

105<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

**H. R. 1432**

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**AN ACT**

To authorize a new trade and investment policy for  
sub-Saharan Africa.

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## AN ACT

To authorize a new trade and investment policy for sub-Saharan Africa.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “African Growth and  
3 Opportunity Act”.

4 **SEC. 2. FINDINGS.**

5 The Congress finds that it is in the mutual economic  
6 interest of the United States and sub-Saharan Africa to  
7 promote stable and sustainable economic growth and de-  
8 velopment in sub-Saharan Africa. To that end, the United  
9 States seeks to facilitate market-led economic growth in,  
10 and thereby the social and economic development of, the  
11 countries of sub-Saharan Africa. In particular, the United  
12 States seeks to assist sub-Saharan African countries, and  
13 the private sector in those countries, to achieve economic  
14 self-reliance by—

15 (1) strengthening and expanding the private  
16 sector in sub-Saharan Africa, especially women-  
17 owned businesses;

18 (2) encouraging increased trade and investment  
19 between the United States and sub-Saharan Africa;

20 (3) reducing tariff and nontariff barriers and  
21 other trade obstacles;

22 (4) expanding United States assistance to sub-  
23 Saharan Africa’s regional integration efforts;

24 (5) negotiating free trade areas;

25 (6) establishing a United States-Sub-Saharan  
26 Africa Trade and Investment Partnership;

1           (7) focusing on countries committed to account-  
2           able government, economic reform, and the eradi-  
3           cation of poverty;

4           (8) establishing a United States-Sub-Saharan  
5           Africa Economic Cooperation Forum; and

6           (9) continuing to support development assist-  
7           ance for those countries in sub-Saharan Africa at-  
8           tempting to build civil societies.

9   **SEC. 3. STATEMENT OF POLICY.**

10          The Congress supports economic self-reliance for sub-  
11          Saharan African countries, particularly those committed  
12          to—

13               (1) economic and political reform;

14               (2) market incentives and private sector growth;

15               (3) the eradication of poverty; and

16               (4) the importance of women to economic  
17          growth and development.

18   **SEC. 4. ELIGIBILITY REQUIREMENTS.**

19          (a) IN GENERAL.—A sub-Saharan African country  
20          shall be eligible to participate in programs, projects, or  
21          activities, or receive assistance or other benefits under this  
22          Act if the President determines that the country does not  
23          engage in gross violations of internationally recognized  
24          human rights and has established, or is making continual  
25          progress toward establishing, a market-based economy,

1 such as the establishment and enforcement of appropriate  
2 policies relating to—

3           (1) promoting free movement of goods and serv-  
4           ices between the United States and sub-Saharan Af-  
5           rica and among countries in sub-Saharan Africa;

6           (2) promoting the expansion of the production  
7           base and the transformation of commodities and  
8           nontraditional products for exports through joint  
9           venture projects between African and foreign inves-  
10          tors;

11          (3) trade issues, such as protection of intellec-  
12          tual property rights, improvements in standards,  
13          testing, labeling and certification, and government  
14          procurement;

15          (4) the protection of property rights, such as  
16          protection against expropriation and a functioning  
17          and fair judicial system;

18          (5) appropriate fiscal systems, such as reducing  
19          high import and corporate taxes, controlling govern-  
20          ment consumption, participation in bilateral invest-  
21          ment treaties, and the harmonization of such trea-  
22          ties to avoid double taxation;

23          (6) foreign investment issues, such as the provi-  
24          sion of national treatment for foreign investors and

1 other measures to create an environment conducive  
2 to domestic and foreign investment;

3 (7) supporting the growth of regional markets  
4 within a free trade area framework;

5 (8) governance issues, such as eliminating gov-  
6 ernment corruption, minimizing government inter-  
7 vention in the market such as price controls and  
8 subsidies, and streamlining the business license proc-  
9 ess;

10 (9) supporting the growth of the private sector,  
11 in particular by promoting the emergence of a new  
12 generation of African entrepreneurs;

13 (10) encouraging the private ownership of gov-  
14 ernment-controlled economic enterprises through di-  
15 vestiture programs;

16 (11) removing restrictions on investment; and

17 (12) observing the rule of law, including equal  
18 protection under the law and the right to due proc-  
19 ess and a fair trial.

20 (b) ADDITIONAL FACTORS.—In determining whether  
21 a sub-Saharan African country is eligible under subsection  
22 (a), the President shall take into account the following fac-  
23 tors:

24 (1) An expression by such country of its desire  
25 to be an eligible country under subsection (a).

1           (2) The extent to which such country has made  
2 substantial progress toward—

3                   (A) reducing tariff levels;

4                   (B) binding its tariffs in the World Trade  
5 Organization and assuming meaningful binding  
6 obligations in other sectors of trade; and

7                   (C) eliminating nontariff barriers to trade.

8           (3) Whether such country, if not already a  
9 member of the World Trade Organization, is actively  
10 pursuing membership in that Organization.

11           (4) Where applicable, the extent to which such  
12 country is in material compliance with its obligations  
13 to the International Monetary Fund and other inter-  
14 national financial institutions.

15           (5) The extent to which such country has a rec-  
16 ognizable commitment to reducing poverty, increas-  
17 ing the availability of health care and educational  
18 opportunities, the expansion of physical infrastruc-  
19 ture in a manner designed to maximize accessibility,  
20 increased access to market and credit facilities for  
21 small farmers and producers, and improved eco-  
22 nomic opportunities for women as entrepreneurs and  
23 employees, and promoting and enabling the forma-  
24 tion of capital to support the establishment and op-  
25 eration of micro-enterprises.

1           (6) Whether or not such country is cooperating  
2 with the United States in efforts to eliminate slavery  
3 in Africa.

4           (7) Whether or not such country engages in ac-  
5 tivities that undermine United States national secu-  
6 rity or foreign policy interests.

7 (c) CONTINUING COMPLIANCE.—

8           (1) MONITORING AND REVIEW OF CERTAIN  
9 COUNTRIES.—The President shall monitor and re-  
10 view the progress of sub-Saharan African countries  
11 in order to determine their current or potential eligi-  
12 bility under subsection (a). Such determinations  
13 shall be based on quantitative factors to the fullest  
14 extent possible and shall be included in the annual  
15 report required by section 15.

16           (2) INELIGIBILITY OF CERTAIN COUNTRIES.—A  
17 sub-Saharan African country described in paragraph  
18 (1) that has not made continual progress in meeting  
19 the requirements with which it is not in compliance  
20 shall be ineligible to participate in programs,  
21 projects, or activities, or receive assistance or other  
22 benefits, under this Act.

23           (d) VIOLATIONS OF HUMAN RIGHTS AND INELIGIBLE  
24 COUNTRIES.—It is the sense of the Congress that a sub-  
25 Saharan African country should not be eligible to partici-



1 pate in programs, projects, or activities, or receive assist-  
2 ance or other benefits under this Act if the government  
3 of that country is determined by the President to engage  
4 in a consistent pattern of gross violations of internation-  
5 ally recognized human rights.

6 **SEC. 5. ADDITIONAL AUTHORITIES AND INCREASED FLEXI-**  
7 **BILITY TO PROVIDE ASSISTANCE UNDER THE**  
8 **DEVELOPMENT FUND FOR AFRICA.**

9 (a) USE OF SUSTAINABLE DEVELOPMENT ASSIST-  
10 ANCE TO SUPPORT FURTHER ECONOMIC GROWTH.—It is  
11 the sense of the Congress that sustained economic growth  
12 in sub-Saharan Africa depends in large measure upon the  
13 development of a receptive environment for trade and in-  
14 vestment, and that to achieve this objective the United  
15 States Agency for International Development should con-  
16 tinue to support programs which help to create this envi-  
17 ronment. Investments in human resources, development,  
18 and implementation of free market policies, including poli-  
19 cies to liberalize agricultural markets and improve food se-  
20 curity, and the support for the rule of law and democratic  
21 governance should continue to be encouraged and en-  
22 hanced on a bilateral and regional basis.

23 (b) DECLARATIONS OF POLICY.—The Congress  
24 makes the following declarations:

1           (1) The Development Fund for Africa estab-  
2           lished under chapter 10 of part I of the Foreign As-  
3           sistance Act of 1961 (22 U.S.C. 2293 et seq.) has  
4           been an effective tool in providing development as-  
5           sistance to sub-Saharan Africa since 1988.

6           (2) The Development Fund for Africa will com-  
7           plement the other provisions of this Act and lay a  
8           foundation for increased trade and investment op-  
9           portunities between the United States and sub-Saha-  
10          ran Africa.

11          (3) Assistance provided through the Develop-  
12          ment Fund for Africa will continue to support pro-  
13          grams and activities that promote the long term eco-  
14          nomic development of sub-Saharan Africa, such as  
15          programs and activities relating to the following:

16                (A) Strengthening primary and vocational  
17                education systems, especially the acquisition of  
18                middle-level technical skills for operating mod-  
19                ern private businesses and the introduction of  
20                college level business education, including the  
21                study of international business, finance, and  
22                stock exchanges.

23                (B) Strengthening health care systems.

24                (C) Strengthening family planning service  
25                delivery systems.

1           (D) Supporting democratization, good gov-  
2 ernance and civil society and conflict resolution  
3 efforts.

4           (E) Increasing food security by promoting  
5 the expansion of agricultural and agriculture-  
6 based industrial production and productivity  
7 and increasing real incomes for poor individ-  
8 uals.

9           (F) Promoting an enabling environment  
10 for private sector-led growth through sustained  
11 economic reform, privatization programs, and  
12 market-led economic activities.

13           (G) Promoting decentralization and local  
14 participation in the development process, espe-  
15 cially linking the rural production sectors and  
16 the industrial and market centers throughout  
17 Africa.

18           (H) Increasing the technical and manage-  
19 rial capacity of sub-Saharan African individuals  
20 to manage the economy of sub-Saharan Africa.

21           (I) Ensuring sustainable economic growth  
22 through environmental protection.

23           (4) The African Development Foundation has a  
24 unique congressional mandate to empower the poor  
25 to participate fully in development and to increase

1 opportunities for gainful employment, poverty allevi-  
2 ation, and more equitable income distribution in sub-  
3 Saharan Africa. The African Development Founda-  
4 tion has worked successfully to enhance the role of  
5 women as agents of change, strengthen the informal  
6 sector with an emphasis on supporting micro and  
7 small sized enterprises, indigenous technologies, and  
8 mobilizing local financing. The African Development  
9 Foundation should develop and implement strategies  
10 for promoting participation in the socioeconomic de-  
11 velopment process of grassroots and informal sector  
12 groups such as nongovernmental organizations, co-  
13 operatives, artisans, and traders into the programs  
14 and initiatives established under this Act.

15 (c) ADDITIONAL AUTHORITIES.—

16 (1) IN GENERAL.—Section 496(h) of the For-  
17 eign Assistance Act of 1961 (22 U.S.C. 2293(h)) is  
18 amended—

19 (A) by redesignating paragraph (3) as  
20 paragraph (4); and

21 (B) by inserting after paragraph (2) the  
22 following:

23 “(3) DEMOCRATIZATION AND CONFLICT RESO-  
24 LUTION CAPABILITIES.—Assistance under this sec-  
25 tion may also include program assistance—

1           “(A) to promote democratization, good  
2           governance, and strong civil societies in sub-Sa-  
3           haran Africa; and

4           “(B) to strengthen conflict resolution capa-  
5           bilities of governmental, intergovernmental, and  
6           nongovernmental entities in sub-Saharan  
7           Africa.”.

8           (2) CONFORMING AMENDMENT.—Section  
9           496(h)(4) of such Act, as amended by paragraph  
10          (1), is further amended by striking “paragraphs (1)  
11          and (2)” in the first sentence and inserting “para-  
12          graphs (1), (2), and (3)”.

13 **SEC. 6. UNITED STATES–SUB-SAHARAN AFRICA TRADE AND**  
14 **ECONOMIC COOPERATION FORUM.**

15          (a) DECLARATION OF POLICY.—The President shall  
16          convene annual high-level meetings between appropriate  
17          officials of the United States Government and officials of  
18          the governments of sub-Saharan African countries in  
19          order to foster close economic ties between the United  
20          States and sub-Saharan Africa.

21          (b) ESTABLISHMENT.—Not later than 12 months  
22          after the date of the enactment of this Act, the President,  
23          after consulting with the governments concerned, shall es-  
24          tablish a United States–Sub-Saharan Africa Trade and

1 Economic Cooperation Forum (hereafter in this section re-  
2 ferred to as the “Forum”).

3 (c) REQUIREMENTS.—In creating the Forum, the  
4 President shall meet the following requirements:

5 (1) The President shall direct the Secretary of  
6 Commerce, the Secretary of the Treasury, the Sec-  
7 retary of State, and the United States Trade Rep-  
8 resentative to host the first annual meeting with the  
9 counterparts of such Secretaries from the govern-  
10 ments of sub-Saharan African countries eligible  
11 under section 4, the Secretary General of the Orga-  
12 nization of African Unity, and government officials  
13 from other appropriate countries in Africa, to dis-  
14 cuss expanding trade and investment relations be-  
15 tween the United States and sub-Saharan Africa  
16 and the implementation of this Act including encour-  
17 aging joint ventures between small and large busi-  
18 nesses.

19 (2)(A) The President, in consultation with the  
20 Congress, shall encourage United States nongovern-  
21 mental organizations to host annual meetings with  
22 nongovernmental organizations from sub-Saharan  
23 Africa in conjunction with the annual meetings of  
24 the Forum for the purpose of discussing the issues  
25 described in paragraph (1).

1           (B) The President, in consultation with the  
2 Congress, shall encourage United States representa-  
3 tives of the private sector to host annual meetings  
4 with representatives of the private sector from sub-  
5 Saharan Africa in conjunction with the annual meet-  
6 ings of the Forum for the purpose of discussing the  
7 issues described in paragraph (1).

8           (3) The President shall, to the extent prac-  
9 ticable, meet with the heads of governments of sub-  
10 Saharan African countries eligible under section 4  
11 not less than once every two years for the purpose  
12 of discussing the issues described in paragraph (1).  
13 The first such meeting should take place not later  
14 than twelve months after the date of the enactment  
15 of this Act.

16       (d) DISSEMINATION OF INFORMATION BY USIA.—In  
17 order to assist in carrying out the purposes of the Forum,  
18 the United States Information Agency shall disseminate  
19 regularly, through multiple media, economic information  
20 in support of the free market economic reforms described  
21 in this Act.

22       (e) AUTHORIZATION OF APPROPRIATIONS.—There  
23 are authorized to be appropriated such sums as may be  
24 necessary to carry out this section.

1 (f) LIMITATION ON USE OF FUNDS.—None of the  
2 funds authorized under this section may be used to create  
3 or support any nongovernmental organization for the pur-  
4 pose of expanding or facilitating trade between the United  
5 States and sub-Saharan Africa.

6 **SEC. 7. UNITED STATES–SUB-SAHARAN AFRICA FREE**  
7 **TRADE AREA.**

8 (a) DECLARATION OF POLICY.—The Congress de-  
9 clares that a United States–Sub-Saharan Africa Free  
10 Trade Area should be established, or free trade agree-  
11 ments should be entered into, in order to serve as the cata-  
12 lyst for increasing trade between the United States and  
13 sub-Saharan Africa and increasing private sector develop-  
14 ment in sub-Saharan Africa.

15 (b) PLAN REQUIREMENT.—

16 (1) IN GENERAL.—The President, taking into  
17 account the provisions of the treaty establishing the  
18 African Economic Community and the willingness of  
19 the governments of sub-Saharan African countries to  
20 engage in negotiations to enter into free trade agree-  
21 ments, shall develop a plan for the purpose of enter-  
22 ing into one or more trade agreements with sub-Sa-  
23 haran African countries eligible under section 4 in  
24 order to establish a United States–Sub-Saharan Af-



1       rica Free Trade Area (hereafter in this section re-  
2       ferred to as the “Free Trade Area”).

3               (2) ELEMENTS OF PLAN.—The plan shall in-  
4       clude the following:

5                       (A) The specific objectives of the United  
6       States with respect to the establishment of the  
7       Free Trade Area and a suggested timetable for  
8       achieving those objectives.

9                       (B) The benefits to both the United States  
10      and sub-Saharan Africa with respect to the  
11      Free Trade Area.

12                      (C) A mutually agreed-upon timetable for  
13      establishing the Free Trade Area.

14                      (D) The implications for and the role of  
15      regional and sub-regional organizations in sub-  
16      Saharan Africa with respect to the Free Trade  
17      Area.

18                      (E) Subject matter anticipated to be cov-  
19      ered by the agreement for establishing the Free  
20      Trade Area and United States laws, programs,  
21      and policies, as well as the laws of participating  
22      eligible African countries and existing bilateral  
23      and multilateral and economic cooperation and  
24      trade agreements, that may be affected by the  
25      agreement or agreements.

1 (F) Procedures to ensure the following:

2 (i) Adequate consultation with the  
3 Congress and the private sector during the  
4 negotiation of the agreement or agree-  
5 ments for establishing the Free Trade  
6 Area.

7 (ii) Consultation with the Congress re-  
8 garding all matters relating to implementa-  
9 tion of the agreement or agreements.

10 (iii) Approval by the Congress of the  
11 agreement or agreements.

12 (iv) Adequate consultations with the  
13 relevant African governments and African  
14 regional and subregional intergovernmental  
15 organizations during the negotiations of  
16 the agreement or agreements.

17 (c) REPORTING REQUIREMENT.—Not later than 12  
18 months after the date of the enactment of this Act, the  
19 President shall prepare and transmit to the Congress a  
20 report containing the plan developed pursuant to sub-  
21 section (b).

22 **SEC. 8. ELIMINATING TRADE BARRIERS AND ENCOURAG-**  
23 **ING EXPORTS.**

24 (a) FINDINGS.—The Congress makes the following  
25 findings:

1           (1) The lack of competitiveness of sub-Saharan  
2 Africa in the global market, especially in the manu-  
3 facturing sector, make it a limited threat to market  
4 disruption and no threat to United States jobs.

5           (2) Annual textile and apparel exports to the  
6 United States from sub-Saharan Africa represent  
7 less than 1 percent of all textile and apparel exports  
8 to the United States, which totaled \$45,932,000,000  
9 in 1996.

10          (3) Sub-Saharan Africa has limited textile man-  
11 ufacturing capacity. During 1998 and the succeed-  
12 ing 4 years, this limited capacity to manufacture  
13 textiles and apparel is projected to grow at a modest  
14 rate. Given this limited capacity to export textiles  
15 and apparel, it will be very difficult for these exports  
16 from sub-Saharan Africa, during 1998 and the suc-  
17 ceeding 9 years, to exceed 3 percent annually of  
18 total imports of textile and apparel to the United  
19 States. If these exports from sub-Saharan Africa re-  
20 main around 3 percent of total imports, they will not  
21 represent a threat to United States workers, con-  
22 sumers, or manufacturers.

23          (b) SENSE OF THE CONGRESS.—It is the sense of  
24 the Congress that—

1           (1) it would be to the mutual benefit of the  
2 countries in sub-Saharan Africa and the United  
3 States to ensure that the commitments of the World  
4 Trade Organization and associated agreements are  
5 faithfully implemented in each of the member coun-  
6 tries, so as to lay the groundwork for sustained  
7 growth in textile and apparel exports and trade  
8 under agreed rules and disciplines;

9           (2) reform of trade policies in sub-Saharan Af-  
10 rica with the objective of removing structural im-  
11 pediments to trade, consistent with obligations under  
12 the World Trade Organization, can assist the coun-  
13 tries of the region in achieving greater and greater  
14 diversification of textile and apparel export commod-  
15 ities and products and export markets; and

16           (3) the President should support textile and ap-  
17 parel trade reform in sub-Saharan Africa by, among  
18 other measures, providing technical assistance, shar-  
19 ing of information to expand basic knowledge of how  
20 to trade with the United States, and encouraging  
21 business-to-business contacts with the region.

22 (c) TREATMENT OF QUOTAS.—

23           (1) KENYA AND MAURITIUS.—Pursuant to the  
24 Agreement on Textiles and Clothing, the United

1 States shall eliminate the existing quotas on textile  
2 and apparel exports to the United States—

3 (A) from Kenya within 30 days after that  
4 country adopts an efficient visa system to guard  
5 against unlawful transshipment of textile and  
6 apparel goods and the use of counterfeit docu-  
7 ments; and

8 (B) from Mauritius within 30 days after  
9 that country adopts such a visa system.

10 The Customs Service shall provide the necessary  
11 technical assistance to Kenya and Mauritius in the  
12 development and implementation of those visa sys-  
13 tems.

14 (2) OTHER SUB-SAHARAN COUNTRIES.—The  
15 President shall continue the existing no quota policy  
16 for countries in sub-Saharan Africa. The President  
17 shall submit to the Congress, not later than March  
18 31 of each year, a report on the growth in textiles  
19 and apparel exports to the United States from coun-  
20 tries in sub-Saharan Africa in order to protect  
21 United States consumers, workers, and textile manu-  
22 facturers from economic injury on account of the no  
23 quota policy.

24 (d) CUSTOMS PROCEDURES AND ENFORCEMENT.—

1           (1) ACTIONS BY COUNTRIES AGAINST TRANS-  
2 SHIPMENT AND CIRCUMVENTION.—The President  
3 should ensure that any country in sub-Saharan Afri-  
4 ca that intends to export textile and apparel goods  
5 to the United States—

6           (A) has in place a functioning and effective  
7 visa system and domestic laws and enforcement  
8 procedures to guard against unlawful trans-  
9 shipment of textile and apparel goods and the  
10 use of counterfeit documents; and

11           (B) will cooperate fully with the United  
12 States to address and take action necessary to  
13 prevent circumvention, as provided in Article 5  
14 of the Agreement on Textiles and Clothing.

15           (2) PENALTIES AGAINST EXPORTERS.—If the  
16 President determines, based on sufficient evidence,  
17 that an exporter has willfully falsified information  
18 regarding the country of origin, manufacture, proc-  
19 essing, or assembly of a textile or apparel article for  
20 which duty-free treatment under section  
21 503(a)(1)(C) of the Trade Act of 1974 is claimed,  
22 then the President shall deny to such exporter, and  
23 any successors of such exporter, for a period of 2  
24 years, duty-free treatment under such section for  
25 textile and apparel articles.

1           (3) APPLICABILITY OF UNITED STATES LAWS  
2           AND PROCEDURES.—All provisions of the laws, regu-  
3           lations, and procedures of the United States relating  
4           to the denial of entry of articles or penalties against  
5           individuals or entities for engaging in illegal trans-  
6           shipment, fraud, or other violations of the customs  
7           laws shall apply to imports from Sub-Saharan coun-  
8           tries.

9           (4) MONITORING AND REPORTS TO CON-  
10          GRESS.—The Customs Service shall monitor and the  
11          Commissioner of Customs shall submit to the Con-  
12          gress, not later than March 31 of each year, a report  
13          on the effectiveness of the visa systems described in  
14          subsection (c)(1) and paragraph (1) of this sub-  
15          section and on measures taken by countries in Sub-  
16          Saharan Africa which export textiles or apparel to  
17          the United States to prevent circumvention as de-  
18          scribed in Article 5 of the Agreement on Textiles  
19          and Clothing.

20          (e) DEFINITION.—For purposes of this section, the  
21          term “Agreement on Textiles and Clothing” means the  
22          Agreement on Textiles and Clothing referred to in section  
23          101(d)(4) of the Uruguay Round Agreements Act (19  
24          U.S.C. 3511(d)(4)).

1 **SEC. 9. GENERALIZED SYSTEM OF PREFERENCES.**

2 (a) PREFERENTIAL TARIFF TREATMENT FOR CER-  
3 TAIN ARTICLES.—Section 503(a)(1) of the Trade Act of  
4 1974 (19 U.S.C. 2463(a)(1)) is amended—

5 (1) by redesignating subparagraph (C) as sub-  
6 paragraph (D); and

7 (2) by inserting after subparagraph (B) the fol-  
8 lowing:

9 “(C) ELIGIBLE COUNTRIES IN SUB-SAHA-  
10 RAN AFRICA.—The President may provide duty-  
11 free treatment for any article set forth in para-  
12 graph (1) of subsection (b) that is the growth,  
13 product, or manufacture of an eligible country  
14 in sub-Saharan Africa that is a beneficiary de-  
15 veloping country, if, after receiving the advice  
16 of the International Trade Commission in ac-  
17 cordance with subsection (e), the President de-  
18 termines that such article is not import-sen-  
19 sitive in the context of imports from eligible  
20 countries in sub-Saharan Africa. This subpara-  
21 graph shall not affect the designation of eligible  
22 articles under subparagraph (B).”.

23 (b) RULES OF ORIGIN.—Section 503(a)(2) of the  
24 Trade Act of 1974 (19 U.S.C. 2463(a)(2)) is amended by  
25 adding at the end the following:



1           “(C) ELIGIBLE COUNTRIES IN SUB-SAHA-  
2           RAN AFRICA.—For purposes of determining the  
3           percentage referred to in subparagraph (A) in  
4           the case of an article of an eligible country in  
5           sub-Saharan Africa that is a beneficiary devel-  
6           oping country—

7                   “(i) if the cost or value of materials  
8                   produced in the customs territory of the  
9                   United States is included with respect to  
10                  that article, an amount not to exceed 15  
11                  percent of the appraised value of the arti-  
12                  cle at the time it is entered that is attrib-  
13                  uted to such United States cost or value  
14                  may be applied toward determining the  
15                  percentage referred to in subparagraph  
16                  (A); and

17                   “(ii) the cost or value of the materials  
18                   included with respect to that article that  
19                   are produced in any beneficiary developing  
20                   country that is an eligible country in sub-  
21                   Saharan Africa shall be applied in deter-  
22                   mining such percentage.”.

23           (c) WAIVER OF COMPETITIVE NEED LIMITATION.—

24           Section 503(c)(2)(D) of the Trade Act of 1974 (19 U.S.C.  
25           2463(c)(2)(D)) is amended to read as follows:

1                   “(D) LEAST-DEVELOPED BENEFICIARY  
2 DEVELOPING COUNTRIES AND ELIGIBLE COUN-  
3 TRIES IN SUB-SAHARAN AFRICA.—Subpara-  
4 graph (A) shall not apply to any least-developed  
5 beneficiary developing country or any eligible  
6 country in sub-Saharan Africa.”.

7           (d) EXTENSION OF PROGRAM.—Section 505 of the  
8 Trade Act of 1974 (19 U.S.C. 2465) is amended to read  
9 as follows:

10 **“SEC. 505. DATE OF TERMINATION.**

11           “(a) COUNTRIES IN SUB-SAHARAN AFRICA.—No  
12 duty-free treatment provided under this title shall remain  
13 in effect after June 30, 2008, with respect to beneficiary  
14 developing countries that are eligible countries in sub-Sa-  
15 haran Africa.

16           “(b) OTHER COUNTRIES.—No duty-free treatment  
17 provided under this title shall remain in effect after June  
18 30, 1998, with respect to beneficiary developing countries  
19 other than those provided for in subsection (a).”.

20           (e) DEFINITION.—Section 507 of the Trade Act of  
21 1974 (19 U.S.C. 2467) is amended by adding at the end  
22 the following:

23                   “(6) ELIGIBLE COUNTRY IN SUB-SAHARAN AF-  
24 RICA.—The terms ‘eligible country in sub-Saharan  
25 Africa’ and ‘eligible countries in sub-Saharan Africa’

1 mean a country or countries that the President has  
2 determined to be eligible under section 4 of the Afri-  
3 can Growth and Opportunity Act.”.

4 (f) EFFECTIVE DATE.—The amendments made by  
5 this section take effect on July 1, 1998.

6 **SEC. 10. INTERNATIONAL FINANCIAL INSTITUTIONS AND**  
7 **DEBT REDUCTION.**

8 (a) BETTER MECHANISMS TO FURTHER GOALS FOR  
9 SUB-SAHARAN AFRICA.—It is the sense of the Congress  
10 that the Secretary of the Treasury should instruct the  
11 United States Executive Directors of the International  
12 Bank for Reconstruction and Development, the Inter-  
13 national Monetary Fund, and the African Development  
14 Bank to use the voice and votes of the Executive Directors  
15 to encourage vigorously their respective institutions to de-  
16 velop enhanced mechanisms which further the following  
17 goals in eligible countries in sub-Saharan Africa:

18 (1) Strengthening and expanding the private  
19 sector, especially among women-owned businesses.

20 (2) Reducing tariffs, nontariff barriers, and  
21 other trade obstacles, and increasing economic inte-  
22 gration.

23 (3) Supporting countries committed to account-  
24 able government, economic reform, the eradication of  
25 poverty, and the building of civil societies.

1           (4) Supporting deep debt reduction at the earli-  
2           est possible date with the greatest amount of relief  
3           for eligible poorest countries under the “Heavily In-  
4           debted Poor Countries” (HIPC) debt initiative.

5           (b) SENSE OF CONGRESS.—It is the sense of the  
6 Congress that relief provided to countries in sub-Saharan  
7 Africa which qualify for the Heavily Indebted Poor Coun-  
8 tries debt initiative should primarily be made through  
9 grants rather than through extended-term debt, and that  
10 interim relief or interim financing should be provided for  
11 eligible countries that establish a strong record of macro-  
12 economic reform.

13          (c) EXECUTIVE BRANCH INITIATIVES.—The Con-  
14 gress supports and encourages the implementation of the  
15 following initiatives of the executive branch:

16           (1) AMERICAN-AFRICAN BUSINESS PARTNER-  
17           SHIP.—The Agency for International Development  
18           devoting up to \$1,000,000 annually to help catalyze  
19           relationships between United States firms and firms  
20           in sub-Saharan Africa through a variety of business  
21           associations and networks.

22           (2) TECHNICAL ASSISTANCE TO PROMOTE RE-  
23           FORMS.—The Agency for International Development  
24           providing up to \$5,000,000 annually in short-term

1 technical assistance programs to help the govern-  
2 ments of sub-Saharan African countries to—

3 (A) liberalize trade and promote exports;

4 (B) bring their legal regimes into compli-  
5 ance with the standards of the World Trade Or-  
6 ganization in conjunction with membership in  
7 that Organization; and

8 (C) make financial and fiscal reforms, as  
9 well as the United States Department of Agri-  
10 culture providing support to promote greater  
11 agribusiness linkages.

12 (3) AGRICULTURAL MARKET LIBERALIZA-  
13 TION.—The Agency for International Development  
14 devoting up to \$15,000,000 annually as part of the  
15 multi-year Africa Food Security Initiative to help  
16 address such critical agricultural policy issues as  
17 market liberalization, agricultural export develop-  
18 ment, and agribusiness investment in processing and  
19 transporting agricultural commodities.

20 (4) TRADE PROMOTION.—The Trade Develop-  
21 ment Agency increasing the number of reverse trade  
22 missions to growth-oriented countries in sub-Saha-  
23 ran Africa.

1           (5) TRADE IN SERVICES.—Efforts by United  
2 States embassies in the countries in sub-Saharan Af-  
3 rica to encourage their host governments—

4           (A) to participate in the ongoing negotia-  
5 tions on financial services in the World Trade  
6 Organization;

7           (B) to revise their existing schedules to the  
8 General Agreement on Trade in Services of the  
9 World Trade Organization in light of the suc-  
10 cessful conclusion of negotiations on basic tele-  
11 communications services; and

12           (C) to make further commitments in their  
13 schedules to the General Agreement on Trade  
14 in Services in order to encourage the removal of  
15 tariff and nontariff barriers and to foster com-  
16 petition in the services sector in those countries.

17 **SEC. 11. SUB-SAHARAN AFRICA EQUITY AND INFRASTRUC-**  
18 **TURE FUNDS.**

19           (a) INITIATION OF FUNDS.—It is the sense of the  
20 Congress that the Overseas Private Investment Corpora-  
21 tion should, within 12 months after the date of the enact-  
22 ment of this Act, exercise the authorities it has to initiate  
23 2 or more equity funds in support of projects in the coun-  
24 tries in sub-Saharan Africa.

25           (b) STRUCTURE AND TYPES OF FUNDS.—

1           (1) STRUCTURE.—Each fund initiated under  
2 subsection (a) should be structured as a partnership  
3 managed by professional private sector fund man-  
4 agers and monitored on a continuing basis by the  
5 Corporation.

6           (2) CAPITALIZATION.—Each fund should be  
7 capitalized with a combination of private equity cap-  
8 ital, which is not guaranteed by the Corporation,  
9 and debt for which the Corporation provides guaran-  
10 ties.

11           (3) TYPES OF FUNDS.—

12           (A) EQUITY FUND FOR SUB-SAHARAN AF-  
13 RICA.—One of the funds should be an equity  
14 fund, with assets of up to \$150,000,000, the  
15 primary purpose of which is to achieve long-  
16 term capital appreciation through equity invest-  
17 ments in support of projects in countries in  
18 sub-Saharan Africa.

19           (B) INFRASTRUCTURE FUND.—One or  
20 more of the funds, with combined assets of up  
21 to \$500,000,000, should be used in support of  
22 infrastructure projects in countries of sub-Saha-  
23 ran Africa. The primary purpose of any such  
24 fund would be to achieve long-term capital ap-  
25 preciation through investing in financing for in-

1           frastructure projects in sub-Saharan Africa, in-  
2           cluding for the expansion of businesses in sub-  
3           Saharan Africa, restructurings, management  
4           buyouts and buyins, businesses with local own-  
5           ership, and privatizations.

6           (4) EMPHASIS.—The Corporation shall ensure  
7           that the funds are used to provide support in par-  
8           ticular to women entrepreneurs and to innovative in-  
9           vestments that expand opportunities for women and  
10          maximize employment opportunities for poor individ-  
11          uals.

12 **SEC. 12. OVERSEAS PRIVATE INVESTMENT CORPORATION**  
13 **AND EXPORT-IMPORT BANK INITIATIVES.**

14          (a) OVERSEAS PRIVATE INVESTMENT CORPORA-  
15          TION.—

16           (1) ADVISORY COMMITTEE.—Section 233 of the  
17          Foreign Assistance Act of 1961 is amended by add-  
18          ing at the end the following:

19          “(e) ADVISORY COMMITTEE.—The Board shall take  
20          prompt measures to increase the loan, guarantee, and in-  
21          surance programs, and financial commitments, of the Cor-  
22          poration in sub-Saharan Africa, including through the es-  
23          tablishment and use of an advisory committee to assist  
24          the Board in developing and implementing policies, pro-  
25          grams, and financial instruments with respect to sub-Sa-



1 haran Africa. In addition, the advisory committee shall  
2 make recommendations to the Board on how the Corpora-  
3 tion can facilitate greater support by the United States  
4 for trade and investment with and in sub-Saharan Africa.  
5 The advisory committee shall terminate 4 years after the  
6 date of the enactment of this subsection.”.

7           (2) REPORTS TO THE CONGRESS.—Within 6  
8 months after the date of the enactment of this Act,  
9 and annually for each of the 4 years thereafter, the  
10 Board of Directors of the Overseas Private Invest-  
11 ment Corporation shall submit to the Congress a re-  
12 port on the steps that the Board has taken to imple-  
13 ment section 233(e) of the Foreign Assistance Act  
14 of 1961 (as added by paragraph (1)) and any rec-  
15 ommendations of the advisory board established pur-  
16 suant to such section.

17           (b) EXPORT-IMPORT BANK.—

18           (1) ADVISORY COMMITTEE FOR SUB-SAHARAN  
19 AFRICA.—Section 2(b) of the Export-Import Bank  
20 Act of 1945 (12 U.S.C. 635(b)) is amended by in-  
21 serting after paragraph (12) the following:

22           “(13)(A) The Board of Directors of the Bank shall  
23 take prompt measures, consistent with the credit stand-  
24 ards otherwise required by law, to promote the expansion  
25 of the Bank’s financial commitments in sub-Saharan Afri-

1 ca under the loan, guarantee, and insurance programs of  
2 the Bank.

3 “(B)(i) The Board of Directors shall establish and  
4 use an advisory committee to advise the Board of Direc-  
5 tors on the development and implementation of policies  
6 and programs designed to support the expansion described  
7 in subparagraph (A).

8 “(ii) The advisory committee shall make rec-  
9 ommendations to the Board of Directors on how the Bank  
10 can facilitate greater support by United States commercial  
11 banks for trade with sub-Saharan Africa.

12 “(iii) The advisory committee shall terminate 4 years  
13 after the date of the enactment of this subparagraph.”.

14 (2) REPORTS TO THE CONGRESS.—Within 6  
15 months after the date of the enactment of this Act,  
16 and annually for each of the 4 years thereafter, the  
17 Board of Directors of the Export-Import Bank of  
18 the United States shall submit to the Congress a re-  
19 port on the steps that the Board has taken to imple-  
20 ment section 2(b)(13)(B) of the Export-Import  
21 Bank Act of 1945 (as added by paragraph (1)) and  
22 any recommendations of the advisory committee es-  
23 tablished pursuant to such section.

1 **SEC. 13. ESTABLISHMENT OF ASSISTANT UNITED STATES**  
2 **TRADE REPRESENTATIVE FOR SUB-SAHARAN**  
3 **AFRICA.**

4 (a) **ESTABLISHMENT.**—The President shall establish  
5 a position of Assistant United States Trade Representa-  
6 tive within the Office of the United States Trade Rep-  
7 resentative to focus on trade issues relating to sub-Saha-  
8 ran Africa.

9 (b) **FUNDING AND STAFF.**—The President shall en-  
10 sure that the Assistant United States Trade Representa-  
11 tive appointed pursuant to subsection (a) has adequate  
12 funding and staff to carry out the duties described in sub-  
13 section (a), subject to the availability of appropriations.

14 **SEC. 14. EXPANSION OF THE UNITED STATES AND FOREIGN**  
15 **COMMERCIAL SERVICE IN SUB-SAHARAN**  
16 **AFRICA.**

17 (a) **SENSE OF THE CONGRESS.**—It is the sense of the  
18 Congress that the United States and Foreign Commercial  
19 Service should expand its presence in sub-Saharan Africa  
20 by increasing the number of posts and the number of per-  
21 sonnel it allocates to sub-Saharan Africa.

22 (b) **REPORTING REQUIREMENT.**—Not later than 120  
23 days after the date of the enactment of this Act, the Sec-  
24 retary of Commerce, in consultation with the Secretary of  
25 State, should report to the Congress on the feasibility of

1 expanding the presence in sub-Saharan Africa of the  
2 United States and Foreign Commercial Service.

3 **SEC. 15. REPORTING REQUIREMENT.**

4 The President shall submit to the Congress, not later  
5 than 1 year after the date of the enactment of this Act,  
6 and not later than the end of each of the next 4 1-year  
7 periods thereafter, a report on the implementation of this  
8 Act.

9 **SEC. 16. SUB-SAHARAN AFRICA DEFINED.**

10 For purposes of this Act, the terms “sub-Saharan Af-  
11 rica”, “sub-Saharan African country”, “country in sub-  
12 Saharan Africa”, and “countries in sub-Saharan Africa”  
13 refer to the following:

14 Republic of Angola (Angola)  
15 Republic of Botswana (Botswana)  
16 Republic of Burundi (Burundi)  
17 Republic of Cape Verde (Cape Verde)  
18 Republic of Chad (Chad)  
19 Democratic Republic of Congo  
20 Republic of the Congo (Congo)  
21 Republic of Djibouti (Djibouti)  
22 State of Eritrea (Eritrea)  
23 Gabonese Republic (Gabon)  
24 Republic of Ghana (Ghana)  
25 Republic of Guinea-Bissau (Guinea-Bissau)

- 1 Kingdom of Lesotho (Lesotho)
- 2 Republic of Madagascar (Madagascar)
- 3 Republic of Mali (Mali)
- 4 Republic of Mauritius (Mauritius)
- 5 Republic of Namibia (Namibia)
- 6 Federal Republic of Nigeria (Nigeria)
- 7 Democratic Republic of Sao Tomé and Príncipe
- 8 (Sao Tomé and Príncipe)
- 9 Republic of Sierra Leone (Sierra Leone)
- 10 Somalia
- 11 Kingdom of Swaziland (Swaziland)
- 12 Republic of Togo (Togo)
- 13 Republic of Zimbabwe (Zimbabwe)
- 14 Republic of Benin (Benin)
- 15 Burkina Faso (Burkina)
- 16 Republic of Cameroon (Cameroon)
- 17 Central African Republic
- 18 Federal Islamic Republic of the Comoros
- 19 (Comoros)
- 20 Republic of Côte d'Ivoire (Côte d'Ivoire)
- 21 Republic of Equatorial Guinea (Equatorial
- 22 Guinea)
- 23 Ethiopia
- 24 Republic of the Gambia (Gambia)
- 25 Republic of Guinea (Guinea)

- 1           Republic of Kenya (Kenya)
- 2           Republic of Liberia (Liberia)
- 3           Republic of Malawi (Malawi)
- 4           Islamic Republic of Mauritania (Mauritania)
- 5           Republic of Mozambique (Mozambique)
- 6           Republic of Niger (Niger)
- 7           Republic of Rwanda (Rwanda)
- 8           Republic of Senegal (Senegal)
- 9           Republic of Seychelles (Seychelles)
- 10          Republic of South Africa (South Africa)
- 11          Republic of Sudan (Sudan)
- 12          United Republic of Tanzania (Tanzania)
- 13          Republic of Uganda (Uganda)
- 14          Republic of Zambia (Zambia)

15 **SEC. 17. CLARIFICATION OF DEDUCTION FOR SEVERANCE**

16                   **PAY.**

17           (a) IN GENERAL.—Section 404(a) of the Internal  
18 Revenue Code of 1986 (relating to deduction for contribu-  
19 tions of an employer to an employee’s trust or annuity  
20 plan and compensation under a deferred-payment plan) is  
21 amended by adding at the end the following new para-  
22 graph:

23                   “(11) DETERMINATIONS RELATING TO SEVER-  
24 ANCE PAY.—For purposes of determining under this  
25 section—

1           “(A) whether severance pay is deferred  
2           compensation; and

3           “(B) when severance pay is paid,  
4           no amount shall be treated as received by the em-  
5           ployee, or paid, until it is actually received by the  
6           employee.”.

7           (b) EFFECTIVE DATE.—

8           (1) IN GENERAL.—The amendment made by  
9           subsection (a) shall apply to taxable years ending  
10          after October 8, 1997.

11          (2) CHANGE IN METHOD OF ACCOUNTING.—In  
12          the case of any taxpayer required by the amendment  
13          made by subsection (a) to change its method of ac-  
14          counting for its first taxable year ending after Octo-  
15          ber 8, 1997—

16                 (A) such change shall be treated as initi-  
17                 ated by the taxpayer;

18                 (B) such change shall be treated as made  
19                 with the consent of the Secretary of the Treas-  
20                 ury; and

21                 (C) the net amount of the adjustments re-  
22                 quired to be taken into account by the taxpayer  
23                 under section 481 of the Internal Revenue Code  
24                 of 1986 shall be taken into account in such first  
25                 taxable year.

1 **SEC. 18. DONATION OF OBSOLETE AIR TRAFFIC CONTROL**  
2 **EQUIPMENT TO ELIGIBLE SUB-SAHARAN AF-**  
3 **RICAN COUNTRIES.**

4 It is the sense of the Congress that, to the extent  
5 appropriate, the United States Government should make  
6 every effort to donate to governments of sub-Saharan Afri-  
7 can countries (determined to be eligible under section 4  
8 of this Act) obsolete air traffic control equipment, includ-  
9 ing appropriate related reimbursable technical assistance  
10 for such equipment.

Passed the House of Representatives March 11,  
1998.

Attest:

*Clerk.*