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H. R. 1432

AN ACT

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

JULY 21, 1998

Read the second time and placed on the calendar

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IN THE SENATE OF THE UNITED STATES

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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

opportunities for gainful employment, poverty alleviation, and more equitable income distribution in sub-Saharan Africa. The African Development Foundation has worked successfully to enhance the role of women as agents of change, strengthen the informal sector with an emphasis on supporting micro and small sized enterprises, indigenous technologies, and mobilizing local financing. The African Development Foundation should develop and implement strategies for promoting participation in the socioeconomic development process of grassroots and informal sector groups such as nongovernmental organizations, cooperatives, artisans, and traders into the programs and initiatives established under this Act.

(c) ADDITIONAL AUTHORITIES.—

(1) IN GENERAL.—Section 496(h) of the Foreign Assistance Act of 1961 (22 U.S.C. 2293(h)) is amended—

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

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

“(3) DEMOCRATIZATION AND CONFLICT RESOLUTION CAPABILITIES.—Assistance under this section 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:

ROBIN H. CARLE,
Clerk.