to the fourth proviso under such heading: *Provided further*, That if an authorization Act for fiscal year 1984 for the assisted housing programs of the Department of Housing and Urban Development is enacted before January 1, 1984 then the paragraph under this heading and the amendments provided in this joint resolution are modified as follows: (1) the \$1,500,000,000 of budget authority otherwise deferred until January 1, 1984 in the second proviso under this heading in Public Law 98-45 shall not become available until March 31, 1984, and at such time shall be added to and merged with budget authority which is subject to the fourth proviso under such heading; (2) the amount of budget authority that shall only be used for the section 8 existing housing program (42 U.S.C. 1437f) would be \$2,217,150,000; and (3) the \$23,551,393 of additional contract authority in the previous proviso would not become available for contracts for annual contributions under section 5 of the United States Housing Act of 1937 (42 U.S.C. 1437c)."

[SEC. 129. No funds made available by this joint resolution or any other Act may be expended by the General Services Administration to sell, dispose, transfer, donate, or lease the real property and improvements known as the Hickam Air Force Base Administrative Annex (identified by the General Services Administration control number 9-D-HI-477-B) unless such sale, disposal, transfer, donation, or lease is to the State of Hawaii or any agency thereof for use for airport development purposes.

[SEC. 130. Notwithstanding any other provision of law, \$1,000,000 of the unobligated funds as of September 30, 1983 from the appropriation for closeout activities of the Community Services Administration shall remain available through September 30, 1988.

[SEC. 131. Notwithstanding any other provision of this joint resolution \$2,650,000 is appropriated for the repair of the Pension Building in Washington, D.C.

【SEC. 134. Upon application, prior to January 1, 1984, by a subsidized United States-flag liner company holding a written option to purchase foreign-built liner vessels executed prior to November 16, 1983, the Secretary of Transportation shall permit the acquisition of no more than 4 existing foreign-built vessels for operation under United States flag, and shall require conversion of two such vessels in a United States shipyard. Upon application prior to June 1, 1984, by a subsidized United States-flag liner company which has taken delivery from United States shipyards of new United States, these vessels shall be deemed to have been United States-built liner vessels that were introduced into subsidized service within two years preceding the date of enactment of this joint resolution, the Secretary of Transportation shall permit the acquisition of no more than two existing foreign-built vessels for operation under United States flag, and shall require conversion of one such ship in a United States shipyard. Upon acquisition and documentation under the laws of the United States, these vessels shall be deemed to have been United States-built for purposes of title VI, except section 607, of the Merchant Marine Act, 1936, as amended, section 901(b) of said Act, and chapter 37 of title 46, United States Code.

【SEC. 135. Notwithstanding any other provision of this joint resolution, the project for navigation, San Francisco Harbor, California—Fisherman's Wharf Area—is hereby authorized to be prosecuted by the Secretary of the Army substantially in accordance with the plans and subject to the conditions recommended in the report of the Chief of Engineers dated February 3, 1978, as amended by the supplemental report of the Chief of Engineers dated June 7, 1979. Within available funds, the Corps of Engineers should proceed with the construction of the project.

【SEC. 137. No funds in this or any other Act shall be used to process or grant oil and gas lease applications on any Federal lands outside of Alaska that are in units of the National Wildlife Refuge System, except where there are valid existing rights or except where it is determined that any of the lands are subject to drainage as defined in 43 CFR 3100.2, unless and until the Secretary of the Interior first promulgates, pursuant to section 553 of the Administrative Procedure Act, revisions to his existing regulations so as to explicitly authorize the leasing of such lands, holds a public hearing with respect to such revisions, and prepares an environmental impact statement with respect thereto.

【SEC. 139. Notwithstanding any other provision of this joint resolution, there is hereby appropriated \$9,000,000 from the Federal Buildings Fund, for design of a Federal Building-United States Courthouse in Newark, New Jersey, and \$550,000 from the Federal Buildings Fund, for design necessary for repair of the Customhouse-United States Courthouse in St. Louis, Missouri.

【SEC. 140. Section 101(d) of Public Law 98-107 is hereby amended to read as follows:

【“(d) Such amounts as may be necessary for continuing the activities, not otherwise specifically provided for in this joint resolution, which were provided for in H.R. 4139, the Treasury, Postal Service and General Government Appropriation Act, 1984, as passed the House of Representatives on October 27, 1983, at a rate

for operations and to the extent and in the manner provided for in such Act.”.

[Approved November 14, 1983.]

THE INTERNATIONAL SECURITY AND DEVELOPMENT COOPERATION ACT OF 1985

(PUBLIC LAW 99-83)

[SAVINGS PROVISION.—Except as otherwise provided in this Act, the repeal by this Act of any provision of law that amended or repealed another provision of law does not affect in any way that amendment or appeal.]

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SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

(a) **SHORT TITLE.**—This Act may be cited as the “International Security and Development Cooperation Act of 1985”.

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[TITLE I—MILITARY ASSISTANCE AND SALES AND RELATED PROGRAMS

[SEC. 101. FOREIGN MILITARY SALES CREDITS.

[(a) **AUTHORIZATIONS OF APPROPRIATIONS.**—The first sentence of section 31(a) of the Arms Export Control Act is amended to read as follows: “There are authorized to be appropriated to the President to carry out this Act \$5,371,000,000 for fiscal year 1986 and \$5,371,000,000 for fiscal year 1987.”.

[(b) **AGGREGATE CEILINGS AND EXTENDED REPAYMENT TERMS.**—Sections 31 (b) and (c) of such Act are amended to read as follows:

[(b)(1) The total amount of credits extended under section 23 of this Act shall not exceed \$5,371,000,000 for fiscal year 1986 and \$5,371,000,000 for fiscal year 1987.

[(2) Of the aggregate amount of financing provided under this section, not more than \$553,900,000 for fiscal year 1986 and not more than \$553,900,000 for fiscal year 1987 may be made available at concessional rates of interest. If a country is released from its contractual liability to repay the United States Government with respect to financing provided under this section, such financing shall not be considered to be financing provided at concessional rates of interest for purposes of the limitation established by this paragraph

[(c) For fiscal year 1986 and fiscal year 1987, the principal amount of credits provided under section 23 at market rates of interest with respect to Greece, the Republic of Korea, the Philippines, Portugal, Spain, Thailand, and Turkey shall (if and to the extent each country so desires) be repaid in not more than twenty years, following a grace period of ten years on repayment of principal.”.

[(c) **FMS FINANCING FOR ISRAEL.**—(1) Of the total amount of credits extended under section 23 of the Arms Export Control Act, not less than \$1,800,000,000 for fiscal year 1986 and not less than

\$1,800,000,000 for fiscal year 1987 shall be available only for Israel.

[(2) Israel shall be released from its contractual liability to repay the United States Government with respect to the credits provided pursuant to paragraph (1).

[(3) If the Government of Israel requests that funds be used for such purposes—

[(A) up to \$150,000,000 of the amount of credits made available for Israel pursuant to paragraph (1) for each of the fiscal years 1986 and 1987 shall be available for research and development in the United States for the Lavi program, and

[(B) not less than \$250,000,000 of the amount of credits made available for Israel pursuant to paragraph (1) for each of the fiscal years 1986 and 1987 shall be available for the procurement in Israel of defense articles and defense services (including research and development) for the Lavi program.

[(d) FMS FINANCING FOR EGYPT.—(1) Of the total amount of credits extended under section 23 of the Arms Export Control Act, not less than \$1,300,000,000 for fiscal year 1986 and not less than \$1,300,000,000 for fiscal year 1987 shall be available only for Egypt.

[(2) Egypt shall be released from its contractual liability to repay the United States Government with respect to the credits extended pursuant to paragraph (1).

[(e) FMS FINANCING FOR GREECE.—(1) Of the total amount of credits extended under section 23 of the Arms Export Control Act, \$500,000,000 for each of the fiscal years 1986 and 1987 shall be available only for Greece.

[(2) For each of the fiscal years 1986 and 1987, of the total amount of credits extended for Greece under section 23 of the Arms Export Control Act, Greece shall receive the same proportion of credits extended at concessional rates of interest as the proportion of credits extended at concessional rates of interest which Turkey receives out of the total amount of credits extended for Turkey under that section, and the average annual rate of interest on the credits extended for Greece at concessional rates of interest shall be comparable to the average annual rate of interest on the credits extended for Turkey at concessional rates of interests. Credits extended for Greece for each of the fiscal years 1986 and 1987 at concessional rates of interest shall not be counted toward any ceiling established by law on concessional financing under the Arms Export Control Act.

[(f) FMS FINANCING AND MAP FOR TURKEY.—For each of the fiscal years 1986 and 1987, the aggregate total of financing under the Arms Export Control Act and assistance under chapter 2 of part II of the Foreign Assistance Act of 1961 provided for Turkey may not exceed \$714,280,000. Of this amount, up to \$215,000,000 may be used for assistance under chapter 2 of part II of the Foreign Assistance Act of 1961, with the understanding that the United States Government is acting with urgency and determination to oppose any actions aimed at effecting a permanent bifurcation of Cyprus.

[SEC. 102. TERMS OF FOREIGN MILITARY SALES CREDITS.]

[Section 23 of the Arms Export Control Act is amended to read as follows:

["SEC. 23. CREDIT SALES.—(a) The President is authorized to finance the procurement of defense articles, defense services, and design and construction services by friendly foreign countries and international organizations, on such terms and conditions as he may determine consistent with the requirements of this section.

["(b) The President shall require repayment in United States dollars within a period not to exceed twelve years after the loan agreement with the country or international organization is signed on behalf of the United States Government, unless a longer period is specifically authorized by statute for that country or international organization.

["(c)(1) The President shall charge interest under this section at such rate as he may determine, except that such rate may not be less than 5 percent per year.

["(2) For purposes of financing provided under this section—

["(A) the term 'concessional rate of interest' means any rate of interest which is less than market rates of interest; and

["(B) the term 'market rate of interest' means any rate of interest which is equal to or greater than the current average interest rate (as of the last day of the month preceding the financing of the procurement under this section) that the United States Government pays on outstanding marketable obligations of comparable maturity.

["(d) Reference in any law to credits extended under this section shall be deemed to include reference to participations in credits.".

[SEC. 103. MILITARY ASSISTANCE.

[Section 504(a)(1) of the Foreign Assistance Act of 1961 is amended to read as follows:

["(a)(1) There are authorized to be appropriated to the President to carry out the purposes of this chapter \$805,100,000 for fiscal year 1986 and \$805,100,000 for fiscal year 1987."

[SEC. 104. INTERNATIONAL MILITARY EDUCATION AND TRAINING.

[Section 542 of the Foreign Assistance Act of 1961 is amended to read as follows:

["SEC. 542. AUTHORIZATIONS OF APPROPRIATIONS.—There are authorized to be appropriated to the President to carry out the purposes of this chapter \$56,221,000 for fiscal year 1986 and \$56,221,000 for fiscal year 1987."

[SEC. 105. PEACEKEEPING OPERATIONS.

[(a) AUTHORIZATIONS.—Section 552(a) of the Foreign Assistance Act of 1961 is amended to read as follows:

["(a) There are authorized to be appropriated to the President to carry out the purposes of this chapter, in addition to amounts otherwise available for such purposes, \$37,000,000 for fiscal year 1986 and \$37,000,000 for fiscal year 1987."

[(b) PEACEKEEPING OPERATIONS EMERGENCIES.—(1) Section 552 of such Act is amended—

[(A) by inserting in subsection (c) "(1)" immediately after the President may";

[(B) by inserting in subsection (c) immediately before the period at the end of the subsection "; and (2) in the event the President also determines that such unforeseen emergency requires the immediate provision of assistance under this chap-

ter, direct the drawdown of commodities and services from the inventory and resources of any agency of the United States Government of an aggregate value not to exceed \$25,000,000 in any fiscal year"; and

[(C) by inserting at the end thereof the following new subsection:

["(d) There are authorized to be appropriated to the President such sums as may be necessary to reimburse the applicable appropriation, fund, or account for commodities and services provided under subsection (c)(2)."]

["(2) Section 652 of such Act is amended by inserting "552(c)(2)," immediately after "under section 506(a)"]

[SEC. 106. GUARANTY RESERVE FUND.

[(a) REPORT ON REPLENISHMENT.—For the purpose of providing recommendations for improving the security interests of the United States and the friends and allies of the United States, the President shall prepare and transmit to the Congress within 90 days after the date of enactment of this Act a report which sets forth the history of United States foreign military sales financing under the Foreign Assistance Act of 1961 and the Arms Export Control Act. Such report shall include recommendations on replenishing the Guaranty Reserve Fund under section 24 of the Arms Export Control Act and recommendations on other matters agreed to in consultation with the chairman and ranking minority member of the Committee on Foreign Relations of the Senate and of the Committee on Foreign Affairs of the House of Representatives.

[(b) ADDITIONAL FUNDS FOR PAYMENT OF CLAIMS.—The second sentence of section 24(c) of the Arms Export Control Act is amended to read as follows: "Funds authorized to be appropriated by section 31(a) to carry out this Act which are allocated for credits at market rates of interest may be used to pay claims under such guarantees to the extent funds in the Guaranty Reserve Fund are inadequate for that purpose."

[(c) DESIGNATION AS GUARANTY RESERVE FUND.—Such section is further amended by inserting after the first sentence the following new sentence: "That single reserve may, on and after the date of enactment of the International Security and Development Cooperation Act of 1985, be referred to as the 'Guaranty Reserve Fund'."

[SEC. 107. VALUATION OF CERTAIN DEFENSE ARTICLES.

[(a) CERTAIN NAVAL VESSELS.—Section 21(a) of the Arms Export Control Act is amended—

[(1) by redesignating paragraphs (1), (2), and (3) as subparagraphs (A), (B), and (C), respectively;

[(2) by inserting "(1)" immediately after "(a)"; and

[(3) by adding at the end thereof the following new paragraph:

["(2) For purposes of subparagraph (A) of paragraph (1), the actual value of a naval vessel of 3,000 tons or less and 20 years or more of age shall be considered to be not less than the greater of the scrap value or fair value (including conversion costs) of such vessel, as determined by the Secretary of Defense."]

["(b) CONFORMING AMENDMENT.—Section 47 of such Act is amended in paragraph (2) by inserting “, except as otherwise provided in section 21(a),” after “excess defense article”.

[SEC. 108. FULL COSTING OF FMS SALES OF TRAINING.

[(a) FMS SALES.—Section 21(a)(1)(C) of the Arms Export Control Act, as so redesignated by the preceding section of this Act, is amended to read as follows:

["(C) in the case of the sale of a defense service, the full cost to the United States Government of furnishing such service, except that in the case of training sold to a purchaser who is concurrently receiving assistance under chapter 5 of part II of the Foreign Assistance Act of 1961, only those additional costs that are incurred by the United States Government in furnishing such assistance.”.

[(b) NATO STANDARDIZATION AGREEMENTS.—Section 21 of such Act is amended by inserting the following new subsection after subsection (f):

["(g) The President may enter into North Atlantic Treaty Organization standardization agreements in carrying out section 814 of the Act of October 7, 1975 (Public Law 94–106), and may enter into similar agreements with Japan, Australia, and New Zealand, for the cooperative furnishing of training on bilateral or multilateral basis, if the financial principles of such agreements are based on reciprocity. Such agreements shall include reimbursement for all direct costs but may exclude reimbursement for indirect costs, administrative surcharges, and costs of billeting of trainees (except to the extent that members of the United States Armed Forces occupying comparable accommodations are charged for such accommodations by the United States). Each such agreement shall be transmitted promptly to the Speaker of the House of Representatives and the Committees on Appropriations, Armed Services, and Foreign Relations of the Senate.”.

[SEC. 109. ADMINISTRATIVE SURCHARGE.

[Subparagraph (A) of section 21(e)(1) of the Arms Export Control Act is amended by inserting “(excluding a pro rata share of fixed base operation costs)” immediately after “full estimated costs”.

[SEC. 110. CONTRACT ADMINISTRATION SERVICES.

[Section 21(h) of the Arms Export Control Act is amended by inserting “contract administration services,” immediately after “inspection,” in the text preceding paragraph (1).

[SEC. 111. CATALOG DATA AND SERVICES.

[Section 21(h) of the Arms Export Control Act is further amended—

[(1) by inserting “(1)” immediately after “(h)”;

[(2) by striking out “(1)” and “(2)” and inserting in lieu thereof “(A)” and “(B)”, respectively; and

[(3) by adding at the end thereof the following:

["(2) In carrying out the objectives of this section, the President is authorized to provide cataloging data and cataloging services, without charge, to the North Atlantic Treaty Organization or to any member government of that Organization if that Organization or member government provides such data and services in accord-

ance with an agreement on a reciprocal basis, without charge, to the United States Government.”.

[SEC. 112. REPORTS ON CASH FLOW FINANCING.

[(a) ANNUAL REPORTS.—Section 25 of the Arms Export Control Act is amended in paragraph (5) of subsection (a)—

[(1) by inserting “(A)” immediately after “(5)”;

[(2) by adding “and” after the semicolon at the end of paragraph; and

[(3) by adding at the end of the paragraph the following new subparagraph:

[(B) for each country that is proposed to be furnished credits or guaranties under this Act in the next fiscal year and that has been approved for cash flow financing (as defined in subsection (d) of this section) in excess of \$100,000,000 as of October 1 of the current fiscal year—

[(i) the amount of such approved cash flow financing,

[(ii) a description of administrative ceilings and controls applied, and

[(iii) a description of the financial resources otherwise available to such country to pay such approved cash flow financing;”.

[(b) DEFINITION OF CASH FLOW FINANCING.—Such section is amended by adding at the end thereof the following new subsection:

[(d) For the purposes of subsection (a)(5)(B) of this section, the term ‘cash flow financing’ means the dollar amount of the difference between the total estimated price of a Letter of Offer and Acceptance or other purchase agreement that has been approved for financing under this Act or under section 503(a)(3) of the Foreign Assistance Act of 1961 and the amount of the financing that has been approved therefor;”.

[SEC. 113. REPORT ON INTERNATIONAL VOLUME OF ARMS TRAFFIC.

[Section 25 of the Arms Export Control Act is amended—

[(1) in subsection (a) by striking out “No later than February 1” and inserting in lieu thereof “Except as provided in subsection (d) of this section, no later than February 1”; and

[(2) by adding at the end thereof the following new subsection:

[(d) The information required by subsection (a)(4) of this section shall be transmitted to the Congress no later than April 1 of each year.”.

[SEC. 114. SECURITY ASSISTANCE SURVEYS.

[(a) SURVEYS SUBJECT TO REQUIREMENTS.—Section 26 of the Arms Export Control Act is amended—

[(1) in the section caption, by striking out “DEFENSE REQUIREMENT” and inserting in lieu thereof “SECURITY ASSISTANCE”;

[(2) by striking out “defense requirement” each place it appears in the section and inserting in lieu thereof “security assistance”; and

[(3) by adding at the end of the section the following new subsection:

[(d) As used in this section, the term ‘security assistance surveys’ means any survey or study conducted in a foreign country by

United States Government personnel for the purpose of assessing the needs of that country for security assistance, and includes defense requirement surveys, site surveys, general surveys or studies, and engineering assessment survey.”.

[(b) SUBMISSION OF SURVEYS TO CONGRESS.—Section 26(c) of such Act is amended by striking out “grant that committee access to” and inserting in lieu thereof “submit to that committee copies of”.

[SEC. 115. NORTH ATLANTIC TREATY ORGANIZATION COOPERATIVE PROJECTS.

[(a) REVISION OF AUTHORITY.—Section 27 of the Arms Export Control Act is amended to read as follows:

["SEC. 27. NORTH ATLANTIC TREATY ORGANIZATION COOPERATIVE PROJECTS.—(a) The President may enter into a cooperative project agreement with the North Atlantic Treaty Organization or with one or more member countries of that Organization.

["(b) As used in this section—

["(1) the term ‘cooperative project’ means a jointly managed arrangement, described in a written agreement among the parties, which is undertaken in order to further the objectives of standardization, rationalization, and interoperability of the armed forces of North Atlantic Treaty Organization member countries and which provides—

["(A) for one or more of the other participants to share with the United States the costs of research on and development, testing, evaluation, or joint production (including follow-on support) of certain defense articles;

["(B) for concurrent production in the United States and in another member country of a defense article jointly developed in accordance with subparagraph (A); or

["(C) for procurement by the United States of a defense article or defense service from another member country; and

["(2) the term ‘other participant’ means a participant in a cooperative project other than the United States.

["(c) Each agreement for a cooperative project shall provide that the United States and each of the other participants will contribute to the cooperative project its equitable share of the full cost of such cooperative project and will receive an equitable share of the results of such cooperative project. The full costs of such cooperative project shall include overhead and administrative costs. The United States and the other participants may contribute their equitable shares of the full cost of such cooperative project in funds or in defense articles or defense services needed for such cooperative project. Military assistance and financing received from the United States Government may not be used by any other participant to provide its share of the cost of such cooperative project. Such agreements shall provide that no requirement shall be imposed by a participant for worksharing or other industrial or commercial compensation in connection with such agreement that is not in accordance with such agreement.

["(d) The President may enter into contracts or incur other obligations for a cooperative project on behalf of the other participants, without charge to any appropriation or contract authorization, if

each of the other participants in the cooperative project agrees (1) to pay its equitable share of the contract or other obligation, and (2) to make such funds available in such amounts and at such times as may be required by the contract or other obligation and to pay any damages and costs that may accrue from the performance of or cancellation of the contract or other obligation in advance of the time such payments, damages, or costs are due.

["(e)(1) For those cooperative projects entered into on or after the effective date of the International Security and Development Cooperation Act of 1985, the President may reduce or waive the charge or charges which would otherwise be considered appropriated under section 21(e) of this Act in connection with sales under sections 21 and 22 of this Act when such sales are made as part of such cooperative project, if the other participants agree to reduce or waive corresponding charges.

["(2) Notwithstanding provisions of section 21(e)(1)(A) and section 43(b) of this Act, administrative surcharges shall not be increased on other sales made under this Act in order to compensate for reductions or waivers of such surcharges under this section. Funds received pursuant to such other sales shall not be available to reimburse the costs incurred by the United States Government for which reduction or waiver is approved by the President under this section.

["(f) Not less than 30 days before a cooperative project agreement is signed on behalf of the United States, the President shall transmit to the Speaker of the House of Representatives, the chairman of the Committee on Foreign Relations of the Senate, and the chairman of the Committee on Armed Services of the Senate, a numbered certification with respect to such proposed agreement, setting forth—

["(1) a detailed description of the cooperative project with respect to which the certification is made;

["(2) an estimate of the quantity of the defense articles expected to be produced in furtherance of such cooperative project;

["(3) an estimate of the full cost of the cooperative project, with an estimate of the part of the full cost to be incurred by the United States Government for its participation in such cooperative project and an estimate of that part of the full costs to be incurred by the other participants;

["(4) an estimate of the dollar value of the funds to be contributed by the United States and each of the other participants on behalf of such cooperative project;

["(5) a description of the defense articles and defense services expected to be contributed by the United States and each of the other participants on behalf of such cooperative project;

["(6) a statement of the foreign policy and national security benefits anticipated to be derived from such cooperative project; and

["(7) to the extent known, whether it is likely that prime contracts will be awarded to particular prime contractors or that subcontracts will be awarded to particular subcontractors to comply with the proposed agreement.

["(g) Section 36(b) of this Act shall not apply to sales made under section 21 or 22 of this Act and to production and exports made pursuant to cooperative projects under this section, and section 36(c) of this Act shall not apply to the issuance of licenses or other approvals under section 38 of this Act, if such sales are made, such production and exports ensue, or such licenses or approvals are issued, as part of a cooperative project,

["(h) The authority under this section is in addition to the authority under sections 21 and 22 of this Act and under any other provision of law.

["(i)(1) With the approval of the Secretary of State and the Secretary of Defense, a cooperative agreement which was entered into by the United States before the effective date of the amendment to this section made by the International Security and Development Cooperation Act of 1985 and which meets the requirements of this section as so amended may be treated on and after such date as having been made under this section as so amended.

["(2) Notwithstanding the amendment made to this section made by the International Security and Development Cooperation Act of 1985, projects entered into under the authority of this section before the effective date of that amendment may be carried through to conclusion in accordance with the terms of this section as in effect immediately before the effective date of that amendment.”

[(b) CONFORMING AMENDMENTS.—(1) Section 2(b) of such Act is amended to read as follows:

["(b) Under the direction of the President, the Secretary of State (taking into account other United States activities abroad, such as military assistance, economic assistance, and the food for peace program) shall be responsible for the continuous supervision and general direction of sales, leases, financing, cooperative projects, and exports under this Act, including, but not limited to, determining—

["(1) whether there will be a sale to or financing for a country and the amount thereof;

["(2) whether there will be a lease to a country;

["(3) whether there will be a cooperative project and the scope thereof; and

["(4) whether there will be delivery or other performance under such sale, lease, cooperative project, or export,

[to the end that sales, financing, leases, cooperative projects, and exports will be integrated with other United States activities and to the end that the foreign policy of the United States would be best served thereby.”

[(2) Section 3(a) of such Act is amended—

[(A) in the text preceding paragraph (1), by inserting “, and no agreement shall be entered into for a cooperative project (as defined in section 27 of this Act),” after “international organization”;

[(B) in paragraph (2)—

[(i) by inserting “, or produced in a cooperative project (as defined in section 27 of this Act),” after “so furnished to it”; and

[(ii) by inserting “(or the North Atlantic Treaty Organization or the specified member countries (other than the

United States) in the case of a cooperative project)” after “international organization” the second place it appears; and

[(C) in paragraph (3), by inserting “or service” after “such article” both places it appears.

[(3) Section 42(e) of such Act is amended—

[(A) in paragraph (1), by inserting “, and each contract entered into under section 27(d) of this Act,” after “of this Act”; and

[(B) in paragraph (3), by inserting “, or under contracts entered into under section 27(d) of this Act,” after “of this Act”.

[SEC. 116. EXCHANGE OF TRAINING AND RELATED SUPPORT.

[The Arms Export Control Act is amended by inserting the following new chapter after chapter 2B.

[CHAPTER 2C—EXCHANGE OF TRAINING AND RELATED SUPPORT

["SEC. 30A. EXCHANGE OF TRAINING AND RELATED SUPPORT.—(a) Subject to subsection (b), the President may provide training and related support to military and civilian defense personnel of a friendly foreign country or an international organization. Such training and related support shall be provided by a Secretary of a military department and may include the provision of transportation, food services, health services, and logistics and the use of facilities and equipment.

["(b) Training and related support may be provided under this section only pursuant to an agreement or other arrangement providing for the provision by the recipient foreign country or international organization, on a reciprocal basis, of comparable training and related support to military and civilian personnel under the jurisdiction of the Secretary of the military department providing the training and related support under this section. Such reciprocal training and related support must be provided within a reasonable period of time (which may not be more than one year) of the provision of training and related support by the United States. To the extent that a foreign country or international organization to which training and related support is provided under this section does not provide such comparable training and related support to the United States within a reasonable period of time, that country or international organization shall be required to reimburse the United States for the full costs of the training and related support provided by the United States.

["(c) Training and related support under this section shall be provided under regulations prescribed by the President.

["(d) Not later than February 1 of each year, the President shall submit to the Congress a report on the activities conducted pursuant to this section during the preceding fiscal year, including the estimated full costs of the training and related support provided by the United States to each country and international organization and the estimated value of the training and related support provided to the United States by that country or international organization.”.

[SEC. 117. QUARTERLY REPORTS ON UNITED STATES MILITARY ADVISORS ABROAD.

【Section 36(a)(7) of the Arms Export Control Act is amended to read as follows:

【“(7) an estimate of—

【“(A) the number of United States military personnel, the number of United States Government civilian personnel, and the number of United States civilian contract personnel, who were in each foreign country at the end of that quarter, and

【“(B) the number of members of each such category of personnel who were in each foreign country at any time during that quarter,

【in implementation of sales and commercial exports under this Act or of assistance under chapter 2, 5, 6, or 8 of part II of the Foreign Assistance Act of 1961, including both personnel assigned to the country and personnel temporarily in the country by detail or otherwise;”.

[SEC. 118. SENSITIVE TECHNOLOGY.

【Section 36(b) of the Arms Export Control Act is amended—

【(1) by inserting before the period at the end of the second sentence of paragraph (1) the following: “, and a detailed justification of the reasons necessitating the sale of such articles or services in view of the sensitivity of such technology”; and

【(2) by adding at the end thereof the following new paragraph:

【“(5)(A) If, before the delivery of any major defense article or major defense equipment, or the furnishings of any defense service or design and construction service, sold pursuant to a letter of offer described in paragraph (1), the sensitivity of technology or the capability of the article, equipment, or service is enhanced or upgraded from the level of sensitivity or capability described in the numbered certification with respect to an offer to sell such article, equipment, or service, then, at least 45 days before the delivery of such article or equipment or the furnishing of such service, the President shall prepare and transmit to the chairman of the Committee on Foreign Affairs of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate a report—

【“(i) describing the manner in which the technology or capability has been enhanced or upgraded and describing the significance of such enhancement or upgrade; and

【“(ii) setting forth a detailed justification for such enhancement or upgrade.

【“(B) The provisions of subparagraph (A) apply to an article or equipment delivered, or a service furnished, within ten years after the transmittal to the Congress of a numbered certification with respect to the sale of such article, equipment, or service.

【“(C) If the enhancement or upgrade in the sensitivity of technology or the capability of major defense equipment, defense articles, defense services, or design and construction services described in a numbered certification submitted under this subsection costs \$14,000,000 or more in the case of any major defense equipment, \$50,000,000 or more in the case of defense articles or defense serv-

ices, or \$200,000,000 or more in the case of design or construction services, then the President shall submit to the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate a new numbered certification which relates to such enhancement or upgrade and which shall be considered for purposes of this subsection as if it were a separate letter of offer to sell defense equipment, articles, or services, subject to all of the requirements, restrictions, and conditions set forth in this subsection. For purposes of this subparagraph, references in this subsection to sales shall be deemed to be references to enhancement or upgrades in the sensitivity of technology or the capability of major defense equipment, articles, or services, as the case may be.

[(D) For the purposes of subparagraph (A), the term 'major defense article' shall be construed to include electronic devices, which if upgraded, would enhance the mission capability of a weapons system.".

[SEC. 119. INCREASE IN CRIMINAL PENALTIES FOR CERTAIN VIOLATIONS OF THE ARMS EXPORT CONTROL ACT.

[(a) CRIMINAL PENALTIES.—Section 38(c) of the Arms Export Control Act is amended by striking out "not more than \$100,000 or imprisoned not more than two years, or both" and inserting in lieu thereof "for each violation not more than \$1,000,000 or imprisoned not more than ten years, or both".

[(b) CIVIL PENALTIES.—Section 38(e) of such Act is amended by adding at the end thereof the following: "Notwithstanding section 11(c) of the Export Administration Act of 1979, the civil penalty for each violation involving controls imposed on the export of defense articles and defense services under this section may not exceed \$500,000."

[(c) EFFECTIVE DATE.—This section shall take effect upon the date of enactment of this Act or October 1, 1985, whichever is later. The amendments made by this section apply with respect to violations occurring after the effective date of this section.

[SEC. 120. OFFICIAL RECEPTION AND REPRESENTATION EXPENSES.

[Section 48 of the Arms Export Control Act is amended—

[(1) in subsection (b) by inserting "and official reception and representation expenses" immediately after "administrative expenses"; and

[(2) by adding at the end thereof the following new subsection:

[(c) Not more than \$72,500 of the funds derived from charges for administrative services pursuant to section 21(e)(1)(A) of this Act may be used each fiscal year for official reception and representation expenses.".

[SEC. 121. SPECIAL DEFENSE ACQUISITION FUND.

[(a) CONTINUOUS ORDERS FOR CERTAIN ARTICLES AND SERVICES.—Section 51(a) of the Arms Export Control Act is amended by adding at the end thereof the following new paragraph:

[(3) The Fund may be used to keep on continuous order such defense articles and defense services as are assigned by the Department of Defense for integrated management by a single agency thereof for the common use of all military departments in anticipa-

tion of the transfer of similar defense articles and defense services to foreign countries and international organizations pursuant to this Act, the Foreign Assistance Act of 1961, or other law.”.

[(b) REVOLVING FUND.—Section 51(b) of such Act is amended to read as follows:

[(“b) The Fund shall consist of collections from sales made under letters of offer, or transfers made under the Foreign Assistance Act of 1961, of defense articles and defense services acquired under this chapter (representing the value of such items calculated in accordance with subparagraph (B) or (C) of section 21(a)(1) or section 22 of this Act or section 644(m) of the Foreign Assistance Act of 1961, as appropriate), together with such funds as may be authorized and appropriated or otherwise made available for the purposes of the Fund.”.

[SEC. 122. LEASING AUTHORITY.

[Section 7307(b)(1) of title 10, United States Code, is amended by inserting before the period at the end thereof the following: “, except that any lease or loan of such a vessel under such a law shall be made only in accordance with the provisions of chapter 6 of the Arms Export Control Act (22 U.S.C. 2796 et seq.) or chapter 2 of part II of the Foreign Assistance Act of 1961 (22 U.S.C. 2311 et seq.)”.

[SEC. 123. MILITARY ASSISTANCE COSTS: WAIVER OF NET PROCEEDS FOR SALE OF MAP ITEMS.

[(a) MILITARY ASSISTANCE COSTS.—Section 503(a) of the Foreign Assistance Act of 1961 is amended by adding the following sentence after paragraph (3):

“Sales which are wholly paid from funds transferred under paragraph (3) shall be priced to exclude the costs of salaries of members of the Armed Forces of the United States.”.

[(b) WAIVER OF NET PROCEEDS.—Section 505(f) of such Act is amended by adding at the end thereof the following: “In the case of items which were delivered prior to 1975, the President may waive the requirement that such net proceeds be paid to the United States Government if he determines that to do so is in the national interest of the United States.”.

[SEC. 124. STOCKPILING OF DEFENSE ARTICLES FOR FOREIGN COUNTRIES.

[Section 514(b)(2) of the Foreign Assistance Act of 1961 is amended to read as follows:

[(“2) The value of such additions to stockpiles in foreign countries shall not exceed \$360,000,000 for fiscal year 1986 and shall not exceed \$125,000,000 for fiscal year 1987.”.

[SEC. 125. SECURITY ASSISTANCE ORGANIZATIONS.

[Section 515(c)(1) of the Foreign Assistance Act of 1961 is amended in the last sentence by striking out “For the fiscal year 1982 and the fiscal year 1983,” and inserting in lieu thereof “Pakistan, Tunisia, El Salvador, Honduras.”.

[SEC. 126. EXCHANGE TRAINING.

[Chapter 5 of part II of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new section:

["SEC. 544. EXCHANGE TRAINING.—In carrying out this chapter, the President is authorized to provide for attendance of foreign military personnel at professional military education institutions in the United States (other than service academies) without charge, and without charge to funds available to carry out this chapter (notwithstanding section 632(d) of this Act), if such attendance is pursuant to an agreement providing for the exchange of students on a one-for-one, reciprocal basis each fiscal year between those United States professional military education institutions and comparable institutions of foreign countries and international organizations.”.

[SEC. 127. TRAINING IN MARITIME SKILLS.

[(a) AUTHORIZATION.—Chapter 5 of part II of the Foreign Assistance Act of 1961, as amended by the preceding section of this Act, is further amended by adding at the end thereof the following new section:

["SEC. 545. TRAINING IN MARITIME SKILLS.—The President is encouraged to allocate a portion of the funds made available each fiscal year to carry out this chapter for use in providing education and training in maritime search and rescue, operation and maintenance of aids to navigation, port security, at-sea law enforcement, international maritime law, and general maritime skills.”.

[(b) EXEMPTION.—Section 660(b) of such Act is amended—

[(1) by striking out “or” at the end of clause (1);

[(2) by striking out the period at the end of clause (2) and inserting in lieu thereof “; or”; and

[(3) by adding the following new clause after clause (2):

["(3) with respect to assistance, including training, in maritime law enforcement and other maritime skills.”.

[SEC. 128. SPECIAL WAIVER AUTHORITY.

[Section 614(a)(4) of the Foreign Assistance Act of 1961 is amended to read as follows:

["(4)(A) The authority of this subsection may not be used in any fiscal year to authorize—

[(i) more than \$750,000,000 in sales to be made under the Arms Export Control Act;

[(ii) the use of more than \$250,000,000 of funds made available for use under this Act or the Arms Export Control Act; and

[(iii) the use of more than \$100,000,000 of foreign currencies accruing under this Act or any other law.

[(B) If the authority of this subsection is used both to authorize a sale under the Arms Export Control Act and to authorize funds to be used under the Arms Export Control Act or under this Act with respect to the financing of that sale, then the use of the funds shall be counted against the limitation in subparagraph (A)(ii) and the portion, if any, of the sale which is not so financed shall be counted against the limitation in subparagraph (A)(i).

[(C) Not more than \$50,000,000 of the \$250,000,000 limitation provided in subparagraph (A)(ii) may be allocated to any one country in any fiscal year unless that country is a victim of active Communist or Communist-supported aggression, and not more than \$500,000,000 of the aggregate limitation of \$1,000,000,000 provided

in subparagraphs (A)(i) and (A)(ii) may be allocated to any one country in any fiscal year.”.

[SEC. 129. CONVENTIONAL ARMS TRANSFERS.

[(a) NEGOTIATIONS.—At the earliest possible date, the President should, in consultation with United States allies, initiate discussions with the Soviet Union and France aimed at beginning multilateral negotiations to limit and control the transfer of conventional arms to less developed countries.

[(b) REPORT.—Within one year after the date of enactment of this Act, the President shall submit to the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate a report which specifies steps being taken to fulfill the requirements of subsection (a) and which examines and analyzes United States policies concerning the export of conventional arms, especially sophisticated weapons, and possible approaches to developing multilateral limitations on conventional arms sales. This report shall examine and analyze—

[(1) the lessons of earlier efforts to negotiate restraints on the export of conventional arms;

[(2) the evolution of supplier practices and policies;

[(3) the evolution of recipient country attitudes regarding conventional arms transfers;

[(4) the effect upon regional stability and security of conventional arms transfers by the United States and its allies and the Soviet Union and its allies;

[(5) the relationship between arms imports and the external debt of recipient countries, the allocation of their internal resources, and their economic well-being;

[(6) the relationship between arms exports by Western European countries and the needs of those countries to support their domestic military procurement programs;

[(7) the prospects for engaging the Soviet Union in serious discussions concerning arms transfers, both globally and as they relate to regional security problems;

[(8) possible measures by the United States and Western European suppliers to control levels of sophisticated weapons sales, both regionally and globally; and

[(9) the timing and phasing of international conventional arms control negotiations.

[SEC. 130. FOREIGN MILITARY SALES FOR JORDAN.

[(a) MIDDLE EAST PEACE.—The foreign military sales financing authorized by this Act for Jordan is provided and increased in the recognition of progress Jordan has made in the search for a just and lasting peace in the Middle East, to encourage further progress, in recognition of the continuing defense needs of Jordan, and in the expectation that Jordan will enter into direct negotiations with Israel based on United Nations Security Council Resolutions 242 and 338 in order to resolve the state of war between those two countries.

[(b) SENSE OF CONGRESS.—It is the sense of the Congress that no foreign military sales financing authorized by this Act may be used to finance the procurement by Jordan of United States advanced aircraft, new air defense weapons systems, or other new ad-

vanced military weapons systems, and no notification may be made pursuant to section 36(b) of the Arms Export Control Act with respect to a proposed sale to Jordan of United States advanced aircraft, new air defense systems, or other new advanced military weapons systems, unless Jordan is publicly committed to the recognition of Israel and to negotiate promptly and directly with Israel under the basic tenets of United Nations Security Council Resolutions 242 and 338.

[(c) CERTIFICATION.—Any notification made pursuant to section 36(b) of the Arms Export Control Act with respect to a proposed sale to Jordan of United States advanced aircraft, new air defense systems, or other new advanced military weapons, shall be accompanied by a Presidential certification of Jordan's public commitment to the recognition of Israel and to negotiate promptly and directly with Israel under the basic tenets of United Nations Security Council Resolutions 242 and 338.]

SEC. 131. CERTIFICATION CONCERNING AWACS SOLD TO SAUDI ARABIA.

(a) THE PRESIDENT'S 1981 AWACS COMMUNICATION TO THE SENATE.—(1) The Congress finds that in his October 28, 1981, communication to the Senate concerning the proposed sale of AWACS aircraft and F-15 enhancement items to Saudi Arabia which was then being reviewed by the Congress (hereafter in this section referred to as the "1981 AWACS communication"), the President stated the following:

"Transfer of the AWACS will take place . . . only after the Congress has received in writing a Presidential certification, containing agreements with Saudi Arabia, that the following conditions have been met:

"1. Security of Technology

"A. That a detailed plan for the security of equipment, technology, information, and supporting documentation has been agreed to by the United States and Saudi Arabia and is in place; and

"B. The security provisions are no less stringent than measures employed by the U.S. for protection and control of its equipment of like kind outside the continental U.S.; and

"C. The U.S. has the right of continual on-site inspection and surveillance by U.S. personnel of security arrangements for all operations during the useful life of the AWACS. It is further provided that security arrangements will be supplemented by additional U.S. personnel if it is deemed necessary by the two parties; and

"D. Saudi Arabia will not permit citizens of third nations either to perform maintenance on the AWACS or to modify any such equipment without prior, explicit mutual consent of the two governments; and

"E. Computer software, as designated by the U.S. Government, will remain the property of the USG.

"2. Access to Information

"That Saudi Arabia has agreed to share with the United States continuously and completely the information that it acquires from use of the AWACS.

"3. Control Over Third-Country Participation

“A. That Saudi Arabia has agreed not to share access to AWACS equipment, technology, documentation, or any information developed from such equipment or technology with any nation other than the U.S. without the prior, explicit mutual consent of both governments; and

“B. There are in place adequate and effective procedures requiring the screening and security clearance of citizens of Saudi Arabia and that only cleared Saudi citizens and cleared U.S. nationals will have access to AWACS equipment, technology, or documentation, or information derived therefrom, without the prior, explicit mutual consent of the two governments.

“4. AWACS Flight Operations

“That the Saudi AWACS will be operated solely within the boundaries of Saudi Arabia, except, with the prior, explicit mutual consent of the two governments, and solely for defensive purposes as defined by the United States, in order to maintain security and regional stability.

“5. Command Structure

“That agreements as they concern organizational command and control structure for the operation of AWACS are of such a nature to guarantee that the commitments above will be honored.

“6. Regional Peace and Security

“That the sale contributes directly to the stability and security of the area, enhances the atmosphere and prospects for progress toward peace, and that initiatives toward the peaceful resolution of disputes in the region have either been successfully completed or that significant progress toward that goal has been accomplished with the substantial assistance of Saudi Arabia.”.

(2) The Congress finds that the President also stated in the 1981 AWACS communication that should circumstances arise that might require changes in the arrangements described in that communication, “they would be made only with Congressional participation”.

(b) REQUIREMENT FOR PRESIDENTIAL CERTIFICATION.—As provided in the 1981 AWACS communication, before the E-3A airborne warning and control system (AWACS) aircraft which were the subject of that communication are transferred to Saudi Arabia, the President shall submit to the Congress a written Presidential certification, containing agreements with Saudi Arabia, that the conditions set forth in that communication have been met.

(c) CONGRESSIONAL PARTICIPATION IN CHANGES IN AWACS ARRANGEMENTS.—In order to facilitate the congressional participation provided for in the 1981 AWACS communication, the President shall notify the Congress promptly of any changes being considered by the United States in the arrangements described in that communication.

SEC. 132. COOPERATIVE AGREEMENTS ON AIR DEFENSE IN CENTRAL EUROPE.

(a) GENERAL AUTHORITIES.—The Secretary of Defense may carry out the European air defense agreements. In carrying out those agreements, the Secretary—

(1) may provide without monetary charge to the Federal Republic of Germany articles and services as specified in the agreements; and

(2) may accept from the Federal Republic of Germany (in return for the articles and services provided under paragraph (1)) articles and services as specified in the agreements.

(b) SPECIAL AUTHORITIES.—In connection with the administration of the European air defense agreements, the Secretary of Defense may—

(1) waive any surcharge for administrative services otherwise chargeable under section 21(e)(1)(A) of the Arms Export Control Act;

(2) waive any charge not otherwise waived for services associated with contract administration for the sale under the Arms Export Control Act of Patriot air defense missile fire units to the Federal Republic of Germany contemplated in the agreements;

(3) use, to the extent contemplated in the agreements, the NATO Maintenance and Supply Agency—

(A) for the supply of logistical support in Europe for the Patriot missile system, and

(B) for the acquisition of such logistical support, to the extent that the Secretary determines that the procedures of that Agency governing such supply and acquisition are appropriate;

(4) share, to the extent contemplated in the agreements, the costs of setup charges of facilities for use by that Agency to perform depot-level support of Patriot missile fire units in Europe; and

(5) deliver to the Federal Republic of Germany one Patriot missile fire unit configured for training, to be purchased by the Federal Republic of Germany under the Arms Export Control Act as contemplated in the agreements, without regard to the requirement in section 22 of that Act for payment in advance of delivery for any purchase under that Act.

(c) RATE CHARGED FOR CERTAIN SERVICES.—Notwithstanding the rate required to be charged under section 21 of the Arms Export Control Act for services furnished by the United States, in the case of 14 Patriot missile fire units which the Federal Republic of Germany purchases from the United States under the Arms Export Control Act as contemplated in the European air defense agreements, the rate charged by the Secretary of Defense for packing, crating, handling, and transportation services associated with that purchase may not exceed the established Department of Defense rate for such services.

(d) LIMITATION ON CONTRACT AUTHORITY.—The authority of the Secretary of Defense to enter into contracts under the European air defense agreements is available only to the extent that appropriated funds, other than those made available under section 31 of the Arms Export Control Act, are available for that purpose.

(e) RELATION TO FISCAL YEAR 1985 AUTHORIZATION.—The authorities provided by this section are an extension of, and not in addition to, the authorities provided by section 1007 of the Department of Defense Authorization Act, 1985 (98 Stat. 2579), relating

to the authority of the Secretary of Defense to carry out the European air defense agreements during fiscal year 1985.

(f) DEFINITION OF EUROPEAN AIR DEFENSE AGREEMENTS.—For the purposes of this section, the term “European air defense agreements” means—

(1) the agreement entitled “Agreement between the Secretary of Defense of the United States of America and the Minister of Defense of the Federal Republic of Germany on Cooperative Measures for Enhancing Air Defense for Central Europe”, signed on December 6, 1983; and

(2) the agreement entitled “Agreement between the Secretary of Defense of the United States of America and the Minister of Defense of the Federal Republic of Germany in implementation of the 6 December 1983 Agreement on Cooperative Measures for Enhancing Air Defense for Central Europe”, signed on July 12, 1984.

[TITLE II—ECONOMIC SUPPORT FUND

[SEC. 201. PURPOSES AND USES OF ESF; AUTHORIZATIONS OF APPROPRIATIONS.

[SEC. 201. (a) POLICY REVISIONS AND AUTHORIZATIONS OF APPROPRIATIONS.—Chapter 4 of part II of the Foreign Assistance Act of 1961 is amended by striking out sections 531, 532, 533, 534, 536, 537, 538, 539, and 540 and inserting the following new sections after the chapter heading:

[“SEC. 531. AUTHORITY.—(a) The Congress recognizes that, under special economic, political, or security conditions, the national interests of the United States may require economic support for countries or in amounts which could not be justified solely under chapter 1 or part I. In such cases, the President is authorized to furnish assistance to countries and organizations, on such terms and conditions as he may determine, in order to promote economic or political stability. To the maximum extent feasible, the President shall provide assistance under this chapter consistent with the policy directions, purposes, and programs of part I of this Act.

[“(b) The Secretary of State shall be responsible for policy decisions and justifications for economic support programs under this chapter, including determinations of whether there will be an economic support program for a country and the amount of the program for each country. The Secretary shall exercise this responsibility in cooperation with the Administrator of the agency primarily responsible for administering part I of this Act.

[“(c) As part of the annual presentation materials for foreign assistance submitted to the Congress, the agency primarily responsible for administering this part shall provide a detailed justification for the uses and the purposes of the funds provided under this chapter. Such material shall include, but not be limited to, information concerning the amounts and kinds of cash grant transfers, the amounts and kinds of budgetary and balance-of-payments support provided, and the amounts and kinds of project assistance provided with funds made available under this chapter.

[“(d) To the maximum extent feasible, funds made available pursuant to this chapter for commodity import programs or other pro-

gram assistance shall be used to generate local currencies, not less than 50 percent of which shall be available to support activities consistent with the objectives of sections 103 through 106 of this Act, and administered by the agency primarily responsible for administering part I of this Act.

[(e) Amounts appropriated to carry out this chapter shall be available for economic programs only and may not be used for military or paramilitary purposes.

[SEC. 532. AUTHORIZATION OF APPROPRIATIONS.—(a) There are authorized to be appropriated to the President to carry out the purposes of this chapter—

[(1) \$2,015,000,000 for the fiscal year 1986 and \$2,015,000,000 for the fiscal year 1987 for the following countries signing the Camp David agreement: Israel and Egypt; and

[(2) \$1,785,000,000 for the fiscal year 1986 and \$1,785,000,000 for the fiscal year 1987 for assistance under this chapter for recipients or purposes other than the countries referred to in paragraph (1).”.

[(b) Amounts appropriated to carry out this chapter are authorized to remain available until expended.”.

[(b) EMERGENCY ASSISTANCE.—Section 535 of such Act is amended—

[(1) by striking out “1982” and “1983” inserting in lieu thereof “1986” and “1987”, respectively; and

[(2) by redesignating that section as section 533.

[SEC. 202. ASSISTANCE FOR THE MIDDLE EAST.

[(a) ISRAEL.—(1) Of the amounts authorized to be appropriated to carry out chapter 4 of part II of the Foreign Assistance Act of 1961, not less than \$1,200,000,000 for fiscal year 1986 and not less than \$1,200,000,000 for fiscal year 1987 shall be available only for Israel.

[(2) The total amounts of funds allocated for Israel under that chapter for fiscal year 1986 and fiscal year 1987 shall be made available as a cash transfer on a grant basis. Such transfer shall be made on an expedited basis in the first 30 days of the respective fiscal year. In exercising the authority of this paragraph, the President shall ensure that the level of cash transfer made to Israel does not cause an adverse impact on the total level of nonmilitary exports from the United States to Israel.

[(b) EGYPT.—(1) Of the amounts authorized to be appropriated to carry out chapter 4 of part II of the Foreign Assistance Act of 1961, not less than \$815,000,000 for fiscal year 1986 and not less than \$815,000,000 for fiscal year 1987 shall be available only for Egypt.

[(2) All of the funds made available to Egypt under that chapter for the fiscal years 1986 and 1987 shall be provided on a grant basis.

[(3) Up to \$115,000,000 of the amounts provided for Egypt for each of the fiscal years 1986 and 1987 pursuant to paragraph (1) may be provided as a cash transfer with the understanding that Egypt will undertake economic reforms or development activities which are additional to those which would be undertaken in the absence of the cash transfer.

[(c) COOPERATIVE SCIENTIFIC AND TECHNOLOGICAL PROJECTS.—It is the sense of the Congress that, in order to continue to build the structure of peace in the Middle East, the United States should finance, and where appropriate participate in, cooperative projects of a scientific and technological nature involving Israel and Egypt and other Middle East countries wishing to participate. These cooperative projects should include projects in the fields of agriculture, health, energy, the environment, education, water resources, and the social sciences.

[SEC. 203. ASSISTANCE FOR CYPRUS.

[(a) EARMARKS.—Of the amounts authorized to be appropriated to carry out chapter 4 of part II of the Foreign Assistance Act of 1961, not less than \$15,000,000 for fiscal year 1986 and not less than \$15,000,000 for fiscal year 1987 shall be available only for Cyprus.

[(b) CYPRUS PEACE AND RECONSTRUCTION FUND.—It is the sense of the Congress that, at the appropriate time, \$250,000,000 should be authorized to be appropriated to provide assistance for Cyprus under chapter 4 of part II of the Foreign Assistance Act of 1961 if the President certifies to the Congress that an agreement has been concluded by the Greek and Turkish Cypriots which is supported by Greece and Turkey and which achieves substantial progress toward settlement of the Cyprus dispute. Such an agreement should include an agreement on Varosha/Famagusta, foreign troop levels in the Republic of Cyprus, the disposition of the international airport on Cyprus, or other significant steps which are evidence of substantial progress toward an overall settlement of the Cyprus dispute.

[SEC. 204. ASSISTANCE FOR PORTUGAL.

[Of the amounts authorized to be appropriated to carry out chapter 4 of part II of the Foreign Assistance Act of 1961, \$80,000,000 for fiscal year 1986 and \$80,000,000 for fiscal year 1987 shall be available only for Portugal.

[SEC. 205. ACQUISITION OF AGRICULTURAL COMMODITIES UNDER COMMODITY IMPORT PROGRAMS.

[The President shall use not less than 18 percent of the funds which are authorized to be appropriated to carry out chapter 4 of part II of the Foreign Assistance Act of 1961 for each of the fiscal years 1986 and 1987, and which are made available for commodity import programs, for the purchase of agricultural commodities of United States-origin.

[SEC. 206. TIED AND CREDIT PROGRAM.

[Of the amounts authorized to be appropriated to carry out chapter 4 of part II of the Foreign Assistance Act of 1961 which are allocated for Commodity Import Programs—

[(1) not less than \$50,000,000 for fiscal year 1986, and

[(2) an aggregate of not less than \$100,000,000 for both fiscal years 1986 and 1987,

shall be deposited in the fund authorized by subsection (c)(2) of section 645 of the Trade and Development Enhancement Act of 1983 (12 U.S.C. 635r) and shall be used by the Agency for International Development in carrying out the program of tied aid credits for United States exports which is provided for in that section. Funds

that have not been obligated pursuant to the tied aid credit program by the end of the third quarter of the fiscal year for which they were appropriated may be used for other purposes under chapter 4 of part II of the Foreign Assistance Act of 1961 if the Administrator of the Agency for International Development certifies to the Congress that (A) no trade credit application acceptable and timely under the Trade and Development Enhancement Act of 1983 is pending, or (B) those funds are not needed for that program because other countries are not engaging in predatory financing practices in order to compete with United States exports.

[SEC. 207. RESTRICTION ON USE OF FUNDS FOR NUCLEAR FACILITIES.

【Funds authorized to be appropriated to carry out chapter 4 of part II of the Foreign Assistance Act of 1961 for fiscal year 1986 or fiscal year 1987 may not be used to finance the construction of, the operation or maintenance of, or the supplying of fuel for, any nuclear facility in a foreign country unless the President certifies to the Congress that such country is a party to the Treaty on the Non-Proliferation of Nuclear Weapons or the Treaty for the Prohibition of Nuclear Weapons in Latin America (the “Treaty of Tlatelolco”), cooperates fully with the International Atomic Energy Agency, and pursues nonproliferation policies consistent with those of the United States.

[SEC. 208. FISCAL YEAR 1985 SUPPLEMENTAL AUTHORIZATION.

【(a) AUTHORIZATION.—In addition to the amount appropriated for such purpose by Public Law 98–473, there are authorized to be appropriated \$2,008,000,000 for fiscal year 1985 to carry out the purposes of chapter 4 of part II of the Foreign Assistance Act of 1961. Of this amount, \$1,500,000,000 shall be available only for Israel, \$500,000,000 shall be available only for Egypt, and \$8,000,000 shall be available only for the Middle East Regional Program. Amounts appropriated pursuant to this section are authorized to remain available until September 30, 1986.

【(b) EFFECTIVE DATE.—This section shall take effect on the date of enactment of this Act.

[TITLE III—DEVELOPMENT ASSISTANCE

[SEC. 301. DEVELOPMENT ASSISTANCE POLICY.

【Section 102(b) of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new paragraphs:

【“(13) United States encouragement of policy reforms is necessary if developing countries are to achieve economic growth with equity.

【“(14) Development assistance should, as a fundamental objective, promote private sector activity in open and competitive markets in developing countries, recognizing such activity to be a productive and efficient means of achieving equitable and long term economic growth.

【“(15) United States cooperation in development should recognize as essential the need of developing countries to have access to appropriate technology in order to improve food and

water, health and housing, education and employment, and agriculture and industry.

["(16) United States assistance should focus on establishing and upgrading the institutional capacities of developing countries in order to promote long term development. An important component of institution building involves training to expand the human resource potential of people in developing countries."

[SEC. 302. AGRICULTURE, RURAL DEVELOPMENT, AND NUTRITION.

[Section 103(a)(2) of the Foreign Assistance Act of 1961 is amended by striking out the first sentence and inserting in lieu thereof the following: "There are authorized to be appropriated to the President for purposes of this section, in addition to funds otherwise available for such purposes, \$760,000,000 for fiscal year 1986 and \$760,000,000 for fiscal year 1987. Of these amounts, the President may use such amounts as he deems appropriate to carry out the provisions of section 316 of the International Security and Development Cooperation Act of 1980."

[SEC. 303. POPULATION AND HEALTH.

[Section 104(g) of the Foreign Assistance Act of 1961 is amended to read as follows:

["(g) AUTHORIZATIONS OF APPROPRIATIONS.—(1) There are authorized to be appropriated to the President, in addition to funds otherwise available for such purposes—

["(A) 290,000,000 for fiscal year 1986 and \$290,000,000 for fiscal year 1987 to carry out subsection (b) of this section; and

["(B) \$205,000,000 for fiscal year 1986 and \$205,000,000 for fiscal year 1987 to carry out subsection (c) of this section.

["(2) Funds appropriated under this subsection are authorized to remain available until expended."

[SEC. 304. CHILD SURVIVAL FUND.

[Section 104(c)(2)(B) of the Foreign Assistance Act of 1961 is amended by striking out "\$25,000,000" and inserting in lieu thereof "\$25,000,000 for fiscal year 1986 and \$25,000,000 for fiscal year 1987".

[SEC. 305. PROMOTION OF IMMUNIZATION AND ORAL REHYDRATION.

[(a) POLICY AND GOAL.—Section 104(c) of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new paragraph:

["(3) The Congress recognizes that the promotion of primary health care is a major objective of the foreign assistance program. The Congress further recognizes that simple, relatively low cost means already exist to reduce incidence of communicable diseases among children, mothers, and infants. The promotion of vaccines for immunization, and salts for oral rehydration, therefore, is an essential feature of the health assistance program. To this end, the Congress expects the agency primarily responsible for administering this part to set as a goal the protection of not less than 80 percent of all children, in those countries in which such agency has established development programs, from immunizable diseases by January 1, 1991."

[(b) ANNUAL REPORTS.—Each annual report required by section 634 of the Foreign Assistance Act of 1961 shall describe the progress achieved during the preceding fiscal year in carrying out section 104(c)(3) of such Act.

[SEC. 306. EDUCATION AND HUMAN RESOURCES DEVELOPMENT.

[The second sentence of section 105(a) of the Foreign Assistance Act of 1961 is amended to read as follows: “There are authorized to be appropriated to the President for the purposes of this section, in addition to funds otherwise available for such purposes, \$180,000,000 for fiscal year 1986 and \$180,000,000 for fiscal year 1987, which are authorized to remain available until expended.”.

[SEC. 307. ENERGY, PRIVATE VOLUNTARY ORGANIZATIONS, AND SELECTED DEVELOPMENT ACTIVITIES.

[(a) AUTHORIZATIONS.—Section 106(e)(1) of the Foreign Assistance Act of 1961 is amended to read as follows:

[(“e)(1) There are authorized to be appropriated to the President for purposes of this section, in addition to funds otherwise available for such purposes, \$207,000,000 for fiscal year 1986 and \$207,000,000 for fiscal year 1987.”.

[(b) COOPERATIVE DEVELOPMENT PROGRAM.—Section 106 of such Act is amended by adding at the end thereof the following new subsection:

[(“f) Of the amounts authorized to be appropriated to carry out this chapter, \$5,000,000 for fiscal year 1986 and \$5,000,000 for fiscal year 1987 shall be used to finance cooperative projects among the United States, Israel, and developing countries.”.

[SEC. 308. PRIVATE SECTOR REVOLVING FUND.

[Section 108(b) of the Foreign Assistance Act of 1961 is amended by striking out “fiscal year 1984, up to \$20,000,000” in the first sentence and inserting in lieu thereof “each of the fiscal years 1986 and 1987, up to \$18,000,000”.

[SEC. 309. PRIVATE AND VOLUNTARY ORGANIZATIONS AND COOPERATIVES IN OVERSEAS DEVELOPMENT.

[(a) NOTIFICATION DATE.—Section 123(e) of the Foreign Assistance Act of 1961 is amended by striking out “thirty days” in the third sentence and inserting in lieu thereof “one year”.

[(b) EARMARKING FOR PVOs.—Section 123(f) of such Act is amended—

[(1) by striking out “1982, 1983, and 1984” and inserting in lieu thereof “1986 through 1989”;

[(2) by striking out “twelve” and inserting in lieu thereof “thirteen and one half”; and

[(3) by adding at the end thereof the following new sentence:

[(“Funds made available under chapter 4 of part II of this Act for the activities of private and voluntary organizations may be considered in determining compliance with the requirements of this subsection.”.

[SEC. 310. PROMOTION OF DEMOCRATIC COOPERATIVES.

[Section 123 of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new subsection:

[(“h) The Congress recognizes that, in addition to their role in social and economic development, cooperatives provide an oppor-

tunity for people to participate directly in democratic decisionmaking. Therefore, assistance under this chapter shall be provided to rural and urban cooperatives which offer large numbers of low- and middle-income people in developing countries an opportunity to participate directly in democratic decisionmaking. Such assistance shall be designed to encourage the adoption of self-help, private sector cooperative techniques and practices which have been successful in the United States.”.

[SEC. 311. USE OF PRIVATE AND VOLUNTARY ORGANIZATIONS, CO-OPERATIVES, AND THE PRIVATE SECTOR.

[(a) STUDY.—The Administrator of the Agency for International Development shall undertake a comprehensive study of additional ways to provide development assistance through nongovernmental organizations, including United States and indigenous private and voluntary organizations, cooperatives, the business community, and other private entities. Such study shall include—

[(1) an analysis of the percentage of development assistance allocated to governmental and nongovernmental programs;

[(2) an analysis of structural impediments, within both the United States and foreign governments, to additional use of nongovernmental programs; and

[(3) an analysis of the comparative economic benefits of governmental and nongovernmental programs.

[(b) REPORT.—The Administrator shall report the results of this study to the Congress no later than September 30, 1986.

[SEC. 312. TARGETED ASSISTANCE.

[(a) REQUIREMENTS.—Section 128 of the Foreign Assistance Act of 1961 is amended to read as follows:

["SEC. 128. TARGETED ASSISTANCE.—(a) The President shall use poverty measurement standards, such as those developed by the International Bank for Reconstruction and Development, and other appropriate measurements in determining target populations for United States development assistance, and shall strengthen United States efforts to assure that a substantial percentage of development assistance under this chapter directly improves the lives of the poor majority, with special emphasis on those individuals living in absolute poverty.

["(b) To the maximum extent possible, activities under this chapter that attempt to increase the institutional capabilities of private organizations or governments, or that attempt to stimulate scientific and technological research, shall be designed and monitored to ensure that the ultimate beneficiaries of these activities are the poor majority.”.

[(b) ANNUAL REPORTS.—Section 634(a)(1)(B) of such Act is amended by inserting immediately before the semicolon the following: “, such assessment to include an evaluation of the extent to which programs under chapter 1 of part I directly benefit the poor majority”.

[SEC. 313. HOUSING AND OTHER GUARANTY PROGRAMS.

[(a) INCREASING AUTHORIZED HIG PROGRAM LEVEL.—Section 222(a) of the Foreign Assistance Act of 1961 is amended by striking out “\$1,958,000,000” in the second sentence and inserting in lieu thereof “\$2,158,000,000”.

[(b) EXTENDING HIG PROGRAM AUTHORITY.—Such section is further amended by striking out “1986” in the third sentence and inserting in lieu thereof “1988”.

[(c) MINIMUM ANNUAL HIG PROGRAM LEVELS.—Section 222 of such Act is amended by adding at the end thereof the following:

[(k) The total principal amount of guaranties issued under this section for each of the fiscal years 1986 and 1987 shall be comparable to the total principal amount of such guaranties issued for fiscal year 1984, subject to the dollar limitations on the issuance of guaranties under this section which are contained in subsection (a) and in appropriation Acts.”.

[(d) AGRICULTURAL AND PRODUCTIVE CREDIT AND SELF-HELP COMMUNITY DEVELOPMENT PROGRAMS.—Section 222A(h) of such Act is amended by striking out “1986” and inserting in lieu thereof “1988”.

[SEC. 314. TRADE CREDIT INSURANCE PROGRAM.

[Section 224(e) of the Foreign Assistance Act of 1961 is amended by striking out “not to exceed \$300,000,000 in the fiscal year 1985” and inserting in lieu thereof “except that the aggregate amount of outstanding commitments under subsection (a) may not exceed \$300,000,000 of contingent liability for loan principal during fiscal year 1986 and may not exceed \$400,000,000 of contingent liability for loan principal during fiscal year 1987”.

[SEC. 315. MINORITY SET-ASIDE.

[Except to the extent that the Administrator of the Agency for International Development determines otherwise, not less than 10 percent of the aggregate of the funds made available for each of the fiscal years 1986 and 1987 to carry out chapter 1 of part I of the Foreign Assistance Act of 1961 shall be made available only for activities of economically and socially disadvantaged enterprises (within the meaning of section 133(c)(5) of the International Development and Food Assistance Act of 1977), historically black colleges and universities, and private and voluntary organizations which are controlled by individuals who are black Americans, Hispanic Americans, or Native Americans, or who are economically and socially disadvantaged (within the meaning of section 133(c)(5)(B) and (C) of the International Development and Food Assistance Act of 1977). For purposes of this section, economically and socially disadvantaged individuals shall be deemed to include women.

[TITLE IV—OTHER FOREIGN ASSISTANCE PROGRAMS

[SEC. 401. AMERICAN SCHOOLS AND HOSPITALS ABROAD.

[Section 214(c) of the Foreign Assistance Act of 1961 is amended to read as follows:

[(c)(1) To carry out the purposes of this section, there are authorized to be appropriated to the President \$35,000,000 for fiscal year 1986 and \$35,000,000 for fiscal year 1987.

[(2) Amounts appropriated under paragraph (1) are authorized to remain available until expended.”.

[SEC. 402. VOLUNTARY CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS AND PROGRAMS.

[(a) AUTHORIZATIONS AND EARMARKINGS.—Section 302(a)(1) of the Foreign Assistance Act of 1961 is amended to read as follows:

[(a)(1) There are authorized to be appropriated to the President \$270,000,000 for fiscal year 1986 and \$270,000,000 for fiscal year 1987 for grants to carry out the purposes of this chapter, in addition to funds available under other Acts for such purposes. Of the amount appropriated for each of the fiscal years 1986 and 1987 pursuant to these authorizations—

[(A) 59.65 percent shall be for the United Nations Development Program;

[(B) 19.30 percent shall be for the United Nations Children's Fund;

[(C) 7.20 percent shall be for the International Atomic Energy Agency, except that these funds may be contributed to that Agency only if the Secretary of State determines (and so reports to the Congress) that Israel is not being denied its right to participate in the activities of that Agency;

[(D) 5.44 percent shall be for Organization of American States development assistance programs;

[(E) 3.51 percent shall be for the United Nations Environment Program;

[(F) 0.70 percent shall be for the World Meteorological Organization;

[(G) 0.70 percent shall be for the United Nations Capital Development Fund;

[(H) 0.35 percent shall be for the United Nations Education and Training Program for Southern Africa;

[(I) 0.18 percent shall be for the United Nations Voluntary Fund for the Decade for Women;

[(J) 0.07 percent shall be for the Convention on International Trade in Endangered Species;

[(K) 0.70 percent shall be for the World Food Program;

[(L) 0.18 percent shall be for the United Nations Institute for Namibia;

[(M) 0.12 percent shall be for the United Nations Trust Fund for South Africa;

[(N) 0.04 percent shall be for the United Nations Voluntary Fund for Victims of Torture;

[(O) 0.07 percent shall be for the United Nations Industrial Development Organization;

[(P) 0.55 percent shall be for the United Nations Development Program Trust Fund to Combat Poverty and Hunger in Africa;

[(Q) 0.97 percent shall be for contributions to international conventions and scientific organizations;

[(R) 0.18 percent for the United Nations Centre on Human Settlements (Habitat); and

[(S) 0.09 percent shall be for the World Heritage Fund.”.

[(b) FISCAL YEAR 1985 CONTRIBUTION TO UNITED NATIONS ENVIRONMENT PROGRAM.—Notwithstanding section 614 of the Foreign Assistance Act of 1961 or any other provision of law, \$10,000,000 of the funds appropriated for the fiscal year 1985 to carry out chapter 3 of part I of such Act shall be available only for the United Nations Environment Program. This subsection shall take effect on the date of enactment of this Act.

[SEC. 403. WITHHOLDING OF UNITED STATES PROPORTIONATE SHARE FOR CERTAIN PROGRAMS OF INTERNATIONAL ORGANIZATIONS.

[Chapter 3 of part I of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new section:

["SEC. 307. WITHHOLDING OF UNITED STATES PROPORTIONATE SHARE FOR CERTAIN PROGRAMS OF INTERNATIONAL ORGANIZATIONS.—(a) Notwithstanding any other provision of law, none of the funds authorized to be appropriated by this chapter shall be available for the United States proportionate share for programs for the South-West Africa People's Organization, Libya, Iran, Cuba, or the Palestine Liberation Organization or for projects whose purpose is to provide benefits to the Palestine Liberation Organization or entities associated with it.

["(b) The Secretary of State—

["(1) shall review, at least annually, the budgets and accounts of all international organizations receiving payments of any funds authorized to be appropriated by this chapter; and

["(2) shall report to the appropriate committees of the Congress the amounts of funds expended by each such organization for the purposes described in subsection (a) and the amount contributed by the United States to each such organization."].

[SEC. 404. INTERNATIONAL DISASTER ASSISTANCE.

[The first sentence of section 492(a) of the Foreign Assistance Act of 1961 is amended to read as follows: "There are authorized to be appropriated to the President to carry out section 491, \$25,000,000 for fiscal year 1986 and \$25,000 for fiscal year 1987."].

[SEC. 405. TRADE AND DEVELOPMENT PROGRAM.

[The first sentence of section 661(b) of the Foreign Assistance Act of 1961 is amended to read as follows: "There are authorized to be appropriated to the President for purposes of this section, in addition to funds otherwise available for such purposes, \$20,000,000 for fiscal year 1986 and \$20,000,000 for fiscal year 1987."].

[SEC. 406. OPERATING EXPENSES.

[Section 667(a)(1) of the Foreign Assistance Act of 1961 is amended to read as follows:

["(1) \$387,000,000 for fiscal year 1986 and \$387,000,000 for fiscal year 1987 for necessary operating expenses of the agency primarily responsible for administering part I of this Act; and"].

[TITLE V—INTERNATIONAL TERRORISM AND FOREIGN AIRPORT SECURITY

[Part A—International Terrorism Generally

[SEC. 501. ANTI-TERRORISM ASSISTANCE PROGRAM.

[(a) AUTHORIZATIONS.—Section 575 of the Foreign Assistance Act of 1961 is amended to read as follows:

["SEC. 575. AUTHORIZATIONS OF APPROPRIATIONS.—(a) There are authorized to be appropriated to the President to carry out this chapter \$9,840,000 for fiscal year 1986 and \$9,840,000 for fiscal year 1987.

["(b) Amounts appropriated under this section are authorized to remain available until expended."].

[(b) ITEMS ON THE MUNITIONS LIST.—Section 573(d)(4) of such Act is amended to read as follows:

["(4)(A) Except as provided in subparagraph (B), articles on the United States Munitions List established pursuant to the Arms Export Control Act may not be made available under this chapter.

["(B) For fiscal years 1986 and 1987, articles on the United States Munitions List may be made available under this chapter if—

["(i) they are small arms in category I (relating to firearms), ammunition in category III (relating to ammunition) for small arms in category I, or articles in category X (relating to protective personnel equipment), and they are directly related to anti-terrorism training being provided under this chapter;

["(ii) the recipient country is not prohibited by law from receiving assistance under one or more of the following provisions: chapter 2 of this part, chapter 5 of this part, or the Arms Export Control Act; and

["(iii) at least 15 days before the articles are made available to the foreign country, the President notifies the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate of the proposed transfer, in accordance with the procedures applicable to reprogramming notifications pursuant to section 634A of this Act.

[(C) The value (in terms of original acquisition cost) of all equipment and commodities provided under subsection (a) of this section, including articles described in subparagraph (B)(i) of this paragraph, may not exceed \$325,000 in fiscal year 1986 or \$325,000 in fiscal year 1987."].

[(c) RESTRICTION.—Section 573 of such Act is amended by adding at the end thereof the following new subsection:

["(f) Funds made available to carry out this chapter may not be used for personnel compensation or benefits."].

[(d) EXPIRATION OF AUTHORITY.—Section 577 of such Act is repealed.

[SEC. 502. COORDINATION OF ALL UNITED STATES ANTI-TERRORISM ASSISTANCE TO FOREIGN COUNTRIES.

[(a) COORDINATION.—The Secretary of State shall be responsible for coordinating all anti-terrorism assistance to foreign countries provided by the United States Government.

[(b) REPORTS.—Not later than February 1 each year, the Secretary of State, in consultation with appropriate United States Government agencies, shall report to the appropriate committees of the Congress on the anti-terrorism assistance provided by the United States Government during the preceding fiscal year. Such reports may be provided on a classified basis to the extent necessary, and shall specify the amount and nature of the assistance provided.

[SEC. 503. PROHIBITION ON ASSISTANCE TO COUNTRIES SUPPORTING INTERNATIONAL TERRORISM.

[(a) PROHIBITION.—Section 620A of the Foreign Assistance Act of 1961 is amended to read as follows:

["(SEC. 620A. PROHIBITION ON ASSISTANCE TO COUNTRIES SUPPORTING INTERNATIONAL TERRORISM.—(a) The United States shall not provide any assistance under this Act, the Agricultural Trade Development and Assistance Act of 1954, the Peace Corps Act, or the Arms Export Control Act, to any country which the President determines—

["(1) grants sanctuary from prosecution to any individual or group which has committed an act of international terrorism, or

["(2) otherwise supports international terrorism.

["(b) The President may waive the application of subsection (a) to a country if the President determines that national security or humanitarian reasons justify such waiver. The President shall publish each waiver in the Federal Register and, at least 15 days before the waiver takes effect, shall notify the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate of the waiver (including the justification for the waiver) in accordance with the procedures applicable to reprogramming notifications pursuant to section 634A of this Act.

["(c) If sanctions are imposed on a country pursuant to subsection (a) because of its support for international terrorism, the President should call upon other countries to impose similar sanctions on that country.”.

[(b) CONFORMING AMENDMENT.—Section 3(f) of the Arms Export Control Act is amended by striking out “, credits and guaranties” and “, credits, or guaranties” each place they appear.]

SEC. 504. PROHIBITION ON IMPORTS FROM AND EXPORTS TO LIBYA.

(a) PROHIBITION ON IMPORTS.—Notwithstanding any other provision of law, the President may prohibit any article grown, produced, extracted, or manufactured in Libya from being imported into the United States.

(b) PROHIBITION ON EXPORTS.—Notwithstanding any other provision of law, the President may prohibit any goods or technology, including technical data or other information, subject to the jurisdiction of the United States or exported by any person subject to the jurisdiction of the United States, from being exported to Libya.

(c) DEFINITION.—For purposes of this section, the term “United States”, when used in a geographical sense, includes territories and possessions of the United States.

SEC. 505. BAN ON IMPORTING GOODS AND SERVICES FROM COUNTRIES SUPPORTING TERRORISM.

(a) AUTHORITY.—The President may ban the importation into the United States of any good or service from any country which supports terrorism or terrorist organizations or harbors terrorists or terrorist organizations.

(b) CONSULTATION.—The President, in every possible instance, shall consult with the Congress before exercising the authority granted by this section and shall consult regularly with the Congress so long as that authority is being exercised.

(c) REPORTS.—Whenever the President exercises the authority granted by this section, he shall immediately transmit to the Congress a report specifying—

- (1) the country with respect to which the authority is to be exercised and the imports to be prohibited;
- (2) the circumstances which necessitate the exercise of such authority;
- (3) why the President believes those circumstances justify the exercise of such authority; and
- (4) why the President believes the prohibitions are necessary to deal with those circumstances.

At least once during each succeeding 6-month period after transmitting a report pursuant to this subsection, the President shall report to the Congress with respect to the actions taken, since the last such report, pursuant to this section and with respect to any changes which have occurred concerning any information previously furnished pursuant to this subsection.

(d) DEFINITION.—For purposes of this section, the term “United States” includes territories and possessions of the United States.

[SEC. 506. INTERNATIONAL ANTI-TERRORISM COMMITTEE.

【The Congress calls upon the President to seek the establishment of an international committee, to be known as the International Anti-Terrorism Committee, consisting of representatives of the member countries of the North Atlantic Treaty Organization, Japan, and such other countries as may be invited and may choose to participate. The purpose of the Committee should be to focus the attention and secure the cooperation of the governments and the public of the participating countries and of other countries on the problems and responses to international terrorism, by serving as a forum at both the political and law enforcement levels.

[SEC. 507. INTERNATIONAL TERRORISM CONTROL TREATY.

【It is the sense of the Congress that the President should establish a process by which democratic and open societies of the world, which are those most plagued by terrorism, negotiate a viable treaty to effectively prevent and respond to terrorist attacks. Such a treaty should incorporate an operative definition of terrorism, and should establish effective close intelligence-sharing, joint counterterrorist training, and uniform laws on asylum, extradition, and swift punishment for perpetrators of terrorism. Parties to such a treaty should include, but not be limited to, those democratic nations who are most victimized by terrorism.

[SEC. 508. STATE TERRORISM.

【It is the sense of the Congress that all civilized nations should firmly condemn the increasing use of terrorism by certain states as an official instrument for promoting their policy goals, as evidenced by such examples as the brutal assassination of Major Arthur D. Nicholson, Junior, by a member of the Soviet armed forces.

[Part B—Foreign Airport Security

[SEC. 551. SECURITY STANDARDS FOR FOREIGN AIR TRANSPORTATION.

【(a) SECURITY AT FOREIGN AIRPORTS.—Section 1115 of the Federal Aviation Act of 1958 (49 U.S.C. App. 1515) is amended to read as follows:

["SECURITY STANDARDS IN FOREIGN AIR TRANSPORTATION

["ASSESSMENT OF SECURITY MEASURES

["SEC. 1115. (a)(1) The Secretary of Transportation shall conduct at such intervals as the Secretary shall deem necessary an assessment of the effectiveness of the security measures maintained at those foreign airports being served by air carriers, those foreign airports from which foreign air carriers serve the United States, those foreign airports which pose a high risk of introducing danger to international air travel, and at such other foreign airports as the Secretary may deem appropriate.

["(2) Each such assessment shall be made by the Secretary of Transportation in consultation with the appropriate aeronautic authorities of the foreign government concerned and each air carrier serving the foreign airport at which the Secretary is conducting such assessment.

["(3) The assessment shall determine the extent to which an airport effectively maintains and administers security measures. In making an assessment of any airport under this subsection, the Secretary shall use a standard which will result in an analysis of the security measures at such airport based upon, at a minimum, the standards and appropriate recommended practices contained in Annex 17 to the Convention on International Civil Aviation, as those standards and recommended practices are in effect on the date of such assessment.

["CONSULTATION WITH THE SECRETARY OF STATE

["(b) In carrying out subsection (a), the Secretary of Transportation shall consult the Secretary of State with respect to the terrorist threat which exists in each country. The Secretary of Transportation shall also consult with the Secretary of State in order to determine which foreign airports are not under the de facto control of the government of the country in which they are located and pose a high risk of introducing danger to international air travel.

["REPORT OF ASSESSMENTS

["(c) Each report to the Congress required by section 315 of this Act shall contain a summary of the assessments conducted pursuant to subsection (a).

["NOTIFICATION TO FOREIGN COUNTRY OF DETERMINATION

["(d) Whenever, after an assessment in accordance with subsection (a), the Secretary of Transportation determines that an airport does not maintain and administer effective security measures, the Secretary (after advising the Secretary of State) shall notify the appropriate authorities of such foreign government of such determination, and recommend the steps necessary to bring the security measures in use at that airport up to the standard used by the Secretary in making such assessment.

["NOTICE AND SANCTIONS

["(e)(1) Paragraph (2) of this subsection shall become effective—

["(A) 90 days after notification to the foreign government pursuant to subsection (d), if the Secretary of Transportation finds that the foreign government has failed to bring the security measures at the identified airport up to the standard used by the Secretary in making an assessment of such airport under subsection (a); or

["(B) immediately upon the Secretary of Transportation's determination under subsection (d) if the Secretary of Transportation determines, after consultation with the Secretary of State, that a condition exists that threatens the safety or security of passengers, aircraft, or crew traveling to or from such airport.

[The Secretary of Transportation shall immediately notify the Secretary of State of any determination made pursuant to subparagraph (B) so that the Secretary of State may comply with the requirement of section 552(a) of the International Security and Development Cooperation Act of 1985 that a travel advisory be issued.

["(2) Subject to paragraph (1), if the Secretary of Transportation determines pursuant to this section that an airport does not maintain and administer effective security measures—

["(A) The Secretary of Transportation—

["(i) shall publish the identity of such airport in the Federal Register,

["(ii) shall cause the identity of such airport to be posted and prominently displayed at all United States airports regularly being served by scheduled air carrier operations, and

["(iii) shall notify the news media of the identity of such airport;

["(B) each air carrier and foreign air carrier providing service between the United States and such airport shall provide notice of such determination by the Secretary to any passenger purchasing a ticket for transportation between the United States and such airport, with such notice to be made by written material included on or with such ticket;

["(C) the Secretary of Transportation, after consultation with the appropriate aeronautical authorities of the foreign government concerned and each air carrier serving such airport, may, notwithstanding section 1102 of this Act and with the approval of the Secretary of State, withhold, revoke, or impose conditions on the operating authority of any air carrier or foreign air carrier to engage in foreign air transportation utilizing such airport; and

["(D) The President may prohibit air carriers and foreign air carriers from providing service between the United States and any other foreign airport which is directly or indirectly served by aircraft flying to or from the airport with respect to which the determination is made under this section.

["(3) The Secretary of Transportation shall promptly submit to the Congress a report (with a classified annex if necessary) or any action taken under this subsection, setting forth information concerning the attempts made to secure the cooperate of the foreign government in meeting the standard used by the Secretary in making the assessment of the airport under subsection (a).

【“LIFTING OF SANCTIONS

【“(f)(1) The sanctions required to be imposed with respect to an airport pursuant to subsection (e)(2)(A) and (B) may be lifted only if the Secretary of Transportation, in consultation with the Secretary of State, has determined that effective security measures are maintained and administered at that airport.

【“(2) The Congress shall be notified if any sanction imposed pursuant to subsection (e) is lifted.

【“AUTHORITY FOR IMMEDIATE SUSPENSION OF AIR SERVICE

【“(g) Notwithstanding sections 1102 and 1114 of this Act, whenever the Secretary of Transportation determines that—

【“(1) a condition exists that threatens the safety or security of passengers, aircraft, or crew traveling to or from a foreign airport, and

【“(2) the public interest requires an immediate suspension of services between the United States and the identified airport, [the Secretary of Transportation shall, without notice or hearing and with the approval of the Secretary of State, suspend the right of any air carrier or foreign air carrier to engage in foreign air transportation to or from that foreign airport and the right of any person to operate aircraft in foreign air commerce to or from that foreign airport.

【“CONDITIONS OF AUTHORITY

【“(h) The provisions of this section shall be deemed to be a condition to any authority granted under title IV or title VI of this Act to any air carrier or any foreign air carrier, issued under authority vested in the Secretary of Transportation.”.

【(b) CONFORMING AMENDMENTS.—

【(1) INFORMATION IN SEMI-ANNUAL REPORTS.—Section 315(a) of the Federal Aviation Act of 1958 (49 U.S.C. App. 1356(a)) is amended by adding at the end thereof the following new sentence: “Each semiannual report submitted by the Administrator pursuant to the preceding sentence shall include the information described in section 1115(c) of this Act.”.

【(2) CIVIL PENALTIES.—Section 901(a)(1) of the Federal Aviation Act of 1958 (49 U.S.C. App. 1471(a)(1)) is amended by inserting “or 1115(e)(2)(B)” after “1114”.

【(3) TABLE OF CONTENTS.—That portion of the table of contents contained in the first section of the Federal Aviation Act of 1958 which appears under the center heading,

【“TITLE XI—MISCELLANEOUS”

【is amended by striking out

【“Sec. 1115. Security standards in foreign air transportation.”.

【and inserting in lieu thereof

【“Sec. 1115. Security standards in foreign air transportation.

【(a) Assessment of security measures.

【(b) Consultation with the Secretary of State.

【(c) Report of assessments.

【(d) Notification to foreign country of determination.

【(e) Notice and sanctions.

【(f) Lifting of sanctions.

- ["(g) Authority for immediate suspension of air service.
- ["(h) Conditions of authority.".

[(c) CLOSING OF BEIRUT INTERNATIONAL AIRPORT.—It is the sense of the Congress that the President is urged and encouraged to take all appropriate steps to carry forward his announced policy of seeking the effective closing of the international airport in Beirut, Lebanon, at least until such time as the Government of Lebanon has instituted measures and procedures designed to prevent the use of that airport by aircraft hijackers and other terrorists in attacking civilian airlines or their passengers, hijacking their aircraft, or taking or holding their passengers hostage.

[SEC. 552. TRAVEL ADVISORY AND SUSPENSION OF FOREIGN ASSISTANCE.

[(a) TRAVEL ADVISORY.—Upon being notified by the Secretary of Transportation that the Secretary has determined, pursuant to subsection (e)(1)(B) of section 1115 of the Federal Aviation Act of 1958 that a condition exists that threatens the safety or security of passengers, aircraft, or crew travelling to or from a foreign airport which the Secretary of Transportation has determined pursuant to that section to be an airport which does not maintain and administer effective security measures, the Secretary of State shall immediately issue a travel advisory with respect to that airport. Any travel advisory issued pursuant to this subsection shall be published in the Federal Register. The Secretary of State shall take the necessary steps to widely publicize that travel advisory.

[(b) SUSPENSION OF FOREIGN ASSISTANCE.—The President shall suspend all assistance under the Foreign Assistance Act of 1961 or the Arms Export Control Act to any country in which is located an airport with respect to which section 1115(e)(2) of the Federal Aviation Act of 1958 becomes effective if the Secretary of State determines that such country is a high terrorist threat country. The President may waive the requirements of this subsection if the President determines and reports to the Congress that national security interests or a humanitarian emergency require such waiver.

[(c) LIFTING SANCTIONS.—The sanctions required to be imposed pursuant to this section may be lifted only if, pursuant to section 1115(f) of the Federal Aviation Act of 1958, the Secretary of Transportation, in consultation with the Secretary of State, has determined that effective security measures are maintained and administered at the airport with respect to which the Secretary of Transportation had made the determination described in section 1115 of that Act.

[(d) NOTIFICATION TO CONGRESS.—The Congress shall be notified if any sanction imposed pursuant to this section is lifted.

[SEC. 553. UNITED STATES AIRMARSHAL PROGRAM.

[(a) STUDY OF NEED FOR EXPANSION OF PROGRAM.—The Secretary of Transportation, in coordination with the Secretary of State, shall study the need for an expanded airmarshal program on international flights of United States air carriers. The Secretary of Transportation shall report the results of this study to the Congress within 6 months after the date of enactment of this Act.

[(b) AUTHORITY TO CARRY FIREARMS AND MAKE ARRESTS.—The Secretary of Transportation, with the approval of the Attorney

General and the Secretary of State, may authorize persons, in connection with the performance of their air transportation security duties, to carry firearms and to make arrests without warrant for any offense against the United States committed in their presence, or for any felony cognizable under the laws of the United States, if they have reasonable grounds to believe that the person to be arrested has committed or is committing a felony.

[SEC. 554. ENFORCEMENT OF INTERNATIONAL CIVIL AVIATION ORGANIZATION STANDARDS.

【The Secretary of State and the Secretary of Transportation, jointly, shall call on the member countries of the International Civil Aviation Organization to enforce that Organization's existing standards and to support United States actions enforcing such standards.

[SEC. 555. INTERNATIONAL CIVIL AVIATION BOYCOTT OF COUNTRIES SUPPORTING INTERNATIONAL TERRORISM.

【It is the sense of the Congress that the President—

【(1) should call for an international civil aviation boycott with respect to those countries which the President determines—

【(A) grant sanctuary from prosecution to any individual or group which has committed an act of international terrorism, or

【(B) otherwise support international terrorism; and

【(2) should take steps, both bilateral and multilateral, to achieve a total international civil aviation boycott with respect to those countries.

[SEC. 556. MULTILATERAL AND BILATERAL AGREEMENTS WITH RESPECT TO AIRCRAFT SABOTAGE, AIRCRAFT HIJACKING, AND AIRPORT SECURITY.

【The Secretary of State shall seek multilateral and bilateral agreement on strengthening enforcement measures and standards for compliance with respect to aircraft sabotage, aircraft hijacking, and airport security.

[SEC. 557. RESEARCH ON AIRPORT SECURITY TECHNIQUES FOR DETECTING EXPLOSIVES.

【In order to improve security at international airports, there are authorized to be appropriated to the Secretary of Transportation from the Airport and Airway Trust Fund (in addition to amounts otherwise available for such purpose) \$5,000,000, without fiscal year limitation, to be used for research on and the development of airport security devices or techniques for detecting explosives.】

SEC. 558. HIJACKING OF TWA FLIGHT 847 AND OTHER ACTS OF TERRORISM.

The Congress joins with all Americans in celebrating the release of the hostages taken from Trans World Airlines flight 847. It is the sense of the Congress that—

(1) purser Uli Derickson, pilot John Testrake, co-pilot Philip Maresca, flight engineer Benjamin Zimmermann, and the rest of the crew of Trans World Airlines flight 847 displayed extraordinary valor and heroism during the hostages' ordeal and therefore should be commended;

(2) the hijackers who murdered United States Navy Petty Officer Stethem should be immediately brought to justice;

(3) all diplomatic means should continue to be employed to obtain the release of the 7 United States citizens previously kidnapped and still held in Lebanon;

(4) acts of international terrorism should be universally condemned; and

(5) the Secretary of State should be supported in his efforts to gain international cooperation to prevent future acts of terrorism.

SEC. 559. EFFECTIVE DATE.

This part shall take effect on the date of enactment of this Act.

[TITLE VI—INTERNATIONAL NARCOTICS CONTROL

[SEC. 601. SHORT TITLE.

[This title may be cited as the “International Narcotics Control Act of 1985”.

[SEC. 602. AUTHORIZATIONS FOR INTERNATIONAL NARCOTICS CONTROL ASSISTANCE.

[Subsection (a)(1) of section 482 of the Foreign Assistance Act of 1961 is amended to read as follows:

[“(a)(1) To carry out the purposes of section 481, there are authorized to be appropriated to the President \$57,529,000 for fiscal year 1986 and \$57,529,000 for fiscal year 1987.”.

[SEC. 603. DEVELOPMENT AND ILLICIT NARCOTICS PRODUCTION.

[Section 126(b) of the Foreign Assistance Act of 1961 is amended—

[(1) by inserting “and under chapter 4 of part II” immediately after “this chapter”; and

[(2) by inserting “(1)” and “(b)” and by adding at the end thereof the following new paragraph:

[“(2) The agency primarily responsible for administering this part may utilize resources for activities aimed at increasing awareness of the effects of production and trafficking of illicit narcotics on source and transit countries.”.

[SEC. 604. REPORTS ON INTERNATIONAL NARCOTICS CONTROL ASSISTANCE.

[Section 481(b) of the Foreign Assistance Act of 1961 is amended to read as follows:

[“(b)(1) Not later than 45 days after the end of each calendar quarter, the President shall transmit to the Speaker of the House of Representatives, and to the Committee on Foreign Relations of the Senate, a report on the programming and obligation, on a calendar basis, of funds under this chapter prior to the end of that quarter. The last such report for each fiscal year shall include the aggregate obligations and expenditures made, and the types and quantity of equipment provided, on a calendar quarter basis, prior to end of that fiscal year—

[(A) to carry out the purposes of this chapter with respect to each country and each international organization receiving assistance under this chapter, including the cost of the United States personnel engaged in carrying out such purposes in

each such country and with each such international organization;

["(B) to carry out each program conducted under this chapter in each country and by each international organization, including the cost of United States personnel engaged in carrying out each such program; and

["(C) for administrative support services within the United States to carry out the purposes of this chapter, including the cost of United States personnel engaged in carrying out such purposes in the United States.

["(2) Not later than August 1 of each year, the President shall transmit to the Speaker of the House of Representatives, and to the Committee on Foreign Relations of the Senate, a complete and detailed midyear report on the activities and operations carried out under this chapter prior to such date. Such midyear report shall include, but not be limited to, the status of each agreement concluded prior to such date with other countries to carry out the purposes of this chapter.”.

[SEC. 605. EXEMPTION FROM BAN ON INVOLVEMENT OF UNITED STATES PERSONNEL IN ARREST ACTIONS IN NARCOTICS CONTROL EFFORTS ABROAD.

[Section 481(c) of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new paragraph:

["(2) Paragraph (1) of this subsection shall not prohibit officers and employees of the United States from being present during direct police arrest actions with respect to narcotic control efforts in a foreign country to the extent that the Secretary of State and the government of that country agree to such an exemption. The Secretary of State shall report any such agreement to the Congress before the agreement takes effect.”.

[SEC. 606. ANNUAL REPORTS ON INVOLVEMENT OF FOREIGN COUNTRIES IN ILLICIT DRUG TRAFFIC.

[Section 481(e) of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new paragraph:

["(6) Each report pursuant to this subsection shall describe the involvement of any foreign government (including any communist government) in illicit drug trafficking during the preceding fiscal year including—

["(A) the direct or indirect involvement of such government (or any official thereof) in the production, processing, or shipment of narcotic and psychotropic drugs and other controlled substances, and

["(B) any other activities of such government (or any official thereof) which have facilitated illicit drug trafficking.”.

[SEC. 607. PROCUREMENT OF WEAPONS TO DEFEND AIRCRAFT INVOLVED IN NARCOTICS CONTROL EFFORTS.

[Of the funds available to carry out chapter 2 of part II of the Foreign Assistance Act of 1961 (relating to grant military assistance), \$1,000,000 for each of the fiscal years 1986 and 1987 shall be made available to arms, for defensive purposes, aircraft used in narcotic control eradication or interdiction efforts. The Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate shall be notified of the use of any such funds for that purpose at least 15 days in advance

in accordance with the reprogramming procedures applicable under section 634A of the Foreign Assistance Act of 1961.

[SEC. 608. REQUIREMENT FOR COST-SHARING IN INTERNATIONAL NARCOTICS CONTROL ASSISTANCE PROGRAMS.

[Section 482 of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new subsection:

["(d) Assistance may be provided under this chapter to a foreign country only if the country provides assurances to the President, and the President is satisfied, that the country will provide at least 25 percent of the costs of any narcotics control program, project, or activity for which such assistance is to be provided. The costs borne by the country may include 'in-kind' contributions.".]

[SEC. 609. PROHIBITION ON USE OF FOREIGN ASSISTANCE FOR REIMBURSEMENTS FOR DRUG CROP ERADICATIONS.

[Chapter 8 of part I of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new section:

["SEC. 483. PROHIBITION ON USE OF FOREIGN ASSISTANCE FOR REIMBURSEMENTS FOR DRUG CROP ERADICATIONS.—Funds made available to carry out this Act may not be used to reimburse persons whose illicit drug crops are eradicated.".]

[SEC. 610. ASSISTANCE FOR JAMAICA.

[In allocating assistance for Jamaica for fiscal year 1986 under chapter 4 of part II of the Foreign Assistance Act of 1961 (relating to the economic support fund), the President shall give major consideration to whether the Government of Jamaica has prepared, presented, and committed itself to a comprehensive plan or strategy for the control and reduction of illicit cultivation, production, processing, transportation, and distribution of marijuana within a specifically stated period of time.

[SEC. 611. ASSISTANCE FOR BOLIVIA.

[Assistance may be provided to Bolivia for fiscal years 1986 and 1987 under chapter 2 (relating to grant military assistance), chapter 4 (relating to the economic support fund), and chapter 5 (relating to international military education and training) of part II of the Foreign Assistance Act of 1961, and under chapter 2 of the Arms Export Control Act (relating to foreign military sales financing), only under the following conditions:

[(1) For fiscal year 1986—

[(A) up to 50 percent of the aggregate amount of such assistance allocated for Bolivia may be provided at any time after the President certifies to the Congress that the Government of Bolivia has enacted legislation that will establish its legal coca requirements, provide for the licensing of the number of hectares necessary to produce the legal requirement, and make unlicensed coca production illegal; and

[(B) the remaining amount of such assistance may be provided at any time following a certification pursuant to subparagraph (A) if the President certifies to the Congress that the Government of Bolivia achieved the eradication targets for the calendar year 1985 contained in its 1983 narcotics agreements with the United States.

[(2) For fiscal year 1987, such assistance may not be provided unless the President certifies to the Congress that the Government of Bolivia has developed a plan to eliminate illicit narcotics production countrywide and is prepared to enter into an agreement with the United States to implement that plan. If that certification is made, then—

[(A) up to 50 percent of the aggregate amount of such assistance allocated for Bolivia may be provided at any time after the President certifies to the Congress that the Government of Bolivia has achieved at least half of the eradication target for the calendar year 1986 agreed to by the United States and the Government of Bolivia; and

[(B) the remaining amount of such assistance may be provided at any time after the President certifies to the Congress that the Government of Bolivia fully achieved that eradication target.

[SEC. 612. ASSISTANCE TO PERU.

[(a) CONDITIONS ON ASSISTANCE.—United States assistance (as defined by section 481(i)(4) of the Foreign Assistance Act of 1961) may be provided for Peru—

[(1) for fiscal year 1986, only if the President reports to the Congress that the Government of Peru has demonstrated substantial progress in developing a plan that will establish its legal coca requirements, license the number of hectares necessary to produce the legal requirement, and eliminate illicit and unlicensed coca production; and

[(2) for fiscal year 1987, only if the President reports to the Congress that the Government of Peru has developed such a plan and is implementing it.

[(b) UPPER HUALLAGA VALLEY PROJECT.—Funds authorized to be appropriated for fiscal year 1987 to carry out chapter 1 of part I of the Foreign Assistance Act of 1961 (relating to development assistance) may be made available for the project of the Agency for International Development in the Upper Huallaga Valley of Peru only if the Administrator of that Agency, after consultation with the Congress, determines that a comprehensive review of that project has been completed which establishes the effectiveness of that project in reducing and eradicating coca leaf production, distribution, and marketing in the Upper Huallaga Valley. The assistance for Peru described in this subsection may be provided only if the report required by subsection (a)(2) has been submitted to the Congress.

[SEC. 613. REALLOCATION OF FUNDS IF CONDITIONS NOT MET.

[If any of the assistance described in section 611 is not provided for Bolivia because the conditions specified in that section are not met, or if any of the assistance described in sections 612(a) is not provided for Peru because the conditions specified in that section are not met, the President shall reprogram such assistance in order to provide additional assistance to countries which have taken significant steps to half illicit drug production or trafficking.

[SEC. 614. CONDITIONS ON UNITED STATES CONTRIBUTIONS TO THE UNITED NATIONS FUND FOR DRUG ABUSE CONTROL.

[Section 482(a) of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new subsection:

["(3) Funds authorized to be appropriated by this section for fiscal year 1986 and for fiscal year 1987 may be used for a contribution to the United Nations Fund for Drug Abuse Control only if that organization includes in its crop substitution projects a plan for cooperation with the law enforcement forces of the host country.".

[SEC. 615. LATIN AMERICAN REGIONAL NARCOTICS CONTROL ORGANIZATION.

[(a) FEASIBILITY STUDY.—The Secretary of State, with the assistance of the National Drug Enforcement Policy Board, shall conduct a study of the feasibility of establishing a regional organization in Latin America which would combat narcotics production and trafficking through regional information-sharing and a regional enforcement unit.

[(b) REPORT.—No later than six months after the date of enactment of this Act, a report on the advisability of encouraging the establishment of such an organization shall be submitted to the Committee on Foreign Affairs and the Committee on the Judiciary of the House of Representatives and the Committee on Foreign Relations and the Committee on the Judiciary of the Senate.

[SEC. 616. GREATER EFFORT BY UNITED STATES ARMED FORCES TO SUPPORT NARCOTICS CONTROL EFFORTS ABROAD.

[No later than 60 days after the date of enactment of this Act, the President shall report to the Congress on why the United States Armed Forces should not exert greater effort in facilitating and supporting interception of narcotics traffickers, and in gathering narcotics-related intelligence, outside the United States.

[SEC. 617. CUBAN DRUG TRAFFICKING.

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

[(1) the subject of the flow, use, and control of narcotic and psychotropic substances is a matter of great international importance;

[(2) the problem of drug abuse and drug trafficking continues to worsen throughout most parts of the world;

[(3) the concerns of the governments of many countries have become manifest in several bilateral and multilateral narcotics control projects;

[(4) United Nations agencies monitor and apply controls on the flow and use of drugs and coordinate multilateral efforts to control production, trafficking, and abuse of drugs;

[(5) the United Nations Fund for Drug Abuse Control funds narcotics projects throughout the world and has been a vehicle since 1971 for multilateral implementation of narcotics control and reduction programs;

[(6) the International Narcotics Control Board is charged with monitoring compliance with the Single Convention on Narcotic Drugs, 1953, and the Convention on Psychotropic Substances, 1971, and Cuba is a party to both Conventions;

[(7) the United Nations Commission on Narcotic Drugs is responsible for formulating policies, coordinating activities, su-

pervising the implementation of international conventions, and making recommendations to governments for international drug control;

[(8) the promotion of drug abuse and participation in drug trafficking is universally considered egregious criminal behavior wherever it occurs, whether it occurs locally, nationally, or internationally;

[(9) a Federal grand jury of the United States has indicted four prominent Cuban officials on charges of conspiring to smuggle drugs into the United States;

[(10) United States Government officials have testified at several congressional hearings that the Government of Cuba is facilitating the flow of illicit drugs into the United States in order to obtain hard currency, support guerrilla/terrorist activities, and undermine United States society; and

[(11) such alleged conduct on the part of the Government of Cuba would be injurious to the world community and counter to the general principle of international law that no country has the right to use or permit the use of its territory in such a manner as to injure another country or persons therein.

[(b) RECOMMENDED ACTIONS.—It is the sense of the Congress that the President should—

[(1) acting through the Permanent Representative of the United States to the United Nations, take such steps as may be necessary to place the question of the involvement by the Government of Cuba in illicit drug trafficking on the agenda of the United Nations;

[(2) acting through the Representative of the United States to the Organization of American States, request the Organization of American States to consider this question as soon as possible; and

[(3) request other appropriate international organizations and international forums to consider this question.

[(c) REPORT.—The President shall report to the Congress on the actions taken pursuant to this section.

[SEC. 618. PROHIBITION ON ASSISTANCE TO COUNTRIES WHICH DO NOT TAKE ADEQUATE STEPS TO HALT DRUG TRAFFICKING.]

[Section 481(h) of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new paragraph:

[(4) In addition to the requirements applicable to major illicit drug producing countries pursuant to paragraph (1), the President shall not provide any assistance under this Act or the Arms Export Control Act to any other country which the President determines has not taken adequate steps to prevent—

[(A) the processing (in whole or in part) in such country of narcotic and psychotropic drugs or other controlled substances,

[(B) the transportation through such country of narcotic and psychotropic drugs or other controlled substances, and

[(C) the use of such country as a refuge for illegal drug traffickers.”.

[SEC. 619. DRUG TRAFFICKING AND THE PROBLEM OF TOTAL CONFIDENTIALITY OF CERTAIN FOREIGN BANK ACCOUNTS.]

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

[(1) several banks in Latin America and the Caribbean are used by narcotics traffickers as depositories for money obtained in providing illicit drugs to the United States and other countries of the region;

[(2) offshore banks which provide total confidentiality provide a service which materially assists the operations of illicit drug traffickers; and

[(3) cooperation in gaining access to the bank accounts of such narcotics traffickers would materially assist United States authorities in controlling the activities of such traffickers.

[(b) POLICY.—The Congress—

[(1) requests the President to negotiate treaties or appropriate international agreements with all countries providing confidential banking services (giving high priority to countries in the Caribbean region) to provide disclosure to the United States Government of information contained in official records, and in records of bank accounts, concerning persons under investigation for violations of United States law, in particular those regarding international drug trafficking;

[(2) directs the President to include reports on the results of such efforts in the annual International Narcotics Control Strategy Report; and

[(3) reaffirms its intention to obtain maximum cooperation on the part of all governments for the purpose of halting international drug trafficking, and constantly to evaluate the cooperation of those governments receiving assistance from the United States.

[TITLE VII—WESTERN HEMISPHERE

[SEC. 701. CENTRAL AMERICA DEMOCRACY, PEACE, AND DEVELOPMENT INITIATIVE.

[Part I of the Foreign Assistance Act of 1961 is amended by adding after chapter 5 the following new chapter:

[“CHAPTER 6—CENTRAL AMERICA DEMOCRACY, PEACE, AND DEVELOPMENT INITIATIVE

[“SEC. 461. STATEMENT OF POLICY.—(a) The Congress finds that—

[(1) the building of democracy, the restoration of peace, the improvement of living conditions, and the application of equal justice under law in Central America are important to the interests of the United States and the community of American States; and

[(2) the interrelated issues of social and human progress, economic growth, political reform, and regional security must be effectively dealt with to assure a democratic and economically and politically secure Central America.

[(b)(1) The achievement of democracy, respect for human rights, peace, and equitable economic growth depends primarily on the cooperation and the human and economic resources of the people and governments of Central America. The Congress recognizes that the United States can make a significant contribution to such peaceful and democratic development through a consistent and coherent pol-

icy which includes a long-term commitment of assistance. This policy should be designed to support actively—

【“(A) democracy and political reform, including opening the political process to all members of society;

【“(B) full observance of internationally recognized human rights, including free elections, freedom of the press, freedom of association, and the elimination of all human rights abuses;

【“(C) leadership development, including training and educational programs to improve public administration and the administration of justice;

【“(D) land reform, reform in tax systems, encouragement of private enterprise and individual initiative, creation of favorable investment climates, curbing corruption where it exists, and spurring balanced trade;

【“(E) the establishment of the rule of law and an effective judicial system; and

【“(F) the termination of extremist violence by both the left and the right as well as vigorous action to prosecute those guilty of crimes and the prosecution to the extent possible of past offenders.

【“(2) The policy described in paragraph (1) should also promote equitable economic growth and development, including controlling the flight of capital and the effective use of foreign assistance and adhering to approved programs for economic stabilization and fiscal responsibility. Finally, this policy should foster dialog and negotiations—

【“(A) to achieve peace based upon the objectives of democratization, reduction of armament, an end to subversion, and the withdrawal of foreign military forces and advisers; and

【“(B) to provide a security shield against violence and intimidation.

【“(3) It is the purpose of this chapter to establish the statutory framework and to authorize the appropriations and financing necessary to carry out the policy described in this section.

【“(c) The Congress finds, therefore, that the people of the United States are willing to sustain and expand a program of economic and military assistance in Central America if the recipient countries can demonstrate progress toward and a commitment to these goals.

【“SEC. 462. CONDITIONS ON FURNISHING ASSISTANCE.—The President shall ensure that assistance authorized by this Act and the Arms Export Control Act to Central American countries is furnished in a manner which fosters demonstrated progress toward and commitment to the objectives set forth in section 461. Where necessary to achieve this purpose, the President shall impose conditions on the furnishing of such assistance. In carrying out this section, the President shall consult with the Congress in regard to progress toward the objectives set forth in section 461, and any conditions imposed on the furnishing of assistance in furtherance of those objectives.

【“SEC. 463. PEACE PROCESS IN CENTRAL AMERICA.—The Congress—

【“(1) strongly supports the initiatives taken by the Contadora group and the resulting Document of Objectives

which has been agreed to by Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua and which sets forth a framework for negotiating a peaceful settlement to the conflict and turmoil in the region; and

["(2) finds that the United States should provide such assistance and support as may be appropriate in helping to reach comprehensive and verifiable final agreements, based on the Document of Objectives, which will ensure peaceful and enduring solutions to the Central American conflicts.

["SEC. 464. ECONOMIC ASSISTANCE COORDINATION.—(a) The Congress finds that participation by Central American countries in an effective forum for dialog on, and the continuous review and advancement of, Central America's political, economic, and social development would foster cooperation between the United States and Central American countries.

["(b) It is the sense of the Congress that—

["(1) the President should enter into negotiations with the countries of Central America to establish a Central American Development Organization (hereafter in this section referred to as the 'Organization') to help provide a continuous and coherent approach to the development of the Central American region; and

["(2) the establishment of the Organization should be based upon the following principles:

["(A) Participation in the Organization should be open to the United States, other donors, and those Central American countries that commit themselves to, among other things, respecting internationally recognized human rights, building democracy, and encouraging equitable economic growth through policy reforms.

["(B) The Organization should be structured to include representatives from both the public and private sectors, including representatives from the labor, agriculture, and business communities.

["(C) The Organization should meet periodically to carry out the functions described in subparagraphs (D) and (E) of this paragraph and should be supported by a limited professional secretariat.

["(D) The Organization should make recommendations affecting Central American countries on such matters as—

["(i) political, economic, and social development objectives, including the strengthening of democratic pluralism and the safeguarding of internationally recognized human rights;

["(ii) mobilization of resources and external assistance needs; and

["(iii) reform of economic policies and structures.

["(E) The Organization should have the capacity for monitoring country performance on recommendations issued in accordance with subparagraph (D) of this paragraph and for evaluating progress toward meeting such country objectives.

["(F) To the maximum extent practicable, the United States should follow the recommendations of the Organiza-

tion in disbursing bilateral economic assistance for any Central American country. No more than 75 percent of such United States assistance in any fiscal year should be disbursed until the recommendations of the Organization for that fiscal year have been made final and communicated to the donor countries. The limitation on disbursements contained in the preceding sentence should apply only to recommendations made final and communicated to donor countries prior to the fourth quarter of such fiscal year. The United States representative to the Organization should urge other donor countries to similarly implement the recommendations of the Organization.

[(G) The administrator of the agency primarily responsible for administering part I of this Act, or his designee, should represent the United States Government in the Organization and should carry out his functions in that capacity under the continuous supervision and general direction of the Secretary of State.

[(c) Subject to subsection (d)(2), the President is authorized to participate in the Organization.

[(d)(1) The administrator of the agency primarily responsible for administering part I of this Act, under the supervision and direction of the Secretary of State, shall prepare a detailed proposal to carry out this section and shall keep the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate fully and currently informed concerning the development of this proposal.

[(2) The President shall transmit to the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate a copy of the text of any agreement, which he proposes to sign, that would provide for the establishment of and United States participation in the Organization no less than sixty days prior to his signature. During that sixty-day period there shall be full and formal consultations with and review by those committees in accordance with procedures applicable to reprogramming notifications pursuant to section 634A of this Act.

[SEC. 465. AUTHORIZATIONS FOR FISCAL YEARS 1988 AND 1989.—(a) In addition to amounts otherwise available for such purposes, there are authorized to be appropriated to the President, for the purpose of furnishing nonmilitary assistance for Central American countries, \$1,200,000,000 for each of the fiscal years 1988 and 1989, which are authorized to remain available until expended.

[(b) For the purpose of providing the assistance described in subsection (a), funds appropriated pursuant to the authorizations in that subsection may be transferred by the President for obligation in accordance with the authorities of part I of this Act (including chapter 4 of part II), the Peace Corps Act, the Migration and Refugee Assistance Act of 1962, the United States Information and Education Exchange Act of 1948, the Mutual Educational and Cultural Exchange Act of 1961, the National Endowment for Democracy Act, and the State Department Basic Authorities Act of 1956.

[SEC. 466. DEFINITIONS.—For the purposes of this chapter, the term 'central American countries' includes Belize, Costa Rica, El

Salvador, Guatemala, Honduras, Nicaragua, Panama, and regional programs which benefit such countries.”.

ISEC. 702. EL SALVADOR.

[(a) SUPPORT FOR EL SALVADOR.—(1) The Congress finds that—

[(A) a free and democratic El Salvador is in the security interest of the United States;

[(B) Jose Napoleon Duarte was elected President of El Salvador in 1984 in the most democratic election held in El Salvador in many years;

[(C) political violence in El Salvador has declined dramatically under President Duarte’s leadership;

[(D) President Duarte’s policies of respect for human rights, political pluralism, dialogue and reconciliation with the Salvadoran guerrilla forces, legal and social reform, and effective defense against the violent overthrow of the Salvadoran government are deserving of praise from all who believe in a democratic form of government;

[(E) the March 31, 1985, legislative and municipal elections were successfully carried out, with 64 percent of the electorate defying guerrilla attacks to vote;

[(F) the victory of President Duarte’s Christian Democratic Party reaffirms the support for these policies by his fellow citizens, the essential test of any government or movement;

[(G) in spite of the state of siege technically in effect due to the insurgent threat, observance of free speech, free press, and free assembly are widely enjoyed in El Salvador and permit public airing of opposing political views;

[(H) President Duarte is firmly committed to judicial reform and prosecution of cases involving “death squads”;

[(I) President Duarte’s leadership and popular support has notably weakened the popular support given the guerrillas, as evidenced by the high levels of voter participation in the free elections held in El Salvador since 1982, the reduction in territory in which the guerrillas can freely operate, their inability to mount frontal military attacks, and their resort to economic sabotage, ambushes, political assassination, and urban terrorism with blatant disregard for basic human rights; and

[(J) President Duarte has succeeded in reversing the decline in his country’s economic which, though still weak, has better prospects than in recent years.

[(2) Therefore, it is the sense of the Congress that—

[(A) President Duarte is to be congratulated for his outstanding leadership under difficult circumstances and for his efforts to foster democratic government and institutions in his country, and he is encouraged to continue his efforts to promote political pluralism, democratic institutions and respect for human rights in his country; and

[(B) the armed services of El Salvador are to be congratulated for their improved performance and professionalism in defending Salvadoran citizens and their democratically elected government from attack by armed insurgents, and especially for their role in helping to protect and uphold the electoral process.

[(3) The Congress reaffirms the importance of continued support for democratic principles and institutions and respect for human rights by the various sectors of Salvadoran society, which is a major factor in United States support for El Salvador.

[(b) OBJECTIVES.—The Congress expects that—

[(1) the Government of El Salvador will be willing to pursue a dialogue with the armed opposition forces and their political representatives for the purposes of achieving an equitable political settlement of the conflict, including free and fair elections;

[(2) the elected civilian government will be in control of the Salvadoran military and security forces, and those forces will comply with applicable rules of international law and with Presidential directives pertaining to the protection of civilians during combat operations, including Presidential directive C-111-03-984 (relating to aerial fire support);

[(3) the Government of El Salvador will make demonstrated progress, during the period covered by each report pursuant to subsection (c), in ending the activities of the death squads;

[(4) the Government of El Salvador will make demonstrated progress, during the period covered by each report pursuant to subsection (c), in establishing an effective judicial system; and

[(5) the Government of El Salvador will make demonstrated progress, during the period covered by each report pursuant to subsection (c), in implementing the land reform program.

[(c) REPORTS.—On October 1, 1985, April 1, 1986, October 1, 1986, and April 1, 1987, the President shall report to the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate on the extent to which the objectives described in subsection (b) are being met. With respect to the objective described in paragraph (4) of that subsection, each report shall discuss whether the commission proposed by the President of El Salvador to investigate human rights cases has been established, funded, and given sufficient investigative powers; whether the evidence that commission collects may be used in the Salvadoran judicial process; whether that commission has issued a comprehensive report with regard to its investigation of all Americans murdered in El Salvador; and whether those responsible for the Las Hojas massacre are being prosecuted.

[(d) AIRCRAFT FOR AERIAL WARFARE.—(1) The authorities of part II of the Foreign Assistance Act of 1961 and the Arms Export Control Act may not be used to make available to El Salvador any helicopters or other aircraft, and licenses may not be issued under section 38 of the Arms Export Control Act for the export to El Salvador of any such aircraft, unless the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate are notified at least 15 days in advance in accordance with the procedures applicable to reprogramming notifications under section 634A of the Foreign Assistance Act of 1961.

[(2) Paragraph (1) shall take effect on the date of enactment of this Act and shall remain in effect until October 1, 1987.

[(e) SPECIAL ACCOUNT FOR LOCAL CURRENCIES.—(1) All local currencies, which are generated with the funds provided to El Salvador for balance-of-payments support for fiscal years 1986 and

1987 under chapter 4 of part II of the Foreign Assistance Act of 1961 (relating to the economic support fund), shall be deposited in accordance with section 609 of that Act in a special account established by the Government of El Salvador.

[(2) Local currencies deposited pursuant to paragraph (1) shall be used for projects assisting agrarian reform and the agricultural sector (and particular emphasis shall be placed on projects for these purposes); judicial reform; employment generation; health, education, and other social services; infrastructure repair; and credits and other support for the private sector (principally for small and medium sized businesses).

[(3) For purposes of this subsection—

[(A) the term “agrarian reform” means projects assisting or enhancing the abilities of agencies, cooperatives, and farms to implement land reform decrees in El Salvador, notwithstanding section 620(g) of the Foreign Assistance Act of 1961; and

[(B) the term “judicial reform” means projects assisting or enhancing the abilities of agencies of the Salvadoran Government to investigate and prosecute politically motivated violence.

[(f) DEVELOPMENT ASSISTANCE.—Of the amounts available to carry out chapter 1 of part I of the Foreign Assistance Act of 1961, \$79,600,000 for fiscal year 1986 and \$79,600,000 for fiscal year 1987 shall be available only for El Salvador.

[(g) SUSPENSION OF ASSISTANCE IF A MILITARY COUP OCCURS.—All assistance authorized by this Act which is allocated for El Salvador shall be suspended if the elected President of that country is deposed by military coup or decree.

[SEC. 703. ASSISTANCE FOR GUATEMALA.

[(a) CONDITIONS ON MILITARY ASSISTANCE AND SALES.—For fiscal years 1986 and 1987, assistance may be provided for Guatemala under chapter 2 of part II of the Foreign Assistance Act of 1961 (relating to grant military assistance) and sales may be made and financing may be provided for Guatemala under the Arms Export Control Act (relating to foreign military sales) only if the President makes the following certifications to the Congress:

[(1) For fiscal year 1986, an elected civilian government is in power in Guatemala and has submitted a formal written request to the United States for the assistance, sales, or financing to be provided.

[(2) For both fiscal years 1986 and 1987, the Government of Guatemala made demonstrated progress during the preceding year—

[(A) in achieving control over its military and security forces,

[(B) toward eliminating kidnapings and disappearances, forced recruitment into the civil defense patrols, and other abuses by such forces of internationally recognized human rights, and

[(C) in respecting the internationally recognized human rights of its indigenous Indian population.

[(b) CONSTRUCTION EQUIPMENT AND MOBILE MEDICAL FACILITIES AND RELATED TRAINING.—If the conditions specified in subsection (a) are met, Guatemala may be provided with the following for fis-

cal years 1986 and 1987 (in addition to such other assistance, sales, or financing as may be provided for Guatemala):

[(1) Sales of construction equipment and mobile medical facilities to assist in development programs that will directly assist the poor in Guatemala.

[(2) Sales of training, to be provided outside of Guatemala, which is related to the sales described in paragraph (1).

[(3) A total for both fiscal years 1986 and 1987 of no more than \$10,000,000 in credits under the Arms Export Control Act for sales described in paragraphs (1) and (2).

【Such sales and credits shall be provided only to enable the military forces of Guatemala to obtain equipment and training for civilian engineering and construction projects and mobile medical teams, which would not be used in the rural resettlement program.

[(c) PROHIBITION ON FURNISHING WEAPONS.—Funds authorized to be appropriated by title I of this Act may not be used for the procurement by Guatemala of any weapons or ammunition.

[(d) SUSPENSION OF ASSISTANCE IF A MILITARY COUP OCCURS.—All assistance authorized by this Act which is allocated for Guatemala shall be suspended if the elected civilian government of that country is deposed by military coup or decree.

[(e) RURAL RESETTLEMENT PROGRAM.—Assistance provided for Guatemala for the fiscal year 1986 and fiscal year 1987 under chapter 1 of part I (relating to development assistance) or under chapter 4 of part II (relating to the economic support fund) of the Foreign Assistance Act of 1961—

[(1) may not be provided to the Government of Guatemala for use in its rural resettlement program; and

[(2) shall be provided through private and voluntary organizations to the maximum extent possible.

[(f) INVITATION FOR ICRC TO VISIT GUATEMALA.—The Congress calls upon the President to urge the Government of Guatemala to allow the International Committee of the Red Cross—

[(1) to conduct an unimpeded visit to Guatemala in order to investigate humanitarian needs in that country and to report on human rights abuses in that country; and

[(2) to investigate the possibilities of its providing humanitarian services in that country.

[(g) RELATIONS BETWEEN BELIZE AND GUATEMALA.—It is the sense of the Congress that the United States should use its good offices and influence to encourage the Government of Guatemala to recognize the independence of Belize and to enter into a mutual nonaggression treaty with Belize.

[(h) HUMAN RIGHTS GROUPS IN GUATEMALA.—(1) The Congress finds that—

[(A) the Group for Mutual Support was formed in 1984 to protest the disappearances of Guatemalan civilians;

[(B) the Group for Mutual Support has carried out its work in a peaceful, non-ideological manner, and is the only indigenous human rights group operating in Guatemala; and

[(C) two of the Group's six steering committee members, Hector Gomez and Maria Rosario Godyo de Cuevas, were recently killed.

[(2) It is the sense of the Congress that—

[(A) human rights groups in Guatemala, particularly the Group for Mutual Support, should be allowed to carry out their work against human rights abuses with the full cooperation, protection, and support of the Government of Guatemala; and.

[(B) whether the Government of Guatemala allows human rights groups, including the Groups for Mutual Support, to carry out their work should be taken into account by the United States in determining whether there is human rights progress in Guatemala.

[SEC. 704 REFUGEES IN HONDURAS.

[Funds authorized to be appropriated by this Act and funds authorized to be appropriated for the "Migration and Refugee Assistance" account for fiscal years 1986 and 1987—

[(1) which are to be used for refugee assistance or other assistance for Nicaraguan Indian refugees in Honduras shall be channeled, to the maximum extent possible, through the United Nations High Commissioner for Refugees, the International Committee of the Red Cross, the Intergovernmental Committee for Migration, or other established and recognized international refugee relief organizations; and

[(2) may not be used to facilitate the involuntary repatriation of Salvadoran refugees who are in Honduras.

[SEC. 705. PROMOTING THE DEVELOPMENT OF THE HAITIAN PEOPLE AND PROVIDING FOR ORDERLY EMIGRATION FROM HAITI.

[(a) USE OF PVOs.—To the maximum extent practicable, assistance for Haiti under chapter 1 of part I (relating to development assistance) and under chapter 4 of part II (relating to the economic support fund) of the Foreign Assistance Act of 1961 should be provided through private and voluntary organizations.

[(b) CONDITIONS ON ASSISTANCE.—Funds available for fiscal year 1986 and for fiscal year 1987 to carry out chapter 1 of part I (relating to development assistance), chapter 4 of part II (relating to the economic support fund), or chapter 5 of part II (relating to international military education and training) of the Foreign Assistance Act of 1961 may be obligated for Haiti only if the President determines that the Government of Haiti—

[(1) is continuing to cooperate with the United States in halting illegal emigration to the United States from Haiti;

[(2) is cooperating fully in implementing United States development, food, and other economic assistance programs in Haiti (including programs for prior fiscal years); and

[(3) is making progress toward improving the human rights situation in Haiti and progress toward implementing political reforms which are essential to the development of democracy in Haiti, such as progress toward the establishment of political parties, free elections, free labor unions, and freedom of the press.

[(c) REPORTS TO THE CONGRESS.—Not later than one year after the date of the enactment of this Act and one year thereafter, the President shall report to the Congress on the extent to which the actions of the Government of Haiti are consistent with each paragraph of subsection (b).

[(d) ASSISTANCE IN HALTING ILLEGAL EMIGRATION FROM HAITI.—Notwithstanding the limitations of section 660 of the Foreign As-

sistance Act of 1961 (relating to police training), funds made available under such Act may be used for programs with Haiti, which shall be consistent with prevailing United States refugee policies, to assist in halting significant illegal emigration from Haiti to the United States.

[(e) LIMITATION ON MAP AND FMS FINANCING.—Assistance may not be provided for Haiti for fiscal year 1986 or fiscal year 1987 under chapter 2 of part II of the Foreign Assistance Act of 1961 (relating to grant military assistance) or under the Arms Export Control Act (relating to foreign military sales financing), except for necessary transportation, maintenance, communications, and related articles and services to enable the continuation of migrant and narcotics interdiction operations.

[(f) LITERACY AND OTHER EDUCATION PROGRAMS.—Of the amounts authorized to be appropriated to carry out chapter 1 of part I of the Foreign Assistance Act of 1961 (relating to development assistance) which are allocated for Haiti, \$1,000,000 for fiscal year 1986 and \$1,000,000 for fiscal year 1987 shall be available only for literacy and other education programs in Haiti.

[SEC. 706. MILITARY ASSISTANCE FOR PARAGUAY.

[For the fiscal years 1986 and 1987, none of the funds authorized to be appropriated to carry out chapter 2 of part II of the Foreign Assistance Act of 1961 (relating to grant military assistance) or to carry out the Arms Export Control Act (relating to foreign military sales financing) may be used for assistance for Paraguay unless the President certifies to the Congress that the Government of Paraguay has ended the practice of torture and abuse of individuals held in detention by its military and security forces and has instituted procedures to ensure that those arrested are promptly charged and brought to trial.

[SEC. 707. ASSISTANCE FOR PERU.

[(a) HUMAN RIGHTS TRAINING IN IMET PROGRAMS.—Respect for internationally recognized human rights shall be an important component of the training provided for Peru under chapter 5 of part II of the Foreign Assistance Act of 1961 for fiscal year 1986 and for fiscal year 1987.

[(b) STRENGTHENING THE PERUVIAN JUDICIAL SYSTEM.—Of the amount authorized to be appropriated by this Act to carry out chapter 4 of part II of the Foreign Assistance Act of 1961 (relating to the economic support fund), \$1,000,000 for fiscal year 1986 and \$1,000,000 for fiscal year 1987 shall be used to strengthen the judicial system in Peru under section 534 of the Foreign Assistance Act of 1961 (relating to administration of justice).

[SEC. 708. INTER-AMERICAN FOUNDATION.

[The first sentence of section 401(s)(2) of the Foreign Assistance Act of 1969 is amended to read as follows: "There are authorized to be appropriated \$11,969,000 for fiscal year 1986 and \$11,969,000 for fiscal year 1987 to carry out the purposes of this section."

[SEC. 709. COMPREHENSIVE REPORTS ON ASSISTANCE FOR LATIN AMERICA AND THE CARIBBEAN.

[(a) REQUIREMENT FOR COMPREHENSIVE ACCOUNTING OF ASSISTANCE.—In the annual reports required by section 634 of the Foreign Assistance Act of 1961, the President shall provide to the Con-

gress a full, complete, and detailed accounting of all assistance provided during the fiscal years 1986 and 1987 for Latin America and the Caribbean under the Foreign Assistance Act of 1961 and the Arms Export Control Act.

[(b) INFORMATION TO BE INCLUDED.—The report provided pursuant to subsection (a) shall include for each fiscal year, among other things, the following with respect to each authorization account:

[(1) The specific projects and other activities carried out in each country.

[(2) The number of persons from each country who were provided with training, and the types of training provided.

[(3) The defense articles and defense services provided for each country.

[(4) The types of goods and commodities provided to each country for economic stabilization purposes under chapter 4 of part II of the Foreign Assistance Act of 1961 (relating to the economic support fund), and a copy of each agreement for the furnishing of any assistance under that chapter.

[(5) The amounts of local currency generated by United States assistance to each country, the uses of those currencies, and the total amount of those currency still available for use as of the time of the report.

[(6) A report on any transfers or reprogrammings of funds, and a description of how transferred or reprogrammed funds modified the amounts requested for each account.

[(7) A report on the funds which have been obligated but remain unexpended for each country in each account.

[(8) An analysis of a amount of funds and programs provided through nongovernmental as contrasted to governmental channels.

[SEC. 710. USE OF PRIVATE AND VOLUNTARY ORGANIZATIONS.

[To the maximum extent practicable, assistance under chapter 1 of part I (relating to development assistance) and chapter 4 of part II (relating to the economic support fund) of the Foreign Assistance Act of 1961 for countries in Latin America and the Caribbean should be provided through private and voluntary organizations which have a proven record of development assistance efforts overseas.

[SEC. 711. ASSISTANCE FOR LAW ENFORCEMENT AGENCIES.

[Section 660 of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new subsections:

["(c) Subsection (a) shall not apply with respect to a country which has a longstanding democratic tradition, does not have standing armed forces, and does not engage in a consistent pattern of gross violations of internationally recognized human rights.

["(d) Notwithstanding the prohibition contained in subsection (a) assistance may be provided to Honduras or El Salvador for fiscal years 1986 and 1987 if, at least 30 days before providing assistance, the President notifies the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate, in accordance with the procedures applicable to reprogramming notifications pursuant to section 634A of this Act, that he has determined that the government of the recipient

country has made significant progress, during the preceding six months, in eliminating any human rights violations including torture, incommunicado detention, detention of persons solely for the nonviolent expression of their political views, or prolonged detention without trial. Any such notification shall include a full description of the assistance which is proposed to be provided and of the purposes to which it is to be directed.”.

[SEC. 712. ADMINISTRATION OF JUSTICE.

[Chapter 4 of part II of the Foreign Assistance Act of 1961 (relating to the economic support fund), as amended by title II of this Act, is further amended by adding at the end thereof the following new section:

["SEC. 534. ADMINISTRATION OF JUSTICE.—(a) The President may furnish assistance under this chapter to countries and organizations, including national and regional institutions, in order to strengthen the administration of justice in countries in Latin America and the Caribbean.

["(b) Assistance under this section may only include—

["(1) support for specialized professional training, scholarships, and exchanges for continuing legal education;

["(2) programs to enhance prosecutorial and judicial capabilities and protection for participants in judicial cases;

["(3) notwithstanding section 660 of this Act, programs to enhance investigative capabilities, conducted under judicial or prosecutorial control;

["(4) strengthening professional organizations in order to promote services to members and the role of the bar in judicial selection, enforcement of ethical standards, and legal reform;

["(5) increasing the availability of legal materials and publications;

["(6) seminars, conferences, and training and educational programs to improve the administration of justice and to strengthen respect for the rule of law and internationally recognized human rights; and

["(7) revision and modernization of legal codes and procedures.

["(c) Not more than \$20,000,000 of the funds made available to carry out this chapter for any fiscal year shall be available to carry out this section, in addition to amounts otherwise available for such purposes.

["(d) Funds may not be obligated for assistance under this section unless the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate are notified of the amount and nature of the proposed assistance at least 15 days in advance in accordance with the procedures applicable to reprogrammings pursuant to section 634A of this Act.

["(e) The authority of this section shall expire on September 30, 1987.”.

[SEC. 713. USE OF EMPLOYEE STOCK OWNERSHIP PLANS IN DEVELOPMENT EFFORTS.

[(a) FINDINGS.—The Congress declares that—

[(1) employee stock ownership plans in industrial, farming, banking, and other enterprises in Central America and the Caribbean can be an important component in achieving United States goals in Central America and the Caribbean; and

[(2) employee stock ownership plans should be used as an instrument in financing growth and transfers of equity in the region, in reorganizing state-owned enterprises into viable employee-owned businesses, in expanding political and economic pluralism, and in strengthening democratic institutions in the region.

[(b) PLAN FOR EXPANDED USE OF ESOPs.—The President is urged to develop a plan for the expanded use of employee stock ownership plans in development efforts of the United States in Central America and the Caribbean, with an emphasis on policy and infrastructural changes needed to encourage voluntary employee stock ownership initiatives by multinational corporations and other private sector enterprises which have investments, are considering making new investments, or are interested in management contracts and joint ventures in the region.

[(c) TASK FORCE.—To assist in this effort, there is established a Presidential Task Force on Project Economic Justice (hereafter in this section referred to as the “Task Force”), which shall consist of individuals appointed by the President who are distinguished leaders of the private sector of the United States, including significant representation of union representatives of workers in successful companies with employee stock ownership plans and of nationally recognized experts in all phases of design, implementation, and operation of employee stock ownership plans. The President shall designate one of the members of the Task Force to serve as Chairman. The Chairman of the Task Force shall appoint a volunteer fundraising committee, and all the expenses of the Task Force shall be paid without the use of public funds.

[(d) REPORT.—Not later than December 31, 1985, the Task Force shall prepare and transmit to the President and the Congress a report on the expanded use of employee stock ownership plans in the development efforts of the United States in Central America and the Caribbean, including specific recommendations on strategies for using employee stock ownership plans as a means of accelerating the rate of private sector capital formation in Central America and the Caribbean that is systematically linked to expanding ownership and profit-sharing opportunities for all employees.

[SEC. 714. INTERNATIONAL ADVISORY COMMISSION FOR THE CARIBBEAN REGION.

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

[(1) many of the social, agricultural, educational, and economic problems which confront nations in the Caribbean Region result primarily from social and economic injustice and inadequate economic and agricultural development;

[(2) such problems are not addressed sufficiently by current United States policies toward that region;

[(3) the development of the Caribbean Region is of vital importance to the economic and strategic interests of the United States and its allies; and

[(4) for purposes of defining development plans, providing an international forum for Caribbean Region development issues, and providing expert advice to donor-aid countries, an international commission is needed as the prime institution for promoting economic cooperation and development in the Caribbean Region.

[(b) INVITATIONS TO PARTICIPATE IN COMMISSION.—

[(1) INVITATION TO CARIBBEAN COUNTRIES.—The President may invite the countries which comprise the Caribbean Region to participate with the United States in a commission to be known as the International Advisory Commission for the Caribbean Region (hereafter in this section referred to as the “Commission”).

[(2) INVITATION TO CERTAIN OTHER COUNTRIES.—The President may also invite the Netherlands, the United Kingdom, France, Canada, the Commonwealth of Puerto Rico, and the Virgin Islands to participate the Commission.

[(c) FUNCTIONS OF COMMISSION.—It is the sense of the Congress that the Commission should—

[(1) examine social, agricultural, educational, and economic issues which affect the Caribbean Region; and

[(2) consult with leaders of the countries in the Caribbean Region and with representatives from public and private organizations involved in matters related to the Caribbean Region in order to evaluate the problems and needs of such countries.

[(d) FUNDING FOR ORGANIZATIONAL MEETING OF COMMISSION.—Of the funds authorized to be appropriated to carry out section 106 of the Foreign Assistance Act of 1961 (relating to development assistance for energy, private and voluntary organizations, and selected development activities), up to a total of \$100,000 for fiscal years 1986 and 1987 may be made available to—

[(1) pay reasonable administrative expenses associated with the organizational meeting of the Commission; and

[(2) pay reasonable travel and lodging expenses incurred by commissioners from other participant governments incident to their attendance at the organizational meeting of the Commission.

[(e) REQUEST TO CONGRESS RELATING TO UNITED STATES PARTICIPATION IN THE COMMISSION.—The President should provide cost estimates and request authorization from the Congress in order to provide for the participation of the United States in the Commission (other than United States participation associated with the organizational meeting).

[(f) APPOINTMENT OF UNITED STATES REPRESENTATIVE AND OBSERVERS.—Upon the creation of the Commission—

[(1) the President should consider appointing one individual as the United States representative to the Commission;

[(2) the Speaker of the House of Representatives should consider appointing two Members of the House, one from each major political party, as observers at the Commission; and

[(3) the majority leader of the Senate should consider appointing two Members of the Senate, one from each major political party, as observers at the Commission.

[SEC. 715. EXEMPTION OF CERTAIN SAFETY-RELATED EQUIPMENT FROM PROHIBITION ON MILITARY SALES TO CHILE.

【Section 726 of the International Security and Development Cooperation Act of 1981 is amended by adding at the end thereof the following new subsection:

【“(c) The prohibition contained in subsection (b) does not prohibit the sale, or the licensing for export, of cartridge actuated devices, propellant actuated devices, and technical manuals for aircraft of the F-5E/F or A/T-37 type which were sold to the Chilean Air Force by the United States before January 1, 1976, so long as the items are provided only for purposes of enhancing the safety of the aircraft crew.”.

[SEC. 716. RURAL ELECTRIFICATION.

【It is the sense of the Congress that funds appropriated for the fiscal years 1986 and 1987 under section 103(a)(2) of the Foreign Assistance Act of 1961 (relating to development assistance for agriculture, rural development, and nutrition) should be used for a comprehensive rural electrification program in Central America in order to establish conditions of stability and a foundation for economic development.

[SEC. 717. FACILITATING INTERNATIONAL COMMERCE THROUGH MEXICO.

【(a) FINDING.—Recognizing that increased levels of balanced international trade are an essential component in an economic development program for the region and that the United States has traditionally been the most important trading partner for each of the nations of Latin America, it is the sense of the Congress that current procedures and laws of the Government of Mexico, and practices of its officials, constitute a significant impediment to the transit of vehicles carrying the commodities of international trade through Mexican territory.

【(b) NEGOTIATIONS AND COOPERATIVE STEPS CONCERNING TRANSIT.—As the Government of Mexico has played a valuable role in assisting and encouraging the economic and political development of the region, and in offering advice to the United States as to constructive policies this nation might pursue with respect to peace and prosperity in the area, the Secretary of State, acting independently or with representatives of other Latin America nations, shall initiate negotiations with the Government of Mexico aimed at eliminating or reducing those impediments to international trade. The agenda for such negotiations should include discussions to encourage the Government of Mexico to accede to existing international custom conventions on international in-transit shipments. Such actions are to be taken in concert with the institution by the United States, and the nations of the region where the transiting shipments originate, of appropriate and cooperative steps to make sealed-truck, no-inspection transit administratively acceptable to the Government of Mexico and other transited countries. Similar bilateral or multilateral negotiations by the Secretary of State with nations respecting the same international customs conventions is also encouraged.

【(c) REPORT.—The Secretary of State shall report the status of these negotiations to Congress by January 1, 1986.

[SEC. 718. CONDEMNING HUMAN RIGHTS VIOLATIONS AND THE SUBVERSION OF OTHER GOVERNMENTS BY THE GOVERNMENT OF CUBA.

[(A) COMBINATION OF CERTAIN ACTION BY THE GOVERNMENT OF CUBA.—The Congress condemns—

[(1) the consistent pattern of gross violations of internationally recognized human rights by the Cuban Government, including—

[(A) cruel, inhumane, and degrading treatment and punishment of prisoners;

[(B) the suppression of free speech, press, and assembly; and

[(C) restrictions on religious activity and the freedom to emigrate; and

[(2) the provision by the Cuban government of material aid and personnel support for the purposes of subversion.

[(b) CALL UPON THE GOVERNMENT OF CUBA.—The Congress calls upon the Government of Cuba to restore civil liberties and cease in the violation of human rights of the Cuban people and cease the subversion of other governments through material and personnel support.

[SEC. 719. REPORTS ON FOREIGN DEBT IN LATIN AMERICA.

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

[(1) the foreign debt of Latin American countries has soared from \$27,000,000,000 in 1970 to over \$350,000,000,000 in 1983;

[(2) the foreign debt of Latin American countries is a serious obstacle to their economic progress, threatens their stability, and endangers the democratic processes in those nations;

[(3) the economic and political futures of many of the Latin American countries hang in the balance and depend upon a successful resolution of the foreign debt crisis; and

[(4) the confidence of the American people in the United States system of banking is also involved in a successful resolution of the foreign debt crisis.

[(b) REPORT.—Not later than January 1, 1986, the Secretary of State shall prepare and transmit to the Congress a report on—

[(1) the magnitude of the foreign debt crisis in the Western Hemisphere;

[(2) the impact of the foreign debt crisis on the economies of the countries of Latin America;

[(3) the degree to which the national security interests of the United States are implicated in this crisis;

[(4) the steps being taken and the policy being pursued by the United States aimed at dealing with this crisis;

[(5) the degree to which the foreign debt crisis affects the system of banking in the United States; and

[(6) the steps being taken and the policy being pursued by the United States Government aimed at dealing with this crisis.

[SEC. 720. ECONOMIC ASSISTANCE FOR URUGUAY.

[Of the amounts authorized to be appropriated to carry out chapter 4 of part II of the Foreign Assistance Act of 1961 (relating to the economic support fund), \$15,000,000 for fiscal year 1986 and

\$15,000,000 for fiscal year 1987 shall be available only for Uruguay.

[(1) Despite positive actions by the Congress signaling support for negotiated solutions to conflicts in Central America, there are disturbing trends in Nicaragua's foreign and domestic policies, including—

[(A) President Daniel Ortega's April 1985 trip to the Soviet Union at a time when the Congress signaled its strong disapproval of increasing Nicaraguan-Soviet ties;

[(B) the Sandinista government's close military ties with Cuba, the Soviet Union, and its Warsaw Pact allies; the disappointing and insufficient reduction of the number of Cuban advisors in Nicaragua by only 100 out of an approximately 2,500; and the continuing military buildup that Nicaragua's neighbors consider threatening;

[(C) the Sandinista government's curtailment of individual liberties, political expression, freedom of worship, and the independence of the media;

[(D) the subordination of military, judicial, and internal security functions to the ruling political party; and

[(E) the Sandinista government's efforts to export its influence and ideology.

[(2) If Nicaragua does not address the concerns described in paragraph (1), the United States has several options to address this challenge to peace and stability in the region, including political, diplomatic, and trade sanctions. In addition, the United States—

[(A) should through appropriate regional organizations, such as the Organization of American States, seek to maintain multilateral pressure on Nicaragua to address these concerns; and

[(B) should, if called upon to do so, give serious consideration to supporting any sanctions adopted by such an organization.

[(3) in assessing whether or not progress is being made in addressing these concerns, the Congress will expect prompt and significant initiatives by the Government of Nicaragua such as—

[(A) the removal of foreign military advisors from Nicaragua;

[(B) the end to Sandinista support for insurgencies in other countries in the region, including the cessation of military supplies to the rebel forces fighting the democratically elected government in El Salvador;

[(C) restoration of individual liberties, political expression, freedom of worship, and the independence of the media; and

[(D) progress toward internal reconciliation and a pluralistic democratic system, including steps to liberalize institutions in order to allow the internal opposition in Nicaragua to become a viable partner in the Nicaraguan political process.

[(c) RESOLUTION OF THE CONFLICT IN NICARAGUA.—

[(1) BASIS FOR POLICY.—The Congress finds that—

[(A) the people of Nicaragua are suffering the horrors of a fierce armed conflict that is causing grave hardships and loss of life, has thrown the country into a serious political, social, and economic upheaval, and is of serious concern to the nations of the region and to the United States;

[(B) this conflict is fundamentally a continuation of efforts of the Nicaraguan people to attain a representative government at peace with its neighbors, efforts which began under the Somoza regime; and

[(C) the United States recognized these noble aspirations of the Nicaraguan people in the June 23, 1979, resolution of the Seventeenth Meeting of Consultation of Ministers of Foreign Affairs of the Organization of American States, which reads as follows:

["WHEREAS:

["The people of Nicaragua are suffering the horrors of a fierce armed conflict that is causing grave hardships and loss of life, and has thrown the country into a serious political, social, and economic upheaval;

["The inhumane conduct of the dictatorial regime governing the country, as evidenced by the report of the Inter-American Commission on Human Rights, is the fundamental cause of the dramatic situation faced by the Nicaraguan people; and

["The spirit of solidarity that guides Hemisphere relations places an unavoidable obligation on the American countries to exert every effort within their power, to put an end to the bloodshed and to avoid the prolongation of this conflict which is disrupting the peace of the Hemisphere;

["THE SEVENTEENTH MEETING OF CONSULTATION OF MINISTERS OF FOREIGN AFFAIRS,

["DECLARES:

["That the solution of the serious problem is exclusively within the jurisdiction of the people of Nicaragua.

["That in the view of the Seventeenth Meeting of Consultation of Ministers of Foreign Affairs this solution should be arrived at on the basis of the following:

["1. Immediate and definitive replacement of the Somoza regime.

["2. Installation in Nicaraguan territory of a democratic government, the composition of which should include the principal representative groups which oppose the Somoza regime and which reflects the free will of the people of Nicaragua.

["3. Guarantee of the respect for human rights of all Nicaraguans without exception.

["4. The holding of free elections as soon as possible, that will lead to the establishment of a truly democratic government that guarantees peace, freedom, and justice.

["RESOLVES:

["1. To urge the member states to take steps that are within their reach to facilitate an enduring and peaceful solution of the Nicaraguan problem on the bases set forth above, scrupulously respecting the principle of nonintervention and abstaining from any action that might be in conflict with the

above bases or be incompatible with a peaceful and enduring solution to the problem.

【“2. To commit their efforts to promote humanitarian assistance to the people of Nicaragua and to contribute to the social and economic recovery of the country.

【“3. To keep the Seventeenth Meeting of Consultation of Ministers of Foreign Affairs open while the present situation continues.”.

【(2) THE GOVERNMENT OF NICARAGUA.—The Congress further finds that—

【(A) the Government of National Reconstruction of Nicaragua formally accepted the June 23, 1979, resolution as a basis for resolving the Nicaraguan conflict in its “Plan to Achieve Peace” which was submitted to the Organization of American States on July 12, 1979;

【(B) the June 23, 1979, resolution and its acceptance by the Government of National Reconstruction of Nicaragua was the formal basis for the removal of the Somoza regime and the installation of the Government of National Reconstruction;

【(C) the Government of National Reconstruction, now known as the Government of Nicaragua and controlled by the Frente Sandinista (the FSLN), has flagrantly violated the provisions of the June 23, 1979, resolution, the rights of the Nicaraguan people, and the security of the nations in the region, in that it—

【(i) no longer includes the democratic members of the Government of National Reconstruction in the political process;

【(ii) is not a government freely elected under conditions of freedom of the press, assembly, and organization, and is not recognized as freely elected by its neighbors, Costa Rica, Honduras, and El Salvador;

【(iii) has taken significant steps towards establishing a totalitarian Communist dictatorship, including the formation of FSLN neighborhood watch committees and the enactment of laws that violate human rights and grant undue executive power;

【(iv) has committed atrocities against its citizens as documented in reports by the Inter-American Commission on Human Rights of the Organization of American States;

【(v) has aligned itself with the Soviet Union and Soviet allies, including the German Democratic Republic, Bulgaria, Libya, and the Palestine Liberation Organization;

【(vi) has committed and refuses to cease aggression in the form of armed subversion against its neighbors in violation of the Charter of the United Nations, the Charter of the Organization of American States, the Inter-American Treaty of Reciprocal Assistance, and the 1965 United Nations General Assembly Declaration on Intervention; and

[(vii) has built up an army beyond the needs of immediate self-defense, at the expense of the needs of the Nicaraguan people and about which the nations of the region have expressed deepest concern.

[(3) THE NICARAGUAN DEMOCRATIC OPPOSITION.—The Congress further finds that—

[(A) as a result of these violations, the Government of Nicaragua has lost the support of virtually all independent sectors of Nicaraguan society who initially supported the removal of the Somoza regime (including democratic political parties of the left, center, and right; the leadership of the Church; free unions; and the business, farmer, and professional sectors) and who still seek democracy, reject the rule of the Frente Sandinista, and seek the free elections promised in 1979;

[(B) the Nicaraguan political opposition has joined with the armed opposition groups in issuing the San Jose Manifesto of March 1, 1985, calling for a national dialogue under mediation by the Nicaraguan Bishops Conference to peacefully attain the fulfillment of the Government of Nicaragua's commitments to the Organization of American States, including "the democratization of Nicaragua, conscious that democracy is the only means to carry out an authentic revolution and secure our national identity and sovereignty";

[(C) on June 12, 1985, in San Salvador, El Salvador, the political and armed opposition groups representing the entire democratic political spectrum of Nicaragua formed the Unified Nicaraguan Opposition and affirmed their "historical commitment to achieve for Nicaragua the reconciliation of her children, to establish the foundation for democracy and the moral and material reconstruction of the nation"; and

[(D) the Unified Nicaraguan Opposition further declared its intention to "give priority at all times to a political solution which will ease the suffering of our people".

[(4) CONCERNS IN THE REGION AND UNITED STATES RESPONSIBILITIES.—The Congress further finds that—

[(A) Nicaragua's neighbors, Costa Rica, El Salvador, and Honduras, have expressed, individually and through the Contadora process, their belief that their peace and freedom is not safe so long as the Government of Nicaragua excludes from power most of Nicaragua's political leadership and is controlled by a small sectarian party, without regard to the will of the majority of Nicaraguans; and

[(B) the United States, given its role in the installation of the current Government of Nicaragua, has a special responsibility regarding the implementation of the commitments made by that Government in 1979, especially to those who fought against Somoza to bring democracy to Nicaragua with United States support.

[(5) RESOLUTION OF THE CONFLICT.—The Congress—

[(A) condemns the Government of Nicaragua for violating its solemn commitments to the Nicaraguan people, the United States, and the Organization of American States;

[(B) affirms that the Government of Nicaragua will be regarded as having achieved political legitimacy when it fulfills its 1979 commitment of the Organization of American States to implement genuinely democratic elections, under the supervision of the Organization of American States, in which all elements of the Nicaraguan resistance can peacefully participate under conditions recognized as necessary for free elections by international bodies;

[(C) urges the Government of Nicaragua to enter a national dialogue, as proposed by the Nicaraguan democratic resistance in San Jose, Costa Rica, on March 1, 1985, under mediation by the Nicaraguan Bishops Conference in order to peacefully resolve the current crisis through internationally recognized elections in which all elements of Nicaraguan society can freely participate;

[(D) supports the Nicaraguan democratic resistance in its efforts to peacefully resolve the Nicaraguan conflict and to achieve the fulfillment of the Government of Nicaragua's solemn commitments to the Nicaraguan people, the United States, and the Organization of American States;

[(E) supports efforts by the Contadora nations, the Organization of American States, and other appropriate regional organizations to maintain multilateral pressure on Nicaragua to fulfill its commitments; and

[(F) requests that the Secretary of State transmit the text of this subsection to the Foreign Ministers of the member states of the Organization of American States.

[(d) PROHIBITION RELATING TO MILITARY OR PARAMILITARY OPERATIONS IN NICARAGUA.—Notwithstanding any other provision of law, no funds authorized to be appropriated or otherwise made available by this Act (except the funds authorized to be appropriated in this section), by the Foreign Assistance Act of 1961, or by the Arms Export Control Act shall be used to provide assistance of any kind, either directly or indirectly, to any person or group engaging in an insurgency or other act of rebellion against the Government of Nicaragua. The United States shall not enter into any arrangement conditioning expressly or impliedly, the provision of assistance under this Act or the purchase of defense articles and services under the Arms Export Control Act upon the provision of assistance by a recipient to persons or groups engaging in an insurgency or other act of rebellion against the Government of Nicaragua.

[(e) LIMITATION ON USE OF FUNDS AGAINST NICARAGUA.—None of the funds authorized to be appropriated in this or any other Act can be used to fund directly, or indirectly, activities against the Government of Nicaragua which have not been authorized by, or pursuant to, law and which would place the United States in violation of our obligations under the Charter of the Organization of American States, to which the United States is a signatory, or

under international law as defined by treaty commitments agreed to, and ratified by the Government of the United States.

[(f) FOOD AID TO THE NICARAGUAN PEOPLE.—In cooperation with Cardinal Miguel Obando y Bravo and private and voluntary organizations, the President should explore and promote means for providing food aid to the Nicaraguan people through private and voluntary organizations and the Catholic Church.

[(g) HUMANITARIAN ASSISTANCE FOR NICARAGUAN DEMOCRATIC RESISTANCE.—(1) Effective upon the date of enactment of this Act, there are authorized to be appropriated \$27,000,000 for humanitarian assistance of the Nicaraguan democratic resistance. Such assistance shall be provided to such department or agency of the United States as the President shall designate, except the Central Intelligence Agency or the Department of Defense.

[(2) The Assistance authorized by this subsection is authorized to remain available for obligation until March 31, 1986.

[(3) One-third of the assistance authorized by this subsection shall be available for obligation at any time after the appropriation of funds pursuant to such authorization, an additional one-third shall be available for obligation upon submission of the first report required by subsection (j), and the remaining one-third shall be available for obligation upon submission of the second such report.

[(4) The President shall establish appropriate procedures to ensure that any humanitarian assistance provided by the United States Government to the Nicaraguan democratic resistance is used only for the intended purpose and is not diverted (through barter, exchange, or any other means) for acquisition of weapons, weapons systems, ammunition, or other equipment, vehicles, or material which can be used to inflict serious bodily harm or death.

[(5) As used in this subsection, the term “humanitarian assistance” means the provision of food, clothing, medicine, and other humanitarian assistance, and it does not include the provision of weapons, weapons systems, ammunition, or other equipment, vehicles, or material which can be used to inflict serious bodily harm or death.

[(h) ASSISTANCE FOR IMPLEMENTATION OF A CONTADORA AGREEMENT.—Effective upon the date of enactment of this Act, there are authorized to be appropriated \$2,000,000, which are authorized to remain available until expended, for payment by the Secretary of State for the expenses arising from implementation by the Contadora nations (Mexico, Panama, Colombia, and Venezuela) of an agreement among the countries of Central America based on the Contadora Document of Objectives of September 9, 1983, including peacekeeping, verification, and monitoring systems.

[(i) POLICIES WITH RESPECT TO NICARAGUA.—The President is hereby urged and requested—

[(1) to pursue vigorously the use of diplomatic and economic measures to resolve the conflict in Nicaragua, including simultaneous negotiations—

[(A) to implement the Contadora Document of Objectives of September 8, 1983; and

[(B) to develop, in close consultation and cooperation with other nations, trade and economic measures to complement such policies of the United States and to encour-

age the Government of Nicaragua to take the necessary steps to resolve the conflict;

[(2) to suspend the economic sanctions imposed by the President on May 1, 1985, and the United States military maneuvers in Honduras and off the coast of Nicaragua, if the Government of Nicaragua agrees—

[(A) to a cease fire,

[(B) to open a dialogue with all elements of the opposition, including the Nicaraguan democratic resistance, and

[(C) to suspend the state of emergency in Nicaragua;

[(3) to call upon the Nicaraguan democratic resistance to remove from their ranks any individuals who have engaged in human rights abuses; and

[(4) to resume bilateral discussions with the Government of Nicaragua with a view to encouraging—

[(A) a church-mediated dialogue between the Government of Nicaragua and all elements of the opposition, including the Nicaraguan democratic resistance, in support of internal reconciliation as called for by the Contadora Document of Objectives; and

[(B) a comprehensive, verifiable agreement among the nations of Central America, based on the Contadora Document of Objectives.

[(j) REPORTS.—The President shall submit a report to the Congress 90 days after the date of enactment of this Act, and every 90 days thereafter, on any actions taken to carry out subsections (g) and (h). Each such report shall include—

[(1) a detailed statement of any progress made in reaching a negotiated settlement referred to in subsection (i)(1), including the willingness of the Nicaraguan democratic resistance and the Government of Nicaragua to negotiate a settlement;

[(2) a detailed accounting of the disbursements made to provide humanitarian assistance with the funds provided pursuant to subsection (g); and

[(3) a discussion of the alleged human rights violations by the Nicaraguan democratic resistance and the Government of Nicaragua, including a statement of the steps taken by the Nicaraguan democratic resistance to comply with the request referred to in subsection (i)(3).

[(k) SUBMISSION OF REQUEST FOR ADDITIONAL ASSISTANCE FOR THE CENTRAL AMERICA PEACE PROCESS.—If the President determines at any time after the enactment of this Act that—

[(1) negotiations based on the Contadora Document of Objectives of September 9, 1983, have produced an agreement, or show promise of producing an agreement, or

[(2) other trade and economic measures will assist in a resolution of the conflict, or to stabilization in the region,

[the President may submit to the Congress a request for budget and other authority to provide additional assistance for the furtherance of the Central America peace process.

[(l) STATEMENT TO BE INCLUDED.—The President's request pursuant to subsection (k) shall include a detailed statement as to progress made to resolve the conflict in the region.

[(m) CONSULTATION WITH THE CONGRESS.—In formulating a request pursuant to subsection (k), the President shall consult with the Congress.

[(n) HOUSE PROCEDURES.—(1) The provisions of this subsection apply, during the 99th Congress, to the consideration in the House of Representatives of a joint resolution with respect to the request submitted by the President pursuant to subsection (k).

[(2) For purposes of this subsection, the term “joint resolution” means only a joint resolution introduced within 3 legislative days after the Congress receives the request submitted by the President pursuant to subsection (k)—

[(A) the matter after the resolving clause of which is as follows: “That the Congress hereby approves the additional authority and assistance for the Central America peace process that the President requested pursuant to the International Security and Development Cooperation Act of 1985, notwithstanding section 10 of Public Law 91–672.”;

[(B) which does not have a preamble; and

[(C) the title of which is as follows: “Joint Resolution relating to Central America pursuant to the International Security and Development Cooperation Act of 1985.”

[(3) A joint resolution shall, upon introduction, be referred to the appropriate committee or committees of the House of Representatives.

[(4) If all the committees of the House to which a joint resolution has been referred have not reported the same joint resolution by the end of 15 legislative days after the first joint resolution was introduced, any committee which has not reported the first joint resolution introduced shall be discharged from further consideration of that joint resolution and that joint resolution shall be placed on the appropriate calendar of the House.

[(5)(A) At any time after the first joint resolution placed on the appropriate calendar has been on that calendar for a period of 5 legislative days, it is in order for any Member of the House (after consultation with the Speaker as to the most appropriate time for the consideration of that joint resolution) to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of that joint resolution. The motion is highly privileged and is in order even though a previous motion to the same effect has been disagreed to. All points of order against the joint resolution under clauses 2 and 6 of Rule XXI of the Rules of the House are waived. If the motion is agreed to, the resolution shall remain the unfinished business of the House until disposed of. A motion to reconsider the vote by which the motion is disagreed to shall not be in order.

[(B) Debate on the joint resolution shall not exceed ten hours, which shall be divided equally between a Member favoring and a Member opposing the joint resolution. A motion to limit debate is in order at any time in the House or in the Committee of the Whole and is not debatable.

[(C) An amendment to the joint resolution is not in order.

[(D) At the conclusion of the debate on the joint resolution, the Committee of the Whole shall rise and report the joint resolution back to the House, and the previous question shall be considered

as ordered on the joint resolution to final passage without intervening motion.

[(6) As used in this subsection, the term “legislative day” means a day on which the House is in session.

[(o) SENATE PROCEDURES.—A joint resolution which is introduced in the Senate within 3 calendar days after the day on which the Congress receives a Presidential request described in subsection (k) and which, if enacted, would grant the President the authority to take any or all of the actions described in subsection (k) shall be considered in accordance with procedures contained in paragraphs (3) through (7) of section 8066(c) of the Department of Defense Appropriations Act, 1985 (as contained in Public Law 98–473), except that—

[(1) references in such paragraphs to the Committees on Appropriations of the Senate shall be deemed to be references to the appropriate committee or committees of the Senate; and

[(2) amendments to the joint resolution are in order.

[(p) SUBMISSION OF REQUEST FOR ADDITIONAL ASSISTANCE FOR NICARAGUAN DEMOCRATIC RESISTANCE.—If the President determines at any time after the enactment of this Act that—

[(1) negotiations based on the Contadora Document of Objectives of September 9, 1983, have failed to produce an agreement, or

[(2) other trade and economic measures have failed to resolve the conflict,

[the President may submit to the Congress a request for budget and other authority to provide additional assistance for the Nicaraguan democratic resistance.

[(q) STATEMENT TO BE INCLUDED.—The President’s request pursuant to subsection (p) shall include a detailed statement as to why the negotiations or other measures have failed to resolve the conflict in the region.

[(r) CONSULTATION WITH THE CONGRESS.—In formulating a request pursuant to subsection (p), the President shall consult with the Congress.

[(s) HOUSE PROCEDURES.—(1) The provisions of this subsection apply, during the 99th Congress, to the consideration in the House of Representatives of a joint resolution with respect to the request submitted by the President pursuant to subsection (p).

[(2) For purposes of this subsection, the term “joint resolution” means only a joint resolution introduced within 3 legislative days after the Congress receives the request submitted by the President pursuant to subsection (p)—

[(A) the matter after the resolving clause of which is as follows: “That the Congress hereby approves the additional authority and assistance for the Nicaraguan democratic resistance that the President requested pursuant to the International Security and Development Cooperation Act of 1985, notwithstanding section 10 of Public Law 91–672.”;

[(B) which does not have a preamble; and

[(C) the title of which is as follows: “Joint Resolution relating to Central America pursuant to the International Security and Development Cooperation Act of 1985.”.

[(3) A joint resolution shall, upon introduction, be referred to the appropriate committee or committees of the House of Representatives.

[(4) If all the committees of the house to which a joint resolution has been referred have not reported the same joint resolution by the end of 15 legislative days after the first joint resolution was introduced, any committee which has not reported the first joint resolution introduced shall be discharged from further consideration of that joint resolution and that joint resolution shall be placed on the appropriate calendar of the House.

[(5)(A) At any time after the first joint resolution placed on the appropriate calendar has been on that calendar for a period of 5 legislative days, it is in order for any Member of the House (after consultation with the Speaker as to the most appropriate time for the consideration of that joint resolution) to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of that joint resolution. The motion is highly privileged and is in order even though a previous motion to the same effect has been disagreed to. All points or order against the joint resolution under clauses 2 and 6 of Rule XXI of the Rules of the House are waived. If the motion is agreed to, the resolution shall remain the unfinished business of the House until disposed of. A motion to reconsider the vote by which the motion is disagreed to shall not be in order.

[(B) Debate on the joint resolution shall not exceed ten hours, which shall be divided equally between a Member favoring and a Member opposing the joint resolution. A motion to limit debate is in order at any time in the House or in the Committee of the Whole and is not debatable.

[(C) An amendment to the joint resolution is not in order.

[(D) At the conclusion of the debate on the joint resolution, the Committee of the Whole shall rise and report the joint resolution back to the House, and the previous question shall be considered as ordered on the joint resolution to final passage without intervening motion.

[(6) As used in this subsection, the term "legislative day" means a day on which the House is in session.

[(t) SENATE PROCEDURES.—A joint resolution which is introduced in the Senate within 3 calendar days after the day on which the Congress receives a Presidential request described in subsection (p) and which, if enacted, would grant the President the authority to take any or all of the actions described in subsection (p) shall be considered in accordance with procedures contained in paragraphs (3) through (7) of section 8066(c) of the Department of Defense Appropriations Act, 1985 (as contained in Public Law 98-473), except that—

[(1) references in such paragraphs to the Committees on Appropriations of the Senate shall be deemed to be references to the appropriate committee or committees of the Senate; and

[(2) amendments to the joint resolution are in order.

[(u) CONGRESSIONAL RULEMAKING POWERS.—Subsections (n), (o), (s), and (t) are enacted—

[(1) as exercises of the rulemaking powers of the House of Representatives and Senate, and as such they are deemed a

part of the Rules of the House and the Rules of the Senate, respectively, but applicable only with respect to the procedure to be followed in the House and the Senate in the case of joint resolutions under this section, and they supersede other rules only to the extent that they are inconsistent with such rules; and

[(2) with full recognition of the constitutional right of the House and the Senate to change their rules at any time, in the same manner, and to the same extent as in the case of any other rule of the House or Senate, and of the right of the Committee on Rules of the House of Representatives to report a resolution for the consideration of any measure.

[TITLE VIII—AFRICA

[SEC. 801. BALANCE-OF-PAYMENTS SUPPORT FOR COUNTRIES IN AFRICA.

[(a) ESF COMMODITY IMPORT AND SECTOR PROGRAMS.—Agreements with countries in Africa which provide for the use of funds made available to carry out chapter 4 of part II of the Foreign Assistance Act of 1961 for the fiscal years 1986 and 1987 to finance imports by those countries (under commodity import programs or sector programs) shall require that those imports be used to meet long-term development needs in those countries in accordance with the following criteria:

[(1) spare parts and other imports shall be allocated on the basis of evaluations, by the agency primarily responsible for administering part I of that Act, of the ability of likely recipients to use such spare parts and imports in a maximally productive, employment generating, and cost effective way.

[(2) Imports shall be coordinated with investments in accordance with the recipient country's plans for promoting economic development. The agency primarily responsible for administering part I of that Act shall assess such plans to determine whether they will effectively promote economic development.

[(3) Emphasis shall be placed on imports for agricultural activities which will expand agricultural production, particularly activities which expand production for export or production to reduce reliance on imported agricultural products.

[(4) Emphasis shall also be placed on a distribution of imports having a broad development impact in terms of economic sectors and geographic regions.

[(5) In order to maximize the likelihood that the imports financed by the United States under such chapter are in addition to imports which would otherwise occur, consideration shall be given to historical patterns of foreign exchange uses.

[(6)(A) Seventy-five percent of the foreign currencies generated by the sale of such imports by the government of the country shall be deposited in a special account established by that government and, except as provided in subparagraph (B), shall be available only for use in accordance with the agreement for economic development activities which are consistent with the policy directions of section 102 of the Foreign Assistance Act of 1961 and which are the types of activities for which

assistance may be provided under sections 103 through 106 of that Act.

[(B) The agreement shall require that the government of the country make available to the United States Government such portion of the amount deposited in the special account as may be determined by the President to be necessary for requirements of the United States Government.

[(b) ANNUAL EVALUATIONS.—The agency primarily responsible for administering part I of the Foreign Assistance Act of 1961 shall conduct annual evaluations of the extent to which the criteria set forth in this subsection have been met.

[(SEC. 802. ECONOMIC SUPPORT ASSISTANCE FOR SOUTHERN AFRICA.]

[(a) FUNDS FOR SOUTHERN AFRICA REGIONAL PROGRAMS.—Of the amounts authorized to be appropriated to carry out chapter 4 of part II of the Foreign Assistance Act of 1961, not less than \$30,000,000 for fiscal year 1986 and not less than \$30,000,000 for fiscal year 1987 shall be available only for regional programs in southern Africa. Not less than 50 percent of each of these amounts shall be allocated to assist sector projects supported by the Southern Africa Development Coordination Conference (SADCC) to enhance the economic development of the nine member states forming this important regional institution, especially in the following sectors: transportation, agricultural research and training, manpower development, and institutional support for the SADCC secretariat.

[(b) STUDIES RELATING TO SOUTHERN AFRICA REGIONAL PROGRAMS.—(1) The administrator of the agency primarily responsible for administering part I of the Foreign Assistance Act of 1961 shall conduct a study which evaluates—

[(A) the assistance which that agency provides to the Southern Africa Development Coordination Conference and other African regional institutions and economic development organizations, and

[(B) ways to improve such assistance.

[(2) The administrator shall also conduct a study which assesses what type of bureaucratic mechanism within that agency might be established to coordinate assistance to all African regional institutions.

[(3) The administrator shall submit the results of the studies conducted pursuant to this subsection to the Congress within 3 months after the date of enactment of this Act.

[(c) SOUTH AFRICA EDUCATIONAL TRAINING PROGRAMS.—Funds available to carry out chapter 4 of part II of the Foreign Assistance Act of 1961 for fiscal year 1986 and fiscal year 1987 which are used for education or training programs in South Africa may not be used for programs conducted by or through organizations in South Africa which are financed or controlled by the Government of South Africa, such as the “homeland” and “urban council” authorities. Such funds may only be used for programs which in both their character and organizational sponsorship in South Africa clearly reflect the objective of a majority of South Africans for an end to the apartheid system of separate development. Nothing in this subsection shall be construed to prohibit programs which are consistent with

this subsection and which award university scholarships to students who choose to attend a South African-supported university.

[(d) HUMAN RIGHTS FUND FOR SOUTH AFRICA.—Of the amount allocated for the Human Rights Fund for South Africa under chapter 4 of part II of the Foreign Assistance Act of 1961 for each of the fiscal year 1987, not less than 35 percent shall be used for direct legal and other assistance to political detainees and prisoners and their families, including the investigation of the killing of protestors and prisoners, and for support for actions of black-led community organizations to resist, through non-violent means, the enforcement of apartheid policies such as—

[(1) removal of black populations from certain geographic areas on account of race or ethnic origin.

[(2) denationalization of blacks, including any distinctions between the South African citizenships of blacks and whites,

[(3) residence restrictions based on race or ethnic origin,

[(4) restrictions on the rights of blacks to seek employment in South Africa and live wherever they find employment in South Africa, and

[(5) restrictions which make it impossible for black employees and their families to be housed in family accommodations near their place of employment.

[SEC. 803. POLICY TOWARD SOUTH AFRICAN “HOMELANDS”.

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

[(1) the sanctity of the family, individual liberty, maximum freedom of choice, ownership of private property, and equal treatment of all citizens, regardless of race, are principles which are fully supported by the American people;

[(2) the forced relocation of blacks by the Government of the Republic of South Africa to designated “homelands” divides families, as families are required to remain in the “homelands” while fathers seek work in the so-called “white areas”;

[(3) the forced removal of persons living in so-called “black spots” in “white” rural areas in South Africa denies them the fundamental right to live and to farm on land they have legally occupied for years, and subjects them to arbitrary arrest and detention when they seek these rights;

[(4) compared to “white” South Africa, the designated “homeland”, which are meant to accommodate the largest South African population group on a fraction of South African territory and were established without the consent of the vast majority of the governed, are characterized by high rates of infant mortality, unemployment, and malnutrition and by a severe shortage of medical services;

[(5) the policy of the Government of the Republic of South Africa denies blacks their rightful claim to full South African citizenship; and

[(6) the recent violence in South Africa must be seen as an inevitable result of the denial of the full rights of citizenship.

[(b) STATEMENT OF POLICY.—It is the sense of the Congress that—

[(1) the policy of separate development and the forced relocation of the people of the Republic of South Africa are inconsist-

ent with fundamental American values and internationally recognized principles of human rights;

[(2) the Government of the United States should continue to regard as citizens of South Africa all persons born within the internationally recognized boundaries of the Republic of South Africa, and not differentiate among these citizens on the basis of the South African Government's claim to have granted independence to various "homelands";

[(3) at such times that any "homeland" official applies for a visa for travel to the United States, such visa should not be granted unless that official holds a passport which is recognized as valid by the Government of the United States; and

[(4) the Government of the United States should urge that the forced relocation of South Africa citizens be discontinued and that policies be adopted for all South Africa's citizens which protect the sanctity of the family, individual liberty, maximum freedom of choice, ownership of private property, and equal treatment of all citizens, regardless of race.

[SEC. 804. ASSISTANCE FOR ZAIRE.

[(a) ECONOMIC SUPPORT ASSISTANCE.—Funds allocated for assistance for Zaire under chapter 4 of part II of the Foreign Assistance Act of 1961 for each of the fiscal years 1986 and 1987 shall be used only for assistance which is provided in accordance with the provisions applicable to assistance under chapter 1 of part I of the Foreign Assistance Act of 1961. Such assistance shall be provided, to the maximum extent practicable, through private and voluntary organizations.

[(b) MILITARY ASSISTANCE.—For each of the fiscal years 1986 and 1987.—

[(1) the value of assistance provided under chapter 2 of part II of the Foreign Assistance Act of 1961 for Zaire may not exceed \$7,000,000; and

[(2) financing may not be provided under the Arms Export Control Act for Zaire.

[SEC. 805. ASSISTANCE FOR TUNISIA.

[(a) POLICY CONCERNING SECURITY ASSISTANCE.—The United States provides security assistance to Tunisia in recognition of the traditional friendship between the United States and Tunisia and our common interests in the region. The provision of such assistance is also based on the expectation that political stability and development in Tunisia will be best advanced through continued growth of democratic institutions.

[(b) EARMARKING OF MAP AND ESF.—For each of the fiscal years 1986 and 1987—

[(1) not less than \$15,000,000 of the amounts authorized to be appropriated to carry out chapter 2 of part II of the Foreign Assistance Act of 1961, and

[(2) not less than \$20,000,000 of the amounts authorized to be appropriated to carry out chapter 4 of part II of that Act, [shall be available only for Tunisia.

[SEC. 806. POLITICAL SETTLEMENT IN SUDAN.

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

[(1) friendship and mutual interests bind the United States and Sudan; and

[(2) the peace, security, and economic development of Sudan depend in large part on addressing the problems associated with the traditional north-south division in that country through political rather than military means.

[(b) UNITED STATES POLICY.—It is, therefore, the policy of the United States that the provision of security assistance to Sudan shall be based on the expectation that the Government of Sudan will make progress toward reaching a political settlement with all parties to the conflict in the south of Sudan.

[SEC. 807. ELECTIONS IN LIBERIA.

[In recognition of the special relationship that the United States has with Liberia and of the wide variety of interests that the United States has in Liberia, security assistance for Liberia for fiscal years 1986 and 1987 is based on the expectation of a successful completion of free and fair elections, on a multiparty basis, in October 1985 as proposed by the Government of Liberia and on a return to full civilian, constitutional rule as a consequence of those elections.

[SEC. 808. WESTERN SAHARA.

[(a) UNITED STATES POLICY.—The policy of the United States shall be to support a negotiated political solution to the conflict in the Western Sahara taking into account the principle of self-determination as outlined in the 1981 Nairobi resolution and to encourage all parties to the conflict to reach a peaceful internationally recognized settlement. As part of this policy, the United States should carefully consider each type of military assistance it furnishes to any of the parties to the conflict and should seek to insure that the furnishing of such military assistance is consistent with United States policy which seeks a negotiated settlement.

[(b) FURTHER STATEMENT OF POLICY.—It is the further policy of the United States to support Morocco's legitimate defense needs and to discourage aggression by any country in North Africa against another.

[SEC. 809. SAHEL DEVELOPMENT PROGRAM.

[(a) AUTHORIZATIONS OF APPROPRIATIONS.—The third sentence of section 121(c) of the Foreign Assistance Act of 1961 is amended to read as follows: "In addition to the amounts authorized to be appropriated in the preceding sentences and to funds otherwise available for such purposes, there are authorized to be appropriated to the President for purposes of this section, \$87,750,000 for fiscal year 1986 and \$87,750,000 for fiscal year 1987."

[(b) IMPROVING ADMINISTRATIVE CAPABILITIES OF HOST GOVERNMENTS.—Sections 121 of such Act is amended by adding at the end thereof the following new subsection:

[(e) Grants shall be made under this section to Sahel Development Program host governments in order to help them enhance their administrative capabilities to meet the administrative requirements resulting from donor country projects and activities."

[SEC. 810. AFRICAN DEVELOPMENT FOUNDATION.

[(a) AUTHORIZATION OF APPROPRIATIONS.—Section 510 of the African Development Foundation Act is amended to read as follows:

["AUTHORIZATION OF APPROPRIATIONS

["SEC. 510. There are authorized to be appropriated to carry out this title, in addition to amounts otherwise available for that purpose, \$3,872,000 for fiscal year 1986 and \$3,872,000 for fiscal year 1987. Funds appropriated under this section are authorized to remain available until expended.”.

[(b) EXTENSION OF AUTHORITIES.—Section 511 of such Act is amended by striking out “1985” and inserting in lieu thereof “1990”.

[SEC. 811. REPEAL OF THE CLARK AMENDMENT.

[Section 118 of the International Security and Development Cooperation Act of 1980 (prohibiting assistance for military or paramilitary operations in Angola) is repealed.

[SEC. 812. FAILURE OF THE ETHIOPIAN GOVERNMENT TO RESPONSIBLY AMELIORATE FAMINE CONDITIONS.

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

[(1) many thousands of Ethiopian people have suffered and died, and an additional ten million people are in danger of death, through starvation caused by prolonged drought;

[(2) the Government of the United States has a continuing commitment to the emergency fund under title II of the Agricultural Trade Development and Assistance Act of 1954 (the Food For Peace Act);

[(3) United States emergency food assistance for Africa in fiscal year 1985 is more than twice the amount provided in fiscal year 1984, and is the largest amount contributed by any single donor;

[(4) the Ethiopian Government, as a client state of the Soviet Union, has considered the equipage and modernization of its five hundred thousand-person military organization more vital than alleviating the suffering of its people caused by drought;

[(5) the Ethiopian Government has considered the funding of its military organization more vital than promoting a viable national agrarian policy;

[(6) there is evidence that the Government of Ethiopia has used the drought-caused famine to induce cooperation from certain dedicated Ethiopians who seek to bring about fundamental changes in their country;

[(7) the United States Government is concerned about the seizure by the Ethiopian Government of an Australian aid ship in an attempt to cut off food to its citizens in the northern regions, an area most severely stricken by famine; and

[(8) the Ethiopian Government deems the appearance and status of its socialist system more worthy of attention than its citizens and agricultural policies in need.

[(b) STATEMENT OF POLICY.—It is the sense of the Congress that—

[(1) the Government of Ethiopia should be condemned for failing in its responsibility to sufficiently ameliorate the severe drought and famine conditions throughout its agrarian countryside;

[(2) the Government of Ethiopia should allocate more of its resources toward the development of a more balanced and effective agrarian system;

[(3) human rights monitoring groups can be a positive force for human rights in Ethiopia and should be allowed to function and should be supported;

[(4) the Government of Ethiopia should initiate a genuine policy of national reconciliation;

[(5) the continued improvement of Ethiopia's treatment of the Ethiopian people and respect for human rights would better relations between the United States and Ethiopia;

[(6) the President or his representatives should convey to Ethiopian officials the concerns of the Congress expressed in this section at every opportunity; and

[(7) the President or his representatives should also convey these concerns of the Congress to the governments of United States allies and urge the cooperation of those governments in efforts to ensure a more responsible Ethiopian Government.

[(c) PROHIBITION ON IMPORTS AND EXPORTS.—(1) The President shall determine, within 30 days after the date of enactment of this Act, whether the Ethiopian regime is conducting a deliberate policy of starvation of its people and has not granted fundamental human rights to its citizens. The President shall submit that determination, and the basis for that determination, to the Congress.

[(2) If the President determines that such a policy is being conducted and that such rights are not being granted, paragraph (3) shall take effect if the Congress enacts a joint resolution approving that determination.

[(3) If the conditions specified in paragraphs (1) and (2) are met—

[(A) goods and services of Ethiopian origin may not be imported into the United States; and

[(B) except for emergency relief, rehabilitation, and recovery assistance, goods and services of United States origin may not be exported (directly or indirectly) to Ethiopia.

[(d) PROHIBITION ON ECONOMIC ASSISTANCE.—The President shall suspend all forms of economic assistance to the Government of Ethiopia. This section shall not be construed to prevent the furnishing of international disaster assistance under section 491 of the Foreign Assistance Act of 1961 or economic assistance which will directly benefit needy people in accordance with section 116 of that Act.

[(SEC. 813. ASSISTANCE FOR THE PEOPLE'S REPUBLIC OF MOZAMBIQUE.

[(a) ECONOMIC ASSISTANCE.—The funds authorized to be appropriated for fiscal years 1986 and 1987 to carry out chapter 1 of part I (relating to development assistance) and chapter 4 of part II (relating to the economic support fund) of the Foreign Assistance Act of 1961 that are allocated for bilateral assistance to the People's Republic of Mozambique shall be used solely for assistance to the

private sector of the economy of Mozambique to the maximum extent practicable. To the maximum extent practicable, such funds shall be channeled to non-governmental entities in Mozambique.

[(b) MILITARY ASSISTANCE.—(1) None of the funds authorized to be appropriated for fiscal year 1986 or fiscal year 1987 to carry out chapter 2 of part II (relating to grant military assistance) or chapter 5 of part II (relating to international military education and training) of the Foreign Assistance Act of 1961 shall be used to provide assistance to the People's Republic of Mozambique unless the President makes the certification described in paragraph (2) before providing any such assistance for that fiscal year.

[(2) The certification required by paragraph (1) is a certification by the President to the Speaker of the House of Representatives and to the chairman of the Committee on Foreign Relations of the Senate that the Government of the People's Republic of Mozambique—

[(A) is making a concerted and significant effort to comply with internationally recognized human rights;

[(B) is making continued progress in implementing essential economic and political reforms, including the restoration of private property and respect for the right to engage in free enterprise in all sectors of the economy.

[(C) has implemented a plan by September 30, 1986, to reduce the number of foreign military personnel to no more than 55; and

[(D)(i) in the case of a certification with respect to assistance for fiscal year 1986, is committed to holding free elections at a date no later than September 30, 1986, and to that end has demonstrated its good faith efforts to begin discussions with all major political factions in Mozambique which have declared their willingness to find and implement an equitable political solution to the conflict, with such solution to involve a commitment to—

[(I) the electoral process with internationally recognized observers; and

[(II) the elimination of all restrictions on the formation and activities of opposition political parties; and

[(ii) in the case of a certification with respect to assistance for fiscal year 1987, held free elections by September 30, 1986.

[(TITLE IX—ASIA

[(SEC. 901. THE PHILIPPINES.

[(a) DEMOCRACY IN THE PHILIPPINES.—It is the sense of the Congress that the United States should encourage the revitalization of democracy in the Philippines. To that end, the Congress affirms its intention to grant future aid to the Philippines according to the determination of the Congress that United States security interests are enhanced and sufficient progress is made by the Government of the Philippines in—

[(1) guaranteeing free, fair, and honest elections in 1986 and 1987, or sooner should any such election occur;

[(2) ensuring the full, fair, and open prosecution of those responsible for the murder of Benigno Aguino, including those involved in the cover-up;

[(3) ensuring freedom of speech and freedom of the press, and unrestricted access to the media on the part of all candidates for public office in the local and provincial elections of 1986 and the Presidential election of 1987;

[(4) establishing the writ of habeas corpus and the termination of the Presidential Detention Action and all other forms of detention without charge or trial;

[(5) releasing all individuals detained or imprisoned for peaceful political activities;

[(6) making substantial progress in terminating extrajudicial killings by the Philippine military and security forces and the prosecution of those responsible for such killings in the past;

[(7) implementing structural economic reforms and a strengthening of the private sector, including elimination of corruption and monopolies; and

[(8) enhancing the professional capability of the Philippine armed forces and security forces (including the Philippine Constabulary and the Civilian House Defense Forces).

[(b) PRIMARY PURPOSE OF UNITED STATES ASSISTANCE.—The Congress finds and declares that the primary purpose of United States assistance to the Philippines should be to maintain and foster friendly relations between the people of the Philippines and the people of the United States and to encourage the restoration of internal security, both of which goals can be best served by the achievement of an open and stable democracy.

[(c) CONGRESSIONAL OVERSIGHT.—The Congress, in determining future aid levels for the Philippines, will take into account not only our military bases agreement with that country, but also the extent to which the objectives and goals specified in subsections (a) and (b) have been implemented. The Congress may defer assistance for the Philippines under both chapter 2 of part II of the Foreign Assistance Act of 1961 and the Arms Export Control Act if—

[(1) significant progress is not achieved with respect to the objectives and goals specified in subsections (a) and (b), or

[(2) the Congress finds that such assistance is used to violate the internationally recognized human rights of the Filipino people.

[(d) AMOUNTS OF ASSISTANCE.—Of the amounts authorized to be appropriated for each of the fiscal years 1986 and 1987—

[(1) to carry out the Arms Export Control Act (relating to foreign military sales financing), not more than \$20,000,000 may be used for assistance for the Philippines;

[(2) to carry out chapter 2 of part II of the Foreign Assistance Act of 1961 (relating to grant military assistance), not more than \$50,000,000 may be used for assistance for the Philippines; and

[(3) to carry out chapter 4 of part II of the Foreign Assistance Act of 1961 (relating to the economic support fund), \$110,000,000 shall be available only for the Philippines.

[(e) NONLETHAL ASSISTANCE.—Assistance provided for the Philippines for fiscal year 1986 under the Arms Export Control Act or under chapter 2 of part II of the Foreign Assistance Act of 1961 shall be nonlethal in character.

[SEC. 902. NUCLEAR NON-PROLIFERATION CONDITIONS ON ASSISTANCE FOR PAKISTAN.

[Section 620E of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new subsection:

["(e) No assistance shall be furnished to Pakistan and no military equipment or technology shall be sold or transferred to Pakistan, pursuant to the authorities contained in this Act or any other Act, unless the President shall have certified in writing to the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate, during the fiscal year in which assistance is to be furnished or military equipment or technology is to be sold or transferred, that Pakistan does not possess a nuclear explosive device and that the proposed United States assistance program will reduce significantly the risk that Pakistan will possess a nuclear explosive device.".]

[SEC. 903. DISADVANTAGED CHILDREN IN ASIA.

[(a) AUTHORIZATION OF ADDITIONAL ASSISTANCE.—Section 241(b) of the Foreign Assistance Act of 1961 is amended by striking out "\$2,000,000" and inserting in lieu thereof "\$3,000,000".

[(b) ADDITIONAL STEPS TO HELP AMERASIAN CHILDREN.—The Congress finds that Amerasian children are currently the object of discrimination in the countries in Asia where they now reside. Therefore, the President shall report to the Congress on the quality of life of these children and on what additional steps, such as facilitating adoptions, the United States could take to enhance the lives of these children.

[SEC. 904. ASSISTANCE FOR AFGHANISTAN.

[(a) AUTHORIZATION.—The President may make available funds authorized to be appropriated to carry out chapter 4 of part II of the Foreign Assistance Act of 1961 (relating to the economic support fund) for the provision of food, medicine, or other humanitarian assistance to the Afghan people, notwithstanding any other provision of law.

[(b) EARMARKING OF FUNDS.—Each fiscal year, not less than \$15,000,000 of the aggregate amount of funds available to carry out chapter 4 of part II of the Foreign Assistance Act of 1961 shall be available only for humanitarian assistance to the Afghan people pursuant to subsection (a) of this section.

[(c) EFFECTIVE DATES.—This section shall take effect on the date of enactment of this Act, except that subsection (b) shall not apply to fiscal year 1985.

[SEC. 905. ASSISTANCE FOR THE CAMBODIAN PEOPLE.

[The President may make available to the noncommunist resistance forces in Cambodia up to \$5,000,000 for fiscal year 1986, and up to \$5,000,000 for fiscal year 1987, of the funds authorized to be appropriated to carry out chapter 2 (relating to grant military assistance) or chapter 4 (relating to the economic support fund) of part II of the Foreign Assistance Act of 1961, notwithstanding any other provision of law.

[SEC. 906. PROHIBITION ON CERTAIN ASSISTANCE TO THE KHMER ROUGE.

[(a) PROHIBITION.—Notwithstanding any other provision of law, none of the funds authorized to be appropriated by this Act or any

other Act may be obligated or expended for the purpose or with the effect of promoting, sustaining, or augmenting, directly or indirectly, the capacity of the Khmer Rouge or any of its members to conduct military or paramilitary operations in Cambodia or elsewhere in Indochina.

[(b) DEOBLIGATION OF CERTAIN FUNDS.—All funds appropriated before the date of enactment of this section which were obligated but not expended for activities having the purpose or effect described in subsection (a) shall be deobligated and shall be deposited in the Treasury of the United States as miscellaneous receipts.

[(c) EXCEPTION FOR HUMANITARIAN ASSISTANCE.—This section shall not be construed as limiting the provision of food, medicine, or other humanitarian assistance to the Cambodian people.

[SEC. 907. POLITICAL SETTLEMENT IN SRI LANKA.

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

[(1) the Government and people of Sri Lanka and the Government and people of the United States share a common devotion to independence, democracy, and human rights;

[(2) the United States is concerned over the armed clashes between the security forces of the Government of Sri Lanka and some Sri Lankans who seek through violent means, including terrorist attacks, to divide that nation;

[(3) there have been acts of terrorism committed against members of the Sri Lankan security forces, as well as against civilians, and there have been human rights abuses by members of the security forces against civilians, particularly Tamils, despite the efforts of the Government, which the Congress believes must be intensified, to put an end to those abuses;

[(4) the differences and grievances in Sri Lanka cannot be resolved through the use of force; and

[(5) the United States is a proud participant through its economic assistance programs in Sri Lanka's highly regarded development efforts and looks forward to enhanced cooperation and assistance in the context of a political settlement in Sri Lanka leading to the kind of peaceful climate in which additional aid could be effectively utilized.

[(b) POLITICAL SETTLEMENT.—It is, therefore, the sense of the Congress that—

[(1) all parties in Sri Lanka, from all communities in and out of government, should renew their efforts to achieve a joint political settlement which meets the legitimate concerns of all the people of Sri Lanka, while preserving the territorial integrity of Sri Lanka; and

[(2) all parties outside Sri Lanka should do nothing which would impede progress toward such a settlement.

[SEC. 908. UNITED STATES POLICY TOWARD THE REPUBLIC OF KOREA.

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

[(1) the Government of the Republic of Korea has taken several significant and encouraging steps in liberalizing the political system in that country;

[(2) among the steps which have facilitated a more democratic environment are the release of hundreds of student demonstrators, the lifting of a political ban on more than 300 opposition leaders, and the holding of a vigorously contested election for the National Assembly in which the opposition made substantial gains;

[(3) despite these steps, the people of the Republic of Korea, who have become increasingly better educated and prosperous as a result of Korea's extraordinarily rapid economic development, have the desire and the capability to participate more fully and effectively in the government of their own country; and

[(4) while internationally recognized human rights are clearly respected much more in the Republic of Korea than in the Democratic People's Republic of Korea, continued progress toward democratization in the south is in the interests of both the Republic of Korea and the United States, inasmuch as long-term political stability cannot be assured in the absence of further progress towards democratic government.

[(b) UNITED STATES POLICY.—It is the policy of the United States to provide assistance to the Republic of Korea in order to help that country defend itself against external aggression. It is the hope of the United States that the continuing close relations between our two countries, including such assistance, will encourage the establishment of a genuinely democratic system in the Republic of Korea, in which internationally recognized human rights, including freedom of the press, freedom of association, and freedom of assembly are observed.

[TITLE X—FOOD AND AGRICULTURAL ASSISTANCE

[SEC. 1001. INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT.

[Section 103(g) of the Foreign Assistance Act of 1961 is amended to read as follows:

[(“g)(1) In order to carry out the purposes of this section, the President may continue United States participation in and may make contributions to the International Fund for Agricultural Development.

[(“2) Of the aggregate amount authorized to be appropriated to carry out part I of this Act, up to \$50,000,000 for fiscal year 1986 and up to \$50,000,000 for fiscal year 1987 may be made available, by appropriation or by transfer, for United States contributions to the second replenishment of the International Fund for Agricultural Development.”.

[SEC. 1002. PUBLIC LAW 480 TITLE II MINIMUMS.

[Paragraph (3) of section 201(b) of the Agricultural Trade Development and Assistance Act of 1954 is amended by inserting immediately before the semicolon the following: “, except that for fiscal year 1986 the minimum quantity distributed shall be 1,800,000 metric tons, of which not less than 1,300,000 metric tons for non-emergency programs shall be distributed through nonprofit voluntary agencies and the World Food Program, and for fiscal year 1987 the minimum quantity distributed shall be 1,900,000 metric

tons, of which not less than 1,425,000 metric tons for non-emergency programs shall be distributed through nonprofit voluntary agencies and the World Food Program”.

[SEC. 1003. EXPRESS AUTHORITY FOR TITLE II DIRECT DISTRIBUTION, SALE, AND BARTER.

【Section 202(a) of the Agricultural Trade Development and Assistance Act of 1954 is amended by inserting after the first sentence the following new sentence: “Such commodities may be furnished for direct distribution, sale, barter, or other appropriate disposition in carrying out the purposes set forth in section 201.”.

[SEC. 1004. ROLE OF PRIVATE VOLUNTARY ORGANIZATIONS AND CO-OPERATIVES.

【(a) NUTRITIONAL AND DEVELOPMENT OBJECTIVES.—Section 202(b) of the Agricultural Trade Development and Assistance Act of 1954 is amended by adding at the end thereof the following new paragraph:

【“(4) In the case of commodities distributed under this title by nonprofit voluntary agencies, consideration shall be given to nutritional and development objectives as established by those agencies in light of their assessment of the needs of the people assisted.”.

【(b) FOOD FOR DEVELOPMENT PROGRAMS.—Section 302(c)(4) of such Act is amended by inserting “and of United States nonprofit voluntary agencies and cooperatives” immediately after “agriculture”.

SEC. 1005. MULTIYEAR AGREEMENTS WITH PVOS AND COOPERATIVES.

【Section 202 of the Agricultural Trade Development and Assistance Act of 1954 is amended by adding at the end thereof the following:

【“(c)(1) In agreements with nonprofit voluntary agencies and cooperatives for nonemergency assistance under this title, the President is encouraged, if requested by the nonprofit voluntary agency or cooperative, to approve multiyear agreements to make agricultural commodities available for distribution by the agency or cooperative. Such agreement shall be subject to the availability each fiscal year of the necessary appropriations and agricultural commodities.

【“(2) Paragraph (1) does not apply to an agreement which the President determines should be limited to a single year because of the past performance of the nonprofit voluntary agency or cooperative or because the agreement involves a new program of assistance.

【“(3) In carrying out a multiyear agreement pursuant to this subsection, a nonprofit voluntary agency or cooperative shall not be required to obtain annual approval from the United States Government in order to continue its assistance program pursuant to the agreement, unless exceptional and unforeseen circumstances have occurred which the President determines require such approval.”.

[SEC. 1006. TITLE II PROGRAMMING REPORTS.

【Section 408(b) of the Agricultural Trade Development and Assistance Act of 1954 is amended by striking out “title I” both places it appears and inserting in lieu thereof “title I and II”.

[SEC. 1007. ELIGIBLE COMMODITIES UNDER SECTION 416(b).

[Section 416(b) of the Agricultural Act of 1949 (7 U.S.C. 1431(b)) is amended by inserting “, rice,” after “Dairy products” in the first sentence and by inserting “, rice,” after “diary products” in the third and eighth sentences.

[SEC. 1008. LONG-TERM AGRICULTURAL COMMODITY AGREEMENTS WITH FOOD DEFICIT COUNTRIES.

[As part of the United States foreign assistance program, the President should explore the possibility of concluding long-term agricultural commodity agreements to help stabilize and increase the flow of concessional and commercial food stuffs with food deficit countries. The President shall prepare and transmit to the Congress a report on his efforts to achieve such long-term agreements by June 1, 1986.

[TITLE XI—PEACE CORPS**[SEC. 1101. AUTHORIZATIONS OF APPROPRIATIONS.**

[Section 3(b) of the Peace Corps Act is amended by amending the first sentence to read as follows: “There are authorized to be appropriated to carry out the purposes of this \$130,000,000 for each of the fiscal years 1986 and 1987.”.

[SEC. 1102. NUMBER OF PEACE CORPS VOLUNTEERS.

[(a) STATEMENT OF POLICY.—Section 2 of the Peace Corps Act (22 U.S.C. 2501) is amended—

[(1) by inserting “(a)” immediately after “SEC. 2”; and

[(2) by adding at the end thereof the following new subsection:

[(“(b) The Congress declares that it is the policy of the United States and a purpose of the Peace Corps to maintain, to the maximum extent appropriate and consistent with programmatic and fiscal considerations, a volunteer corps of at least 10,000 individuals.”.

[(b) ANNUAL REPORT.—Section 11 of the Peace Corps Act (22 U.S.C. 2510) is amended by adding at the end thereof the following new sentence:

[(“The President shall also include in the report a description of any plans to carry out the policy set forth in section 2(b) of this Act.”.

[SEC. 1103. LIMITATION ON LENGTH OF PEACE CORPS EMPLOYMENT.

[(a) AUTHORITY TO MAKE APPOINTMENTS OF MORE THAN FIVE YEARS.—Section 7(a) of the Peace Corps Act (22 U.S.C. 2506(a)) is amended—

[(1) in paragraph (2)—

[(A) in subparagraph (A)—

[(i) by striking out “five” and inserting in lieu thereof “seven and one-half”; and

[(ii) by striking out “unless” and all that follows through “basis” and inserting in lieu thereof “, subject to paragraph (5) and except as provided in paragraph (6)” ; and

[(B) in the third sentence, by inserting “(other than the provisions of section 309)” after “1980”; and

[(2) by adding at the end thereof the following new paragraphs:

["(5) Except as provided in paragraph (6), the Director of the Peace Corps may make appointments or assignments of United States citizens under paragraph (2) for periods of more than five years only in the case of individuals whose performance as employees of the Peace Corps has been exceptional and only in order to achieve one or more of the following purposes:

["(A) To permit individuals who have served at least two and one-half years of such an appointment or assignment abroad to serve in the United States thereafter.

["(B) To permit individuals who have served at least two and one-half years of such an appointment or assignment in the United States to serve abroad thereafter.

["(C) To permit individuals who have served at least two and one-half years of such an appointment or assignment in a recruitment, selection, or training activity to be reassigned to an activity other than the one in which they have most recently so served.

["(D) To promote the continuity of functions in administering the Peace Corps.

[At no time may the number of appointments or assignments of United States citizens in effect under paragraph (2) for periods in excess of five years exceed fifteen percent of the total of all appointments and assignments of United States citizens then in effect under paragraph (2).

["(6) Notwithstanding the limitation set forth in paragraph (2)(A) on the length of an appointment or assignment under paragraph (2) and notwithstanding the limitations set forth in paragraph (5) on the circumstances under which such an appointment or assignment may exceed five years, the Director of the Peace Corps, under special circumstances, may personally approve an extension of an appointment or assignment under paragraph (2) for not more than one year on an individual basis.".]

[(b) REPORTS TO CONGRESS.—The Director of the Peace Corps shall, not later than January 1, 1986, submit to the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives a report describing the criteria to be applied by the Director in exercising the authority provided by the amendments made by subsection (a) to make appointments or assignments of individuals for periods of more than five years. Not later than each January 1 thereafter, the Director shall submit to the Committees referred to in the preceding sentence a report on—

[(1) the exercise of such authority during the preceding fiscal year for each of the purposes specified in paragraph (5) of section 7(a) of the Peace Corps Act, as added by subsection (a) of this section; and

[(2) the exercise during that fiscal year of the authority under paragraph (6) of such section 7(a), as added by subsection (a) of this section.

[SEC. 1104. PEACE CORPS NATIONAL ADVISORY COUNCIL.

[(a) ESTABLISHMENT OF COUNCIL.—The Peace Corps Act (22 U.S.C. 2501 and following) is amended by inserting after section 11 the following new section:

["PEACE CORPS NATIONAL ADVISORY COUNCIL

["SEC. 12. (a) ESTABLISHMENT.—A Peace Corps National Advisory Council (hereinafter in this section referred to as the 'Council') shall be established in accordance with the provisions of this section.

["(b) FUNCTIONS.—(1) The Council shall advise and consult with the President and the Director of the Peace Corps with regard to policies and programs designed to further the purposes of this Act and shall, as the Council considers appropriate, periodically report to the Congress with regard to the Peace Corps.

["(2) Members of the Council shall (subject to subsection (d)(1)) conduct on-site inspections, and make examinations, of the activities of the Peace Corps in the United States and in other countries in order to—

["(A) evaluate the accomplishments of the Peace Corps;

["(B) assess the potential capabilities and the future role of the Peace Corps;

["(C) make recommendations to the President, the Director of the Peace Corps, and, as the Council considers appropriate, the Congress, for the purpose of guiding the future direction of the Peace Corps and of helping to ensure that the purposes and programs of the Peace Corps are carried out in ways that are economical, efficient, responsive to changing needs in developing countries and to changing relationships among people, and in accordance with law; and

["(D) make such other evaluations, assessments, and recommendations as the Council considers appropriate.

["(3) The Council may provide for public participation in its activities.

["(c) MEMBERSHIP.—(1) Persons appointed as members of the Council shall be broadly representative of the general public, including educational institutions, private volunteer agencies, private industry, farm organizations, labor unions, different regions of the United States, different educational, economic, racial, and national backgrounds and age groupings, and both sexes.

["(2)(A) The Council shall consist of fifteen voting members who shall be appointed by the President, by and with the advice and consent of the Senate. At least seven of such members shall be former Peace Corps volunteers, and not more than eight of such members shall be members of the same political party.

["(B) The first appointments of members of the Council under this paragraph shall be made not more than sixty days after the date of the enactment of this section and, solely for purposes of determining the expiration of their terms, shall be deemed to take effect on the sixtieth day after such date of enactment.

["(C) No member appointed under this paragraph may be an officer or employee of the United States Government.

["(D) Of the members initially appointed under this paragraph, eight shall be appointed to 1-year terms and seven shall be ap-

pointed to 2-year terms. Thereafter, all appointed members shall be appointed to 2-year terms.

[(E) A member of the Council appointed to fill a vacancy occurring before the expiration of the term for which the member's predecessor was appointed shall be appointed only for the remainder of that term.

[(F) No member of the Council may serve for more than two consecutive 2-year terms.

[(G) Members of the Council shall serve at the pleasure of the President.

[(H) An appointed member of the Council may be removed by a vote of nine members for malfeasance in office, for persistent neglect of or inability to discharge duties, or for offenses involving moral turpitude, and for no other cause.

[(I) Within thirty days after any vacancy occurs in the office of an appointed member of the Council, the President shall nominate an individual to fill the vacancy.

[(3) In addition to the voting members of the Council, the Secretary of State and the Administrator of the Agency for International Development, or their designees, and the Director and Deputy Director of the Peace Corps, shall be non-voting members, *ex officio*, of the Council.

[(d) COMPENSATION.—(1) Except as provided in paragraph (2), a member of the Council who is not an officer or employee of the United States Government—

[(A) shall be paid compensation out of funds made available for the purposes of this Act at the daily equivalent of the highest rate payable under section 5332 of title 5, United States Code, for each day (including travel time) during which the member is engaged in the actual performance of duties as a Council member, and

[(B) while away from his or her home or regular place of business on necessary travel, as determined by the Director of the Peace Corps, in the actual performance of duties as a Council member, shall be paid per diem, travel, and transportation expenses in the same manner as is provided under subchapter I of chapter 57 of title 5, United State Code.

[(2) A member of the Council may not be paid compensation under paragraph (1)(A) for more than twenty days in any calendar year.

[(e) QUORUM.—A majority of the voting members of the Council shall constitute a quorum for the purposes of transacting any business.

[(f) FINANCIAL INTERESTS OF MEMBERS.—A member of the Council shall disclose to the Council the existence of any direct or indirect financial interest of that member in any particular matter before the Council and may not vote or otherwise participate as a Council member with respect to that particular matter.

[(g) CHAIR AND VICE CHAIR.—At its first meeting and at its first regular meeting in each calendar year thereafter, the Council shall elect a Chair and Vice Chair from among its appointed members who are citizens of the United States. The Chair and Vice Chair may not both be members of the same political party.

["(h) MEETINGS, BYLAWS, AND REGULATIONS—(1) The Council shall hold a regular meeting during each calendar quarter and shall meet at the call of the President, the Director of the Peace Corps, the Council's Chair, or one-fourth of its members.

["(2) The Council shall prescribe such bylaws and regulations as it considers necessary to carry out its functions. Such bylaws and regulations shall include procedures for fixing the time and place of meetings, giving or waiving of notice of meetings, and keeping of minutes of meetings.

["(i) REPORTS TO THE PRESIDENT AND THE DIRECTOR.—Not later than January 1, 1988, and not later than January 1 of each second year thereafter, the Council shall submit to the President and the Director of the Peace Corps a report on its views on the programs and activities of the Peace Corps. Each report shall contain a summary of the advice and recommendations provided by the Council to the President and the Director during the period covered by the report and such recommendations (including recommendations for administrative or legislative action) as the Council considers appropriate to make to the Congress. Within ninety days after receiving each such report, together with any comments concerning the report that the President or the Director considers appropriate.

["(j) ADMINISTRATIVE ASSISTANCE.—The Director of the Peace Corps shall make available to the Council such personnel, administrative support services, and technical assistance as are necessary to carry out its functions effectively.”.

[(b) TERMINATION OF SIMILAR ADVISORY BODY.—Any advisory body carrying out functions similar to those assigned to the Peace Corps National Advisory Council provided for in subsection (a) shall cease to exist sixty days after the date of the enactment of this Act.

[SEC. 1105. NONPARTISAN APPOINTMENTS.

[(a) POLITICAL TESTS.—The Peace Corps Act (22 U.S.C. 2501 and following) is amended—

[(1) by redesignating sections 25, 16, and 27 as sections 26, 17, and 28, respectively; and

[(2) by inserting after section 24 the following new section:

["NONPARTISAN APPOINTMENTS

["SEC. 25. In carrying out this Act, no political test or political qualification may be used in—

[(1) selecting any person for enrollment as a volunteer or for appointment to a position at, or for assignment to (or for employment for assignment to), a duty station located abroad, or

[(2) promoting or taking any other action with respect to any volunteer or any person assigned to such a duty station.”.

[(b) DISCRIMINATION.—Section 5(a) of the Peace Corps Act (22 U.S.C. 2504(a)) is amended by amending the last sentence to read as follows: “In carrying out this subsection, there shall be no discrimination against any person on account of race, sex, creed, or color.”.

**[TITLE XII—MISCELLANEOUS PROVISIONS RELATING
TO FOREIGN ASSISTANCE**

**[SEC. 1201. NOTICE TO CONGRESS OF USE OF CERTAIN AUTHORITIES
RELATING TO HUMAN RIGHTS CONDITIONS.**

[Section 502B of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new subsection:

["(g) Whenever the provisions of subsection (e) or (f) of this section are applied, the President shall report to the Congress before making any funds available pursuant to those subsections. The report shall specify the country involved, the amount and kinds of assistance to be provided, and the justification for providing the assistance, including a description of the significant improvements which have occurred in the country's human rights record.".]

[SEC. 1202. PROHIBITIONS AGAINST ASSISTANCE.

[Section 620(f) of the Foreign Assistance Act of 1961 is amended—

[(1) by inserting "(1) immediately after "(f)";

[(2) by redesignating clauses (1), (2), and (3) as clauses (A), (B), and (C), respectively; and

[(3) by adding at the end thereof the following new paragraph:

["(2) Notwithstanding the provisions of paragraph (1) of this subsection, the President may remove a country, for such period as the President determines, from the application of this subsection, and other provisions which reference this subsection, if the President determines and reports to the Congress that such action is important to the national interest of the United States. It is the sense of the Congress that when consideration is given to authorizing assistance to a country removed from the application of this subsection, one of the factors to be weighed, among others, is whether the country in question is giving evidence of fostering the establishment of a genuinely democratic system, with respect for internationally recognized human rights.".]

[SEC. 1203. LAND REFORM PROGRAMS.

[Section 620(g) of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following sentence: "This prohibition shall not apply to monetary assistance made available for use by a government (or a political subdivision or agency of a government) to compensate nationals of that country in accordance with a land reform program, if the President determines that monetary assistance for such land reform program will further the national interests of the United States.".]

**[SEC. 1204. SUSPENSION OF ASSISTANCE TO COUNTRIES VIOLATING
U.S. EXPORT LAWS IN ORDER TO MANUFACTURE A NUCLEAR
EXPLOSIVE DEVICE.**

[(a) SUSPENSION OF ASSISTANCE BECAUSE OF ILLEGAL EXPORTS.—Subsection (a)(1) of section 670 of the Foreign Assistance Act of 1961 is amended—

[(1) by inserting "(A) after "country which";

[(2) by inserting immediately before the period at the end thereof ", or (B) Is a non-nuclear-weapon state which, on or after the date of enactment of the International Security and Development Cooperation Act of 1985, exports illegally (or at-

tempts to export illegally) from the United States any material, equipment, or technology which would contribute significantly to the ability of such country to manufacture a nuclear explosive device, if the President determines that the material, equipment, or technology was to be used by such country in the manufacture of a nuclear explosive device"; and

[(3) by adding at the end thereof the following: "For purposes of clause (B), an export (or attempted export) by a person who is an agent of, or is otherwise acting on behalf of or in the interests of, a country shall be considered to be an export (or attempted export) by that country.".]

[(b) CONFORMING AMENDMENTS.—Such section 670 is amended—

[(1) in the section caption by inserting "ILLEGAL EXPORTS FOR NUCLEAR EXPLOSIVE DEVICES," after "TRANSFERS,"; and

[(2) by striking out "(5) As used in this subsection" and inserting in lieu thereof "(c) As used in this section".]

[(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of enactment of this Act.]

[SEC. 1205. REPORTS ON ECONOMIC CONDITIONS IN CERTAIN COUNTRIES.

[(a) EXTERNAL DEBT BURDEN OF CERTAIN COUNTRIES RECEIVING UNITED STATES ASSISTANCE.—The Congress finds that the Governments of Egypt, Israel, Turkey, and Portugal each have an enormous external debt burden which may be made more difficult by virtue of financing provided for those governments under various United States assistance programs.]

[(b) ANNUAL REPORTS ON ECONOMIC CONDITIONS.—In order to assist the Congress in examining United States assistance for these countries, the President shall report to Speaker of the House of Representatives and to the chairman of the Committee on Foreign Relations of the Senate, not later than January 15 of each year, regarding economic conditions prevailing in Egypt, Israel, Turkey, and Portugal which may affect their respective ability to meet their international debt obligations and to stabilize their economies.]

[SEC. 1206. EGYPTIAN-ISRAELI RELATIONS.

[The Congress notes the recent effort of Egypt to move the peace process forward. However, the Congress continues to be concerned about the less than normal relations between Egypt and Israel. It is the sense of the Congress that all United States foreign assistance to Egypt is provided in the expectation that the Egyptian Government will continue in its efforts to bring peace to the region and that it will continue to support and fulfill the provisions of the Camp David Accords and the Egyptian-Israeli Peace Treaty.]

[SEC. 1207. PROCUREMENT OF CONSTRUCTION AND ENGINEERING SERVICES.

[Section 604(g) of the Foreign Assistance Act of 1961 is amended—

[(1) by inserting "(1)" after "(g)"; and

[(2) by adding at the end thereof the following new paragraph:

["(2) Paragraph (1) does not apply with respect to an advanced developing country which—

["(A) is receiving direct economic assistance under chapter 1 of part I or chapter 4 of part II of this Act, and

["(B) if the country has its own foreign assistance programs which finance the procurement of construction or engineering services, permits United States firms to compete for those services.".

[SEC. 1208. COMPLETION OF PLANS AND COST ESTIMATES.

[Section 611 of the Foreign Assistance Act of 1961 is amended—

[(1) in subsection (a) by striking out "\$100,000" and inserting in lieu thereof "\$500,000"; and

[(2) in subsection (b) by striking out "the procedures set forth in the Principles and Standards for Planning Water and Related Land Resources, dated October 25, 1973, with respect to such computations" and inserting in lieu thereof "the principles, standards, and procedures established pursuant to the Water Resources Planning Act (42 U.S.C. 1962, et seq.) or acts amendatory or supplementary thereto".

[SEC. 1209. REPROGRAMMING NOTIFICATIONS TO CONGRESS.

[(a) REPROGRAMMING NOTIFICATIONS.—Section 634A of the Foreign Assistance Act of 1961 is amended—

[(1) by inserting "(a)" immediately before "None";

[(2) by inserting "or the Arms Export Control Act" immediately after "disaster relief and rehabilitation)" and immediately after "this Act" the second place it appears; and

[(3) by adding at the end of the section the following new subsections:

["(b) The notification requirement of this section does not apply to the reprogramming—

["(1) of funds to be used for an activity, program, or project under chapter 1 of part I if the amounts to be obligated for that activity, program, or project for that fiscal year do not exceed by more than 10 percent the amount justified to the Congress for that activity, program, or project for that fiscal year; or

["(2) of less than \$25,000 to be used under chapter 8 of part I, or under chapter 5 of part II, for a country for which a program under that chapter for that fiscal year was justified to the Congress.

["(c) The President shall notify the chairman of the Committee on Foreign Relations of the Senate and the chairman of the Committee on Foreign Affairs of the House of Representatives concerning any reprogramming of funds in the International Affairs Budget Function, the authorizations of appropriations for which are in their respective jurisdictions, to the same degree and with the same conditions as the President notifies the Committees on Appropriations. The requirements of this subsection are in addition to, and not in lieu of, other notification requirements.".

[b ALLOCATION REPORTS.—Section 653 of such Act is amended—

[(1) by inserting in subsection (a) "or the Arms Export Control Act" immediately after "sections 451 or 637");

[(2) by striking out subsection (b); and

[(3) by redesignating subsection (c) as subsection (b).

[(c) QUARTERLY REPORTS.—Section 36(a) of the Arms Export Control Act is amended—

[(1) in paragraph (5), by striking out “cash” and by striking out “, credits to be extended under section 23, and guaranty agreements to be made under section 24”; and

[(2) in paragraph (6), by striking out “cash” and by striking out “and credits expected to be extended”.

[SEC. 1210. REPORT ON UNITED STATES ASSISTANCE TO COAL EXPORTING NATIONS.

[Not later than 30 days after the date of enactment of this Act, the President shall submit to the appropriate committees of the Congress a report describing the status and terms of, and containing all other pertinent information relating to, any United States Government assistance which is provided to foreign nations that produce or export coal for the purpose of financing or assisting in the development of coal production, transportation, export, or other coal-related activities or operations.

[SEC. 1211. REPEAL OF OBSOLETE PROVISIONS AND CORRECTION OF TECHNICAL REFERENCES.

[(a) REPEALS.—The Foreign Assistance Act of 1961 is amended as follows:

[(1) The third sentence of section 105(a) is repealed.

[(2) Section 106(b)(1) is amended by striking out “(A)” and by striking out subparagraph (B).

[(3) Section 110 is amended by striking out “(a)” and by striking out subsection (b).

[(4) Chapter 10 of part I is repealed.

[(b) CORRECTION OF CROSS-REFERENCES.—

[(1) FOREIGN SERVICE ACT—Section 636(a)(14) of such Act is amended by striking out “the Foreign Service Act of 1946, as amended (22 U.S.C. 801 et seq.)” and inserting in lieu thereof “the Foreign Service Act of 1980 (22 U.S.C. 3901 et seq.)”.

[(2) TITLE 31 OF THE U.S. CODE.—Section 611(a) of such Act is amended by striking out “section 1311 of the Supplemental Appropriation Act, 1955 as amended (31 U.S.C. 200)” and inserting in lieu thereof “section 1501 of title 31, United States Code”.

[(3) ITAR REGULATIONS.—Section 47(6) of the Arms Export Control Act is amended by striking out “combat” and inserting in lieu thereof “military”.

[TITLE XIII—MISCELLANEOUS PROVISIONS

[SEC. 1301. EFFECTIVE DATE.

[Except as otherwise provided in this Act, this Act shall take effect on October 1, 1985.]

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