

Cardinal O'Connor was a good and holy priest who radiated Christ and the healing power of God to believers and nonbelievers alike.

Over the years, there were some who mocked and rejected Cardinal O'Connor's clear Christian teaching on the sanctity of all human life and the duty of all men and women of goodwill, especially politicians, to protect the vulnerable from the violence of abortion. Yet he always treated the opponents of his message with respect and dignity.

Mr. Speaker, in the 25th chapter of Matthew's Gospel Jesus spoke of the last judgment and those, like Cardinal O'Connor, who would be blessed in eternity. Jesus said, "For I was hungry and you gave me food; I was thirsty and you gave me drink; I was a stranger and you took me in; I was naked and you clothed me; I was in prison and you came to me." And then the righteous will answer him, saying, "Lord, when did we see you hungry and feed you, or thirsty and give you drink? When did we see you a stranger and take you in, or naked and clothe you? Or when did we see you sick, or in prison, and come to you?" And the Lord will answer and say to them, "Assuredly, I say to you, inasmuch as you did it to the least of my brethren, you did it to Me."

Mr. Speaker, Cardinal O'Connor devoted his life and inspired countless others to do the same to help the "least," the disenfranchised, and the unwanted seeing Christ himself in the lives that nobody else cared about or wanted. Earth's loss of Cardinal O'Connor is heaven's gain.

#### THE PROBLEM OF SPAM E-MAIL

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

Mr. GREEN of Texas. Mr. Speaker, all of us share in the loss of Cardinal O'Connor, even though we are not from New York.

Mr. Speaker, last evening, the House of Representatives was spammed. Spam is unsolicited e-mail that can be sent in such a large volume that it disables the recipient's network. I am sure my colleagues have read recent news reports of companies like e-Bay and Amazon.com having their networks taken down by coordinated e-mail attacks.

This is a growing problem that Congress needs to quickly address. I have introduced H.R. 3113, along with the gentlewoman from New Mexico (Mrs. WILSON), that will provide consumers and businesses protection against these types of attacks.

Mr. Speaker, many of the messages the House received last night simply were titled "I love you." And I know that all of us in the House and our staff enjoy looking at our computers in the morning and seeing "I love you." Apart from the interesting title, there is nothing friendly in this message. If we

opened this e-mail, our computer would be infected by a virus that we would then have to spend considerable time and effort removing from our network.

The Subcommittee on Telecommunications, Trade and Consumer Protection of the Committee on Commerce has held a markup on anti-spam legislation, and it passed the subcommittee by voice vote. I hope this incident will bring a quick full-committee mark-up.

Mr. Speaker, I remind my colleagues not to open any messages, even though they say "I love you." This may be the second time our House has been spammed, but I feel fairly certain that it will not be the last. Let us pass H.R. 3113.

#### FUGITIVE SLAVE LAW AND CUBA

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

Mr. PITTS. Mr. Speaker, the Mason Dixon Line is the southern border of my district. For decades in the 19th century, the citizen of my district helped slaves escape to freedom aboard the Underground Railroad, and every person who did so, committed a Federal crime.

In 1793, Congress passed the Fugitive Slave Law, and any person who helped a slave escape was fined and jailed.

Mr. Speaker, Cuba is a slave state. It is not a Communist theme park. The people who live there have no freedoms. Parents have no rights. Children are the property of the government.

More than a decade after the fall of the Berlin Wall which brought elements of freedom to the rest of the Communist bloc, only the likes of North Korea and Cuba persist in persecuting their people, espousing revolution, and exporting terrorism.

In America we believe in freedom. Every war we have ever fought was fought for freedom, and no one knows the price or value of freedom better than ex-slaves, and no one can describe what a slave state is like better than ex-slaves, not tourists.

If Juan Miguel Gonzalez was not being guarded by dozens of Cuban officials and police, if his parents were not under house arrest and his 6-year-old son were not being held, he would probably say the same.

As the gentleman from Oklahoma (Mr. WATTS), the Republican Conference chairman, said, "If you and your child were enslaved, and there was only one ticket left on the Underground Railroad . . . wouldn't you want your child to have it?"

#### CONFERENCE REPORT ON H.R. 434, TRADE AND DEVELOPMENT ACT OF 2000

Mr. ROYCE submitted the following conference report and statement on the bill (H.R. 434) to authorize a new trade and investment policy for sub-Saharan Africa:

#### CONFERENCE REPORT (H. REPT. 106-606)

The committee on conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 434), to authorize a new trade and investment policy for sub-Saharan Africa, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate to the text of the bill and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment, insert the following:

#### SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Trade and Development Act of 2000".

(b) TABLE OF CONTENTS.—

#### TITLE I—EXTENSION OF CERTAIN TRADE BENEFITS TO SUB-SAHARAN AFRICA Subtitle A—Trade Policy for Sub-Saharan Africa

Sec. 101. Short title; table of contents.

Sec. 102. Findings.

Sec. 103. Statement of policy.

Sec. 104. Eligibility requirements.

Sec. 105. United States-Sub-Saharan Africa Trade and Economic Cooperation Forum.

Sec. 106. Reporting requirement.

Sec. 107. Sub-Saharan Africa defined.

#### Subtitle B—Trade Benefits

Sec. 111. Eligibility for certain benefits.

Sec. 112. Treatment of certain textiles and apparel.

Sec. 113. Protections against transshipment.

Sec. 114. Termination.

Sec. 115. Clerical amendments.

Sec. 116. Free trade agreements with sub-Saharan African countries.

Sec. 117. Assistant United States Trade Representative for African Affairs.

#### Subtitle C—Economic Development Related Issues

Sec. 121. Sense of Congress regarding comprehensive debt relief for the world's poorest countries.

Sec. 122. Executive branch initiatives.

Sec. 123. Overseas Private Investment Corporation initiatives.

Sec. 124. Export-Import Bank initiatives.

Sec. 125. Expansion of the United States and Foreign Commercial Service in sub-Saharan Africa.

Sec. 126. Donation of air traffic control equipment to eligible sub-Saharan African countries.

Sec. 127. Additional authorities and increased flexibility to provide assistance under the Development Fund for Africa.

Sec. 128. Assistance from United States private sector to prevent and reduce HIV/AIDS in sub-Saharan Africa.

Sec. 129. Sense of the Congress relating to HIV/AIDS crisis in sub-Saharan Africa.

Sec. 130. Study on improving African agricultural practices.

Sec. 131. Sense of the Congress regarding efforts to combat desertification in Africa and other countries.

#### TITLE II—TRADE BENEFITS FOR CARIBBEAN BASIN

#### Subtitle A—Trade Policy for Caribbean Basin Countries

Sec. 201. Short title.

Sec. 202. Findings and policy.

Sec. 203. Definitions.

#### Subtitle B—Trade Benefits for Caribbean Basin Countries

Sec. 211. Temporary provisions to provide additional trade benefits to certain beneficiary countries.

Sec. 214. Duty-free treatment for certain beverages made with Caribbean rum.  
 Sec. 215. Meetings of trade ministers and USTR.

#### TITLE III—NORMAL TRADE RELATIONS

Sec. 301. Normal trade relations for Albania.  
 Sec. 302. Normal trade relations for Kyrgyzstan.

#### TITLE IV—OTHER TRADE PROVISIONS

Sec. 401. Report on employment and trade adjustment assistance.  
 Sec. 402. Trade adjustment assistance.  
 Sec. 403. Reliquidation of certain nuclear fuel assemblies.  
 Sec. 404. Reports to the Finance and Ways and Means committees.  
 Sec. 405. Clarification of section 334 of the Uruguay Round Agreements Act.  
 Sec. 406. Chief agricultural negotiator.  
 Sec. 407. Revision of retaliation list or other remedial action.  
 Sec. 408. Report on trade adjustment assistance for agricultural commodity producers.  
 Sec. 409. Agricultural trade negotiating objectives and consultations with Congress.  
 Sec. 410. Entry procedures for foreign trade zone operations.  
 Sec. 411. Goods made with forced or indentured child labor.  
 Sec. 412. Worst forms of child labor.

#### TITLE V—IMPORTS OF CERTAIN WOOL ARTICLES

Sec. 501. Temporary duty reductions.  
 Sec. 502. Temporary duty suspensions.  
 Sec. 503. Separate tariff line treatment for wool yarn and men's or boys' suits and suit-type jackets and trousers of worsted wool fabric.  
 Sec. 504. Monitoring of market conditions and authority to modify tariff reductions.  
 Sec. 505. Refund of duties paid on imports of certain wool articles.  
 Sec. 506. Wool research, development, and promotion trust fund.

#### TITLE VI—REVENUE PROVISIONS

Sec. 601. Application of denial of foreign tax credit regarding trade and investment with respect to certain foreign countries.  
 Sec. 602. Acceleration of cover over payments to Puerto Rico and Virgin Islands.

#### TITLE I—EXTENSION OF CERTAIN TRADE BENEFITS TO SUB-SAHARAN AFRICA

##### Subtitle A—Trade Policy for Sub-Saharan Africa

#### SEC. 101. SHORT TITLE.

This title may be cited as the "African Growth and Opportunity Act".

#### SEC. 102. FINDINGS.

Congress finds that—

(1) it is in the mutual interest of the United States and the countries of sub-Saharan Africa to promote stable and sustainable economic growth and development in sub-Saharan Africa;  
 (2) the 48 countries of sub-Saharan Africa form a region richly endowed with both natural and human resources;

(3) sub-Saharan Africa represents a region of enormous economic potential and of enduring political significance to the United States;

(4) the region has experienced the strengthening of democracy as countries in sub-Saharan Africa have taken steps to encourage broader participation in the political process;

(5) certain countries in sub-Saharan Africa have increased their economic growth rates, taken significant steps towards liberalizing their economies, and made progress toward regional economic integration that can have positive benefits for the region;

(6) despite those gains, the per capita income in sub-Saharan Africa averages approximately \$500 annually;

(7) trade and investment, as the American experience has shown, can represent powerful

tools both for economic development and for encouraging broader participation in a political process in which political freedom can flourish;

(8) increased trade and investment flows have the greatest impact in an economic environment in which trading partners eliminate barriers to trade and capital flows and encourage the development of a vibrant private sector that offers individual African citizens the freedom to expand their economic opportunities and provide for their families;

(9) offering the countries of sub-Saharan Africa enhanced trade preferences will encourage both higher levels of trade and direct investment in support of the positive economic and political developments under way throughout the region; and

(10) encouraging the reciprocal reduction of trade and investment barriers in Africa will enhance the benefits of trade and investment for the region as well as enhance commercial and political ties between the United States and sub-Saharan Africa.

#### SEC. 103. STATEMENT OF POLICY.

Congress supports—

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

(2) reducing tariff and nontariff barriers and other obstacles to sub-Saharan African and United States trade;

(3) expanding United States assistance to sub-Saharan Africa's regional integration efforts;

(4) negotiating reciprocal and mutually beneficial trade agreements, including the possibility of establishing free trade areas that serve the interests of both the United States and the countries of sub-Saharan Africa;

(5) focusing on countries committed to the rule of law, economic reform, and the eradication of poverty;

(6) strengthening and expanding the private sector in sub-Saharan Africa, especially enterprises owned by women and small businesses;

(7) facilitating the development of civil societies and political freedom in sub-Saharan Africa;

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

(9) the accession of the countries in sub-Saharan Africa to the Organization for Economic Cooperation and Development (OECD) Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.

#### SEC. 104. ELIGIBILITY REQUIREMENTS.

(a) IN GENERAL.—The President is authorized to designate a sub-Saharan African country as an eligible sub-Saharan African country if the President determines that the country—

(1) has established, or is making continual progress toward establishing—

(A) a market-based economy that protects private property rights, incorporates an open rules-based trading system, and minimizes government interference in the economy through measures such as price controls, subsidies, and government ownership of economic assets;

(B) the rule of law, political pluralism, and the right to due process, a fair trial, and equal protection under the law;

(C) the elimination of barriers to United States trade and investment, including by—

(i) the provision of national treatment and measures to create an environment conducive to domestic and foreign investment;

(ii) the protection of intellectual property; and

(iii) the resolution of bilateral trade and investment disputes;

(D) economic policies to reduce poverty, increase the availability of health care and educational opportunities, expand physical infrastructure, promote the development of private enterprise, and encourage the formation of capital markets through micro-credit or other programs;

(E) a system to combat corruption and bribery, such as signing and implementing the Conven-

tion on Combating Bribery of Foreign Public Officials in International Business Transactions; and

(F) protection of internationally recognized worker rights, including the right of association, the right to organize and bargain collectively, a prohibition on the use of any form of forced or compulsory labor, a minimum age for the employment of children, and acceptable conditions of work with respect to minimum wages, hours of work, and occupational safety and health;

(2) does not engage in activities that undermine United States national security or foreign policy interests; and

(3) does not engage in gross violations of internationally recognized human rights or provide support for acts of international terrorism and cooperates in international efforts to eliminate human rights violations and terrorist activities.

(b) CONTINUING COMPLIANCE.—If the President determines that an eligible sub-Saharan African country is not making continual progress in meeting the requirements described in subsection (a)(1), the President shall terminate the designation of the country made pursuant to subsection (a).

#### SEC. 105. UNITED STATES-SUB-SAHARAN AFRICA TRADE AND ECONOMIC COOPERATION FORUM.

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

(b) ESTABLISHMENT.—Not later than 12 months after the date of the enactment of this Act, the President, after consulting with Congress and the governments concerned, shall establish a United States-Sub-Saharan Africa Trade and Economic Cooperation Forum (in this section referred to as the "Forum").

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

(1) The President shall direct the Secretary of Commerce, the Secretary of the Treasury, the Secretary of State, and the United States Trade Representative to host the first annual meeting with their counterparts from the governments of sub-Saharan African countries eligible under section 104, and those sub-Saharan African countries that the President determines are taking substantial positive steps towards meeting the eligibility requirements in section 104. The purpose of the meeting shall be to discuss expanding trade and investment relations between the United States and sub-Saharan Africa and the implementation of this title including encouraging joint ventures between small and large businesses. The President shall also direct the Secretaries and the United States Trade Representative to invite to the meeting representatives from appropriate sub-Saharan African regional organizations and government officials from other appropriate countries in sub-Saharan Africa.

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

(B) The President, in consultation with the Congress, shall encourage United States representatives of the private sector to host annual meetings with representatives of the private sector from sub-Saharan Africa in conjunction with the annual meetings of the Forum for the purpose of discussing the issues described in paragraph (1).

(3) The President shall, to the extent practicable, meet with the heads of governments of sub-Saharan African countries eligible under

section 104, and those sub-Saharan African countries that the President determines are taking substantial positive steps toward meeting the eligibility requirements in section 104, not less than once every 2 years for the purpose of discussing the issues described in paragraph (1). The first such meeting should take place not later than 12 months after the date of the enactment of this Act.

(d) **DISSEMINATION OF INFORMATION BY USIS.**—In order to assist in carrying out the purposes of the Forum, the United States Information Service shall disseminate regularly, through multiple media, economic information in support of the free market economic reforms described in this title.

(e) **HIV/AIDS EFFECT ON THE SUB-SAHARAN AFRICAN WORKFORCE.**—In selecting issues of common interest to the United States-Sub-Saharan Africa Trade and Economic Cooperation Forum, the President shall instruct the United States delegates to the Forum to promote a review by the Forum of the HIV/AIDS epidemic in each sub-Saharan African country and the effect of the HIV/AIDS epidemic on economic development in each country.

#### SEC. 106. REPORTING REQUIREMENT.

The President shall submit to the Congress, not later than 1 year after the date of the enactment of this Act, and annually thereafter through 2008, a comprehensive report on the trade and investment policy of the United States for sub-Saharan Africa, and on the implementation of this title and the amendments made by this title.

#### SEC. 107. SUB-SAHARAN AFRICA DEFINED.

For purposes of this title, the terms “sub-Saharan Africa”, “sub-Saharan African country”, “country in sub-Saharan Africa”, and “countries in sub-Saharan Africa” refer to the following or any successor political entities:

Republic of Angola (Angola).  
 Republic of Benin (Benin).  
 Republic of Botswana (Botswana).  
 Burkina Faso (Burkina).  
 Republic of Burundi (Burundi).  
 Republic of Cameroon (Cameroon).  
 Republic of Cape Verde (Cape Verde).  
 Central African Republic.  
 Republic of Chad (Chad).  
 Federal Islamic Republic of the Comoros (Comoros).  
 Democratic Republic of Congo.  
 Republic of the Congo (Congo).  
 Republic of Cote d'Ivoire (Cote d'Ivoire).  
 Republic of Djibouti (Djibouti).  
 Republic of Equatorial Guinea (Equatorial Guinea).  
 State of Eritrea (Eritrea).  
 Ethiopia.  
 Gabonese Republic (Gabon).  
 Republic of the Gambia (Gambia).  
 Republic of Ghana (Ghana).  
 Republic of Guinea (Guinea).  
 Republic of Guinea-Bissau (Guinea-Bissau).  
 Republic of Kenya (Kenya).  
 Kingdom of Lesotho (Lesotho).  
 Republic of Liberia (Liberia).  
 Republic of Madagascar (Madagascar).  
 Republic of Malawi (Malawi).  
 Republic of Mali (Mali).  
 Islamic Republic of Mauritania (Mauritania).  
 Republic of Mauritius (Mauritius).  
 Republic of Mozambique (Mozambique).  
 Republic of Namibia (Namibia).  
 Republic of Niger (Niger).  
 Federal Republic of Nigeria (Nigeria).  
 Republic of Rwanda (Rwanda).  
 Democratic Republic of Sao Tome and Principe (Sao Tome and Principe).  
 Republic of Senegal (Senegal).  
 Republic of Seychelles (Seychelles).  
 Republic of Sierra Leone (Sierra Leone).  
 Somalia.  
 Republic of South Africa (South Africa).  
 Republic of Sudan (Sudan).  
 Kingdom of Swaziland (Swaziland).

United Republic of Tanzania (Tanzania).  
 Republic of Togo (Togo).  
 Republic of Uganda (Uganda).  
 Republic of Zambia (Zambia).  
 Republic of Zimbabwe (Zimbabwe).

#### Subtitle B—Trade Benefits

#### SEC. 111. ELIGIBILITY FOR CERTAIN BENEFITS.

(a) **IN GENERAL.**—Title V of the Trade Act of 1974 is amended by inserting after section 506 the following new section:

#### “SEC. 506A. DESIGNATION OF SUB-SAHARAN AFRICAN COUNTRIES FOR CERTAIN BENEFITS.

“(a) **AUTHORITY TO DESIGNATE.**—  
 “(1) **IN GENERAL.**—Notwithstanding any other provision of law, the President is authorized to designate a country listed in section 107 of the African Growth and Opportunity Act as a beneficiary sub-Saharan African country eligible for the benefits described in subsection (b)—

“(A) if the President determines that the country meets the eligibility requirements set forth in section 104 of that Act, as such requirements are in effect on the date of enactment of that Act; and

“(B) subject to the authority granted to the President under subsections (a), (d), and (e) of section 502, if the country otherwise meets the eligibility criteria set forth in section 502.

“(2) **MONITORING AND REVIEW OF CERTAIN COUNTRIES.**—The President shall monitor, review, and report to Congress annually on the progress of each country listed in section 107 of the African Growth and Opportunity Act in meeting the requirements described in paragraph (1) in order to determine the current or potential eligibility of each country to be designated as a beneficiary sub-Saharan African country for purposes of this section. The President's determinations, and explanations of such determinations, with specific analysis of the eligibility requirements described in paragraph (1)(A), shall be included in the annual report required by section 106 of the African Growth and Opportunity Act.

“(3) **CONTINUING COMPLIANCE.**—If the President determines that a beneficiary sub-Saharan African country is not making continual progress in meeting the requirements described in paragraph (1), the President shall terminate the designation of that country as a beneficiary sub-Saharan African country for purposes of this section, effective on January 1 of the year following the year in which such determination is made.

“(b) **PREFERENTIAL TARIFF TREATMENT FOR CERTAIN ARTICLES.**—

“(1) **IN GENERAL.**—The President may provide duty-free treatment for any article described in section 503(b)(1)(B) through (G) that is the growth, product, or manufacture of a beneficiary sub-Saharan African country described in subsection (a), if, after receiving the advice of the International Trade Commission in accordance with section 503(e), the President determines that such article is not import-sensitive in the context of imports from beneficiary sub-Saharan African countries.

“(2) **RULES OF ORIGIN.**—The duty-free treatment provided under paragraph (1) shall apply to any article described in that paragraph that meets the requirements of section 503(a)(2), except that—

“(A) if the cost or value of materials produced in the customs territory of the United States is included with respect to that article, an amount not to exceed 15 percent of the appraised value of the article at the time it is entered that is attributed to such United States cost or value may be applied toward determining the percentage referred to in subparagraph (A) of section 503(a)(2); and

“(B) the cost or value of the materials included with respect to that article that are produced in 1 or more beneficiary sub-Saharan African countries shall be applied in determining such percentage.

“(c) **BENEFICIARY SUB-SAHARAN AFRICAN COUNTRIES, ETC.**—For purposes of this title, the terms ‘beneficiary sub-Saharan African country’ and ‘beneficiary sub-Saharan African countries’ mean a country or countries listed in section 107 of the African Growth and Opportunity Act that the President has determined is eligible under subsection (a) of this section.”.

(b) **WAIVER OF COMPETITIVE NEED LIMITATION.**—Section 503(c)(2)(D) of the Trade Act of 1974 (19 U.S.C. 2463(c)(2)(D)) is amended to read as follows:

“(D) **LEAST-DEVELOPED BENEFICIARY DEVELOPING COUNTRIES AND BENEFICIARY SUB-SAHARAN AFRICAN COUNTRIES.**—Subparagraph (A) shall not apply to any least-developed beneficiary developing country or any beneficiary sub-Saharan African country.”.

#### SEC. 112. TREATMENT OF CERTAIN TEXTILES AND APPAREL.

(a) **PREFERENTIAL TREATMENT.**—Textile and apparel articles described in subsection (b) that are imported directly into the customs territory of the United States from a beneficiary sub-Saharan African country described in section 506A(c) of the Trade Act of 1974, shall enter the United States free of duty and free of any quantitative limitations in accordance with the provisions set forth in subsection (b), if the country has satisfied the requirements set forth in section 113.

(b) **PRODUCTS COVERED.**—The preferential treatment described in subsection (a) shall apply only to the following textile and apparel products:

(1) **APPAREL ARTICLES ASSEMBLED IN BENEFICIARY SUB-SAHARAN AFRICAN COUNTRIES.**—Apparel articles assembled in 1 or more beneficiary sub-Saharan African countries from fabrics wholly formed and cut in the United States, from yarns wholly formed in the United States, that are—

(A) entered under subheading 9802.00.80 of the Harmonized Tariff Schedule of the United States; or

(B) entered under chapter 61 or 62 of the Harmonized Tariff Schedule of the United States, if, after such assembly, the articles would have qualified for entry under subheading 9802.00.80 of the Harmonized Tariff Schedule of the United States but for the fact that the articles were embroidered or subjected to stone-washing, enzyme-washing, acid washing, perma-pressing, oven-baking, bleaching, garment-dyeing, screen printing, or other similar processes.

(2) **APPAREL ARTICLES CUT AND ASSEMBLED IN BENEFICIARY SUB-SAHARAN AFRICAN COUNTRIES.**—Apparel articles cut in 1 or more beneficiary sub-Saharan African countries from fabric wholly formed in the United States from yarns wholly formed in the United States, if such articles are assembled in 1 or more beneficiary sub-Saharan African countries with thread formed in the United States.

(3) **APPAREL ARTICLES ASSEMBLED FROM REGIONAL AND OTHER FABRIC.**—Apparel articles wholly assembled in 1 or more beneficiary sub-Saharan African countries from fabric wholly formed in 1 or more beneficiary sub-Saharan African countries from yarn originating either in the United States or 1 or more beneficiary sub-Saharan African countries, subject to the following:

(A) **LIMITATIONS ON BENEFITS.**—

(i) **IN GENERAL.**—Preferential treatment under this paragraph shall be extended in the 1-year period beginning on October 1, 2000, and in each of the 7 succeeding 1-year periods, to imports of apparel articles in an amount not to exceed the applicable percentage of the aggregate square meter equivalents of all apparel articles imported into the United States in the preceding 12-month period for which data are available.

(ii) **APPLICABLE PERCENTAGE.**—For purposes of this subparagraph, the term “applicable percentage” means 1.5 percent for the 1-year period beginning October 1, 2000, increased in each of

the seven succeeding 1-year periods by equal increments, so that for the period beginning October 1, 2007, the applicable percentage does not exceed 3.5 percent.

(B) SPECIAL RULE FOR LESSER DEVELOPED COUNTRIES.—

(i) IN GENERAL.—Subject to subparagraph (A), preferential treatment shall be extended through September 30, 2004, for apparel articles wholly assembled in 1 or more lesser developed beneficiary sub-Saharan African countries regardless of the country of origin of the fabric used to make such articles.

(ii) LESSER DEVELOPED BENEFICIARY SUB-SAHARAN AFRICAN COUNTRY.—For purposes of this subparagraph the term “lesser developed beneficiary sub-Saharan African country” means a beneficiary sub-Saharan African country that had a per capita gross national product of less than \$1,500 a year in 1998, as measured by the World Bank.

(C) SURGE MECHANISM.—

(i) IMPORT MONITORING.—The Secretary of Commerce shall monitor imports of articles described in this paragraph on a monthly basis to determine if there has been a surge in imports of such articles. In order to permit public access to preliminary international trade data and to facilitate the early identification of potentially disruptive import surges, the Director of the Office of Management and Budget may grant an exception to the publication dates established for the release of data on United States international trade in covered articles, if the Director notifies Congress of the early release of the data.

(ii) DETERMINATION OF DAMAGE OR THREAT THEREOF.—Whenever the Secretary of Commerce determines, based on the data described in clause (i), or pursuant to a written request made by an interested party, that there has been a surge in imports of an article described in this paragraph from a beneficiary sub-Saharan African country, the Secretary shall determine whether such article from such country is being imported in such increased quantities as to cause serious damage, or threat thereof, to the domestic industry producing a like or directly competitive article. If the Secretary's determination is affirmative, the President shall suspend the duty-free treatment provided for such article under this paragraph. If the inquiry is initiated at the request of an interested party, the Secretary shall make the determination within 60 days after the date of the request.

(iii) FACTORS TO CONSIDER.—In determining whether a domestic industry has been seriously damaged, or is threatened with serious damage, the Secretary shall examine the effect of the imports on relevant economic indicators such as domestic production, sales, market share, capacity utilization, inventories, employment, profits, exports, prices, and investment.

(iv) PROCEDURE.—

(I) INITIATION.—The Secretary of Commerce shall initiate an inquiry within 10 days after receiving a written request and supporting information for an inquiry from an interested party. Notice of initiation of an inquiry shall be published in the Federal Register.

(II) PARTICIPATION BY INTERESTED PARTIES.—The Secretary of Commerce shall establish procedures to ensure participation in the inquiry by interested parties.

(III) NOTICE OF DETERMINATION.—The Secretary shall publish the determination described in clause (ii) in the Federal Register.

(IV) INFORMATION AVAILABLE.—If relevant information is not available on the record or any party withholds information that has been requested by the Secretary, the Secretary shall make the determination on the basis of the facts available. When the Secretary relies on information submitted in the inquiry as facts available, the Secretary shall, to the extent practicable, corroborate the information from independent sources that are reasonably available to the Secretary.

(v) INTERESTED PARTY.—For purposes of this subparagraph, the term “interested party” means any producer of a like or directly competitive article, a certified union or recognized union or group of workers which is representative of an industry engaged in the manufacture, production, or sale in the United States of a like or directly competitive article, a trade or business association representing producers or sellers of like or directly competitive articles, producers engaged in the production of essential inputs for like or directly competitive articles, a certified union or group of workers which is representative of an industry engaged in the manufacture, production, or sale of essential inputs for the like or directly competitive article, or a trade or business association representing companies engaged in the manufacture, production or sale of such essential inputs.

(4) SWEATERS KNIT-TO-SHAPE FROM CASHMERE OR MERINO WOOL.—

(A) CASHMERE.—Sweaters, in chief weight of cashmere, knit-to-shape in 1 or more beneficiary sub-Saharan African countries and classifiable under subheading 6110.10 of the Harmonized Tariff Schedule of the United States.

(B) MERINO WOOL.—Sweaters, 50 percent or more by weight of wool measuring 18.5 microns in diameter or finer, knit-to-shape in 1 or more beneficiary sub-Saharan African countries.

(5) APPAREL ARTICLES WHOLLY ASSEMBLED FROM FABRIC OR YARN NOT AVAILABLE IN COMMERCIAL QUANTITIES IN THE UNITED STATES.—

(A) IN GENERAL.—Apparel articles that are both cut (or knit-to-shape) and sewn or otherwise assembled in 1 or more beneficiary sub-Saharan African countries, from fabric or yarn that is not formed in the United States or a beneficiary sub-Saharan African country, to the extent that such fabrics or yarns would be eligible for preferential treatment, without regard to the source of the fabric or yarn, under Annex 401 to the NAFTA.

(B) ADDITIONAL APPAREL ARTICLES.—At the request of any interested party and subject to the following requirements, the President is authorized to proclaim the treatment provided under subparagraph (A) for yarns or fabrics not described in subparagraph (A) if—

(i) the President determines that such yarns or fabrics cannot be supplied by the domestic industry in commercial quantities in a timely manner;

(ii) the President has obtained advice regarding the proposed action from the appropriate advisory committee established under section 135 of the Trade Act of 1974 (19 U.S.C. 2155) and the United States International Trade Commission;

(iii) within 60 calendar days after the request, the President has submitted a report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate that sets forth—

(I) the action proposed to be proclaimed and the reasons for such action; and

(II) the advice obtained under clause (ii);

(iv) a period of 60 calendar days, beginning with the first day on which the President has met the requirements of subclauses (I) and (II) of clause (iii), has expired; and

(v) the President has consulted with such committees regarding the proposed action during the period referred to in clause (iii).

(6) HANDLOOMED, HANDMADE, AND FOLKLORE ARTICLES.—A handloomed, handmade, or folklore article of a beneficiary sub-Saharan African country or countries that is certified as such by the competent authority of such beneficiary country or countries. For purposes of this paragraph, the President, after consultation with the beneficiary sub-Saharan African country or countries concerned, shall determine which, if any, particular textile and apparel goods of the country (or countries) shall be treated as being handloomed, handmade, or folklore articles.

(c) TREATMENT OF QUOTAS ON TEXTILE AND APPAREL IMPORTS FROM KENYA AND MAURI-

TIUS.—The President shall eliminate the existing quotas on textile and apparel articles imported into the United States—

(1) from Kenya within 30 days after that country adopts an effective visa system to prevent unlawful transshipment of textile and apparel articles and the use of counterfeit documents relating to the importation of the articles into the United States; and

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

The Customs Service shall provide the necessary technical assistance to Kenya and Mauritius in the development and implementation of the visa systems.

(d) SPECIAL RULES.—

(1) FINDINGS AND TRIMMINGS.—

(A) GENERAL RULE.—An article otherwise eligible for preferential treatment under this section shall not be ineligible for such treatment because the article contains findings or trimmings of foreign origin, if the value of such findings and trimmings do not exceed 25 percent of the cost of the components of the assembled article. Examples of findings and trimmings are sewing thread, hooks and eyes, snaps, buttons, ‘bow buds’, decorative lace trim, elastic strips, and zippers, including zipper tapes and labels. Elastic strips are considered findings or trimmings only if they are each less than 1 inch in width and used in the production of brassieres.

(B) CERTAIN INTERLININGS.—

(i) GENERAL RULE.—An article otherwise eligible for preferential treatment under this section shall not be ineligible for such treatment because the article contains certain interlinings of foreign origin, if the value of such interlinings (and any findings and trimmings) does not exceed 25 percent of the cost of the components of the assembled article.

(ii) INTERLININGS DESCRIBED.—Interlinings eligible for the treatment described in clause (i) include only a chest type plate, a ‘hymo’ piece, or ‘sleeve header’, of woven or weft-inserted warp knit construction and of coarse animal hair or man-made filaments.

(iii) TERMINATION OF TREATMENT.—The treatment described in this subparagraph shall terminate if the President makes a determination that United States manufacturers are producing such interlinings in the United States in commercial quantities.

(C) EXCEPTION.—In the case of an article described in subsection (b)(2), sewing thread shall not be treated as findings or trimmings under subparagraph (A).

(2) DE MINIMIS RULE.—An article otherwise eligible for preferential treatment under this section shall not be ineligible for such treatment because the article contains fibers or yarns not wholly formed in the United States or 1 or more beneficiary sub-Saharan African countries if the total weight of all such fibers and yarns is not more than 7 percent of the total weight of the article.

(e) DEFINITIONS.—In this section and section 113:

(1) AGREEMENT ON TEXTILES AND CLOTHING.—The term ‘Agreement on Textiles and Clothing’ means the Agreement on Textiles and Clothing referred to in section 101(d)(4) of the Uruguay Round Agreements Act (19 U.S.C. 3511(d)(4)).

(2) BENEFICIARY SUB-SAHARAN AFRICAN COUNTRY, ETC.—The terms ‘beneficiary sub-Saharan African country’ and ‘beneficiary sub-Saharan African countries’ have the same meaning as such terms have under section 506A(c) of the Trade Act of 1974.

(3) NAFTA.—The term ‘NAFTA’ means the North American Free Trade Agreement entered into between the United States, Mexico, and Canada on December 17, 1992.

(f) EFFECTIVE DATE.—This section takes effect on October 1, 2000, and shall remain in effect through September 30, 2008.

SEC. 113. PROTECTIONS AGAINST TRANSSHIPMENT.

(a) PREFERENTIAL TREATMENT CONDITIONED ON ENFORCEMENT MEASURES.—

(1) *IN GENERAL.*—The preferential treatment under section 112(a) shall not be provided to textile and apparel articles that are imported from a beneficiary sub-Saharan African country unless that country—

(A) has adopted an effective visa system, domestic laws, and enforcement procedures applicable to covered articles to prevent unlawful transshipment of the articles and the use of counterfeit documents relating to the importation of the articles into the United States;

(B) has enacted legislation or promulgated regulations that would permit United States Customs Service verification teams to have the access necessary to investigate thoroughly allegations of transshipment through such country;

(C) agrees to report, on a timely basis, at the request of the United States Customs Service, on the total exports from and imports into that country of covered articles, consistent with the manner in which the records are kept by that country;

(D) will cooperate fully with the United States to address and take action necessary to prevent circumvention as provided in Article 5 of the Agreement on Textiles and Clothing;

(E) agrees to require all producers and exporters of covered articles in that country to maintain complete records of the production and the export of covered articles, including materials used in the production, for at least 2 years after the production or export (as the case may be); and

(F) agrees to report, on a timely basis, at the request of the United States Customs Service, documentation establishing the country of origin of covered articles as used by that country in implementing an effective visa system.

(2) *COUNTRY OF ORIGIN DOCUMENTATION.*—For purposes of paragraph (1)(F), documentation regarding the country of origin of the covered articles includes documentation such as production records, information relating to the place of production, the number and identification of the types of machinery used in production, the number of workers employed in production, and certification from both the manufacturer and the exporter.

(b) *CUSTOMS PROCEDURES AND ENFORCEMENT.*—

(1) *IN GENERAL.*—

(A) *REGULATIONS.*—Any importer that claims preferential treatment under section 112 shall comply with customs procedures similar in all material respects to the requirements of Article 502(1) of the NAFTA as implemented pursuant to United States law, in accordance with regulations promulgated by the Secretary of the Treasury.

(B) *DETERMINATION.*—

(i) *IN GENERAL.*—In order to qualify for the preferential treatment under section 112 and for a Certificate of Origin to be valid with respect to any article for which such treatment is claimed, there shall be in effect a determination by the President that each country described in clause (ii)—

(I) has implemented and follows, or

(II) is making substantial progress toward implementing and following, procedures and requirements similar in all material respects to the relevant procedures and requirements under chapter 5 of the NAFTA.

(ii) *COUNTRY DESCRIBED.*—A country is described in this clause if it is a beneficiary sub-Saharan African country—

(I) from which the article is exported, or

(II) in which materials used in the production of the article originate or in which the article or such materials, undergo production that contributes to a claim that the article is eligible for preferential treatment.

(2) *CERTIFICATE OF ORIGIN.*—The Certificate of Origin that otherwise would be required pursuant to the provisions of paragraph (1) shall not be required in the case of an article imported under section 112 if such Certificate of Origin would not be required under Article 503 of the

NAFTA (as implemented pursuant to United States law), if the article were imported from Mexico.

(3) *PENALTIES FOR EXPORTERS.*—If the President determines, based on sufficient evidence, that an exporter has engaged in transshipment as defined in paragraph (4), then the President shall deny for a period of 5 years all benefits under section 112 to such exporter, any successor of such exporter, and any other entity owned or operated by the principal of the exporter.

(4) *TRANSSHIPMENT DESCRIBED.*—Transshipment within the meaning of this subsection has occurred when preferential treatment for a textile or apparel article under this Act has been claimed on the basis of material false information concerning the country of origin, manufacture, processing, or assembly of the article or any of its components. For purposes of this paragraph, false information is material if disclosure of the true information would mean or would have meant that the article is or was ineligible for preferential treatment under section 112.

(5) *MONITORING AND REPORTS TO CONGRESS.*—The Customs Service shall monitor and the Commissioner of Customs shall submit to Congress, not later than March 31 of each year, a report on the effectiveness of the visa systems and the implementation of legislation and regulations described in subsection (a) and on measures taken by countries in sub-Saharan Africa which export textiles or apparel to the United States to prevent circumvention as described in Article 5 of the Agreement on Textiles and Clothing.

(c) *CUSTOMS SERVICE ENFORCEMENT.*—The Customs Service shall—

(1) make available technical assistance to the beneficiary sub-Saharan African countries—

(A) in the development and implementation of visa systems, legislation, and regulations described in subsection (a)(1)(A); and

(B) to train their officials in anti-transshipment enforcement;

(2) send production verification teams to at least 4 beneficiary sub-Saharan African countries each year; and

(3) to the extent feasible, place beneficiary sub-Saharan African countries on the Electronic Visa (ELVIS) program.

(d) *AUTHORIZATION OF APPROPRIATIONS.*—There is authorized to be appropriated to carry out subsection (c) the sum of \$5,894,913.

**SEC. 114. TERMINATION.**

Title V of the Trade Act of 1974 is amended by inserting after section 506A the following new section:

**“SEC. 506B. TERMINATION OF BENEFITS FOR SUB-SAHARAN AFRICAN COUNTRIES.**

“In the case of a beneficiary sub-Saharan African country, as defined in section 506A(c), duty-free treatment provided under this title shall remain in effect through September 30, 2008.”

**SEC. 115. CLERICAL AMENDMENTS.**

The table of contents for title V of the Trade Act of 1974 is amended by inserting after the item relating to section 506 the following new items:

“Sec. 506A. Designation of sub-Saharan African countries for certain benefits.

“Sec. 506B. Termination of benefits for sub-Saharan African countries.”

**SEC. 116. FREE TRADE AGREEMENTS WITH SUB-SAHARAN AFRICAN COUNTRIES.**

(a) *DECLARATION OF POLICY.*—Congress declares that free trade agreements should be negotiated, where feasible, with interested countries in sub-Saharan Africa, in order to serve as the catalyst for increasing trade between the United States and sub-Saharan Africa and increasing private sector investment in sub-Saharan Africa.

(b) *PLAN REQUIREMENT.*—

(1) *IN GENERAL.*—The President, taking into account the provisions of the treaty establishing

the African Economic Community and the willingness of the governments of sub-Saharan African countries to engage in negotiations to enter into free trade agreements, shall develop a plan for the purpose of negotiating and entering into 1 or more trade agreements with interested beneficiary sub-Saharan African countries.

(2) *ELEMENTS OF PLAN.*—The plan shall include the following:

(A) The specific objectives of the United States with respect to negotiations described in paragraph (1) and a suggested timetable for achieving those objectives.

(B) The benefits to both the United States and the relevant sub-Saharan African countries with respect to the applicable free trade agreement or agreements.

(C) A mutually agreed-upon timetable for the negotiations.

(D) The implications for and the role of regional and sub-regional organizations in sub-Saharan Africa with respect to such free trade agreement or agreements.

(E) Subject matter anticipated to be covered by the negotiations and United States laws, programs, and policies, as well as the laws of participating eligible African countries and existing bilateral and multilateral and economic cooperation and trade agreements, that may be affected by the agreement or agreements.

(F) Procedures to ensure the following:

(i) Adequate consultation with the Congress and the private sector during the negotiations.

(ii) Consultation with the Congress regarding all matters relating to implementation of the agreement or agreements.

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

(iv) Adequate consultations with the relevant African governments and African regional and subregional intergovernmental organizations during the negotiation of the agreement or agreements.

(c) *REPORTING REQUIREMENT.*—Not later than 12 months after the date of the enactment of this Act, the President shall prepare and transmit to the Congress a report containing the plan developed pursuant to subsection (b).

**SEC. 117. ASSISTANT UNITED STATES TRADE REPRESENTATIVE FOR AFRICAN AFFAIRS.**

It is the sense of the Congress that—

(1) the position of Assistant United States Trade Representative for African Affairs is integral to the United States commitment to increasing United States-sub-Saharan African trade and investment;

(2) the position of Assistant United States Trade Representative for African Affairs should be maintained within the Office of the United States Trade Representative to direct and coordinate interagency activities on United States-Africa trade policy and investment matters and serve as—

(A) a primary point of contact in the executive branch for those persons engaged in trade between the United States and sub-Saharan Africa; and

(B) the chief advisor to the United States Trade Representative on issues of trade and investment with Africa; and

(3) the United States Trade Representative should have adequate funding and staff to carry out the duties of the Assistant United States Trade Representative for African Affairs described in paragraph (2), subject to the availability of appropriations.

**Subtitle C—Economic Development Related Issues**

**SEC. 121. SENSE OF CONGRESS REGARDING COMPREHENSIVE DEBT RELIEF FOR THE WORLD'S POOREST COUNTRIES.**

(a) *FINDINGS.*—Congress makes the following findings:

(1) The burden of external debt has become a major impediment to economic growth and poverty reduction in many of the world's poorest countries.

(2) Until recently, the United States Government and other official creditors sought to address this problem by rescheduling loans and in some cases providing limited debt reduction.

(3) Despite such efforts, the cumulative debt of many of the world's poorest countries continued to grow beyond their capacity to repay.

(4) In 1997, the Group of Seven, the World Bank, and the International Monetary Fund adopted the Heavily Indebted Poor Countries Initiative (HIPC), a commitment by the international community that all multilateral and bilateral creditors, acting in a coordinated and concerted fashion, would reduce poor country debt to a sustainable level.

(5) The HIPC Initiative is currently undergoing reforms to address concerns raised about country conditionality, the amount of debt forgiven, and the allocation of savings realized through the debt forgiveness program to ensure that the Initiative accomplishes the goals of economic growth and poverty alleviation in the world's poorest countries.

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

(1) Congress and the President should work together, without undue delay and in concert with the international community, to make comprehensive debt relief available to the world's poorest countries in a manner that promotes economic growth and poverty alleviation;

(2) this program of bilateral and multilateral debt relief should be designed to strengthen and expand the private sector, encourage increased trade and investment, support the development of free markets, and promote broad-scale economic growth in beneficiary countries;

(3) this program of debt relief should also support the adoption of policies to alleviate poverty and to ensure that benefits are shared widely among the population, such as through initiatives to advance education, improve health, combat AIDS, and promote clean water and environmental protection;

(4) these debt relief agreements should be designed and implemented in a transparent manner and with the broad participation of the citizenry of the debtor country and should ensure that country circumstances are adequately taken into account;

(5) no country should receive the benefits of debt relief if that country does not cooperate with the United States on terrorism or narcotics enforcement, is a gross violator of the human rights of its citizens, or is engaged in conflict or spends excessively on its military; and

(6) in order to prevent adverse impact on a key industry in many developing countries, the International Monetary Fund must mobilize its own resources for providing debt relief to eligible countries without allowing gold to reach the open market, or otherwise adversely affecting the market price of gold.

#### SEC. 122. EXECUTIVE BRANCH INITIATIVES.

(a) STATEMENT OF THE CONGRESS.—The Congress recognizes that the stated policy of the executive branch in 1997, the "Partnership for Growth and Opportunity in Africa" initiative, is a step toward the establishment of a comprehensive trade and development policy for sub-Saharan Africa. It is the sense of the Congress that this Partnership is a companion to the policy goals set forth in this title.

(b) TECHNICAL ASSISTANCE TO PROMOTE ECONOMIC REFORMS AND DEVELOPMENT.—In addition to continuing bilateral and multilateral economic and development assistance, the President shall target technical assistance toward—

(1) developing relationships between United States firms and firms in sub-Saharan Africa through a variety of business associations and networks;

(2) providing assistance to the governments of sub-Saharan African countries to—

(A) liberalize trade and promote exports;

(B) bring their legal regimes into compliance with the standards of the World Trade Organi-

zation in conjunction with membership in that Organization;

(C) make financial and fiscal reforms; and

(D) promote greater agribusiness linkages;

(3) addressing such critical agricultural policy issues as market liberalization, agricultural export development, and agribusiness investment in processing and transporting agricultural commodities;

(4) increasing the number of reverse trade missions to growth-oriented countries in sub-Saharan Africa;

(5) increasing trade in services; and

(6) encouraging greater sub-Saharan African participation in future negotiations in the World Trade Organization on services and making further commitments in their schedules to the General Agreement on Trade in Services in order to encourage the removal of tariff and nontariff barriers.

#### SEC. 123. OVERSEAS PRIVATE INVESTMENT CORPORATION INITIATIVES.

(a) INITIATION OF FUNDS.—It is the sense of the Congress that the Overseas Private Investment Corporation should exercise the authorities it has to initiate an equity fund or equity funds in support of projects in the countries in sub-Saharan Africa, in addition to the existing equity fund for sub-Saharan Africa created by the Corporation.

(b) STRUCTURE AND TYPES OF FUNDS.—

(1) STRUCTURE.—Each fund initiated under subsection (a) should be structured as a partnership managed by professional private sector fund managers and monitored on a continuing basis by the Corporation.

(2) CAPITALIZATION.—Each fund should be capitalized with a combination of private equity capital, which is not guaranteed by the Corporation, and debt for which the Corporation provides guarantees.

(3) INFRASTRUCTURE FUND.—1 or more of the funds, with combined assets of up to \$500,000,000, should be used in support of infrastructure projects in countries of sub-Saharan Africa.

(4) EMPHASIS.—The Corporation shall ensure that the funds are used to provide support in particular to women entrepreneurs and to innovative investments that expand opportunities for women and maximize employment opportunities for poor individuals.

(c) OVERSEAS PRIVATE INVESTMENT CORPORATION.—

(1) INVESTMENT ADVISORY COUNCIL.—Section 233 of the Foreign Assistance Act of 1961 is amended by adding at the end the following:

"(e) INVESTMENT ADVISORY COUNCIL.—The Board shall take prompt measures to increase the loan, guarantee, and insurance programs, and financial commitments, of the Corporation in sub-Saharan Africa, including through the use of an investment advisory council to assist the Board in developing and implementing policies, programs, and financial instruments with respect to sub-Saharan Africa. In addition, the investment advisory council shall make recommendations to the Board on how the Corporation can facilitate greater support by the United States for trade and investment with and in sub-Saharan Africa. The investment advisory council shall terminate 4 years after the date of the enactment of this subsection."

(2) REPORTS TO THE CONGRESS.—Within 6 months after the date of the enactment of this Act, and annually for each of the 4 years thereafter, the Board of Directors of the Overseas Private Investment Corporation shall submit to the Congress a report on the steps that the Board has taken to implement section 233(e) of the Foreign Assistance Act of 1961 (as added by paragraph (1)) and any recommendations of the investment advisory council established pursuant to such section.

#### SEC. 124. EXPORT-IMPORT BANK INITIATIVES.

(a) SENSE OF CONGRESS.—It is the sense of Congress that the Board of Directors of the

Bank shall continue to take comprehensive measures, consistent with the credit standards otherwise required by law, to promote the expansion of the Bank's financial commitments in sub-Saharan Africa under the loan, guarantee and insurance programs of the Bank.

(b) SUB-SAHARAN AFRICA ADVISORY COMMITTEE.—The sub-Saharan Africa Advisory Committee (SAAC) is to be commended for aiding the Bank in advancing the economic partnership between the United States and the nations of sub-Saharan Africa by doubling the number of sub-Saharan African countries in which the Bank is open for traditional financing and by increasing by tenfold the Bank's support for sales to sub-Saharan Africa from fiscal year 1998 to fiscal year 1999. The Board of Directors of the Bank and its staff shall continue to review carefully the sub-Saharan Africa Advisory Committee recommendations on the development and implementation of new and innovative policies and programs designed to promote the Bank's expansion in sub-Saharan Africa.

#### SEC. 125. EXPANSION OF THE UNITED STATES AND FOREIGN COMMERCIAL SERVICE IN SUB-SAHARAN AFRICA.

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

(1) The United States and Foreign Commercial Service (hereafter in this section referred to as the 'Commercial Service') plays an important role in helping U.S. businesses identify export opportunities and develop reliable sources of information on commercial prospects in foreign countries.

(2) During the 1980s, the presence of the Commercial Service in sub-Saharan Africa consisted of 14 professionals providing services in 8 countries. By early 1997, that presence had been reduced by half to 7 professionals in only 4 countries.

(3) Since 1997, the Department of Commerce has slowly begun to increase the presence of the Commercial Service in sub-Saharan Africa, adding 5 full-time officers to established posts.

(4) Although the Commercial Service Officers in these countries have regional responsibilities, this kind of coverage does not adequately service the needs of U.S. businesses attempting to do business in sub-Saharan Africa.

(5) The Congress has, on several occasions, encouraged the Commercial Service to focus its resources and efforts in countries or regions in Europe or Asia to promote greater United States export activity in those markets, and similar encouragement should be provided for countries in sub-Saharan Africa as well.

(6) Because market information is not widely available in many sub-Saharan African countries, the presence of additional Commercial Service Officers and resources can play a significant role in assisting United States businesses in markets in those countries.

(b) APPOINTMENTS.—Subject to the availability of appropriations, by not later than December 31, 2001, the Secretary of Commerce, acting through the Assistant Secretary of Commerce and Director General of the United States and Foreign Commercial Service, shall take steps to ensure that—

(1) at least 20 full-time Commercial Service employees are stationed in sub-Saharan Africa; and

(2) full-time Commercial Service employees are stationed in not less than 10 different sub-Saharan African countries.

(c) INITIATIVE FOR SUB-SAHARAN AFRICA.—In order to encourage the export of United States goods and services to sub-Saharan African countries, the International Trade Administration shall make a special effort to—

(1) identify United States goods and services which are the best prospects for export by United States companies to sub-Saharan Africa;

(2) identify, where appropriate, tariff and nontariff barriers that are preventing or hindering sales of United States goods and services

to, or the operation of United States companies in, sub-Saharan Africa;

(3) hold discussions with appropriate authorities in sub-Saharan Africa on the matters described in paragraphs (1) and (2) with a view to securing increased market access for United States exporters of goods and services;

(4) identify current resource allocations and personnel levels in sub-Saharan Africa for the Commercial Service and consider plans for the deployment of additional resources or personnel to that region; and

(5) make available to the public, through printed and electronic means of communication, the information derived pursuant to paragraphs (1) through (4) for each of the 4 years after the date of enactment of this Act.

**SEC. 126. DONATION OF AIR TRAFFIC CONTROL EQUIPMENT TO ELIGIBLE SUB-SAHARAN AFRICAN COUNTRIES.**

It is the sense of the Congress that, to the extent appropriate, the United States Government should make every effort to donate to governments of sub-Saharan African countries determined to be eligible under section 104 air traffic control equipment that is no longer in use, including appropriate related reimbursable technical assistance.

**SEC. 127. ADDITIONAL AUTHORITIES AND INCREASED FLEXIBILITY TO PROVIDE ASSISTANCE UNDER THE DEVELOPMENT FUND FOR AFRICA.**

(a) **USE OF SUSTAINABLE DEVELOPMENT ASSISTANCE TO SUPPORT FURTHER ECONOMIC GROWTH.**—It is the sense of the Congress that sustained economic growth in sub-Saharan Africa depends in large measure upon the development of a receptive environment for trade and investment, and that to achieve this objective the United States Agency for International Development should continue to support programs which help to create this environment. Investments in human resources, development, and implementation of free market policies, including policies to liberalize agricultural markets and improve food security, and the support for the rule of law and democratic governance should continue to be encouraged and enhanced on a bilateral and regional basis.

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

(1) The Development Fund for Africa established under chapter 10 of part I of the Foreign Assistance Act of 1961 (22 U.S.C. 2293 et seq.) has been an effective tool in providing development assistance to sub-Saharan Africa since 1988.

(2) The Development Fund for Africa will complement the other provisions of this title and lay a foundation for increased trade and investment opportunities between the United States and sub-Saharan Africa.

(3) Assistance provided through the Development Fund for Africa will continue to support programs and activities that promote the long term economic development of sub-Saharan Africa, such as programs and activities relating to the following:

(A) Strengthening primary and vocational education systems, especially the acquisition of middle-level technical skills for operating modern private businesses and the introduction of college level business education, including the study of international business, finance, and stock exchanges.

(B) Strengthening health care systems.

(C) Supporting democratization, good governance and civil society and conflict resolution efforts.

(D) Increasing food security by promoting the expansion of agricultural and agriculture-based industrial production and productivity and increasing real incomes for poor individuals.

(E) Promoting an enabling environment for private sector-led growth through sustained economic reform, privatization programs, and market-led economic activities.

(F) Promoting decentralization and local participation in the development process, especially

linking the rural production sectors and the industrial and market centers throughout Africa.

(G) Increasing the technical and managerial capacity of sub-Saharan African individuals to manage the economy of sub-Saharan Africa.

(H) Ensuring sustainable economic growth through environmental protection.

(4) The African Development Foundation has a unique congressional mandate to empower the poor 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 title.

(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—

“(A) to promote democratization, good governance, and strong civil societies in sub-Saharan Africa; and

“(B) to strengthen conflict resolution capabilities of governmental, intergovernmental, and nongovernmental entities in sub-Saharan Africa.”

(2) **CONFORMING AMENDMENT.**—Section 496(h)(4) of such Act, as amended by paragraph (1), is further amended by striking “paragraphs (1) and (2)” in the first sentence and inserting “paragraphs (1), (2), and (3)”.

**SEC. 128. ASSISTANCE FROM UNITED STATES PRIVATE SECTOR TO PREVENT AND REDUCE HIV/AIDS IN SUB-SAHARAN AFRICA.**

It is the sense of the Congress that United States businesses should be encouraged to provide assistance to sub-Saharan African countries to prevent and reduce the incidence of HIV/AIDS in sub-Saharan Africa. In providing such assistance, United States businesses should be encouraged to consider the establishment of an HIV/AIDS Response Fund in order to provide for coordination among such businesses in the collection and distribution of the assistance to sub-Saharan African countries.

**SEC. 129. SENSE OF THE CONGRESS RELATING TO HIV/AIDS CRISIS IN SUB-SAHARAN AFRICA.**

(a) **FINDINGS.**—The Congress finds the following:

(1) Sustained economic development in sub-Saharan Africa depends in large measure upon successful trade with and foreign assistance to the countries of sub-Saharan Africa.

(2) The HIV/AIDS crisis has reached epidemic proportions in sub-Saharan Africa, where more than 21,000,000 men, women, and children are infected with HIV.

(3) 83 percent of the estimated 11,700,000 deaths from HIV/AIDS worldwide have been in sub-Saharan Africa.

(4) The HIV/AIDS crisis in sub-Saharan Africa is weakening the structure of families and societies.

(5)(A) The HIV/AIDS crisis threatens the future of the workforce in sub-Saharan Africa.

(B) Studies show that HIV/AIDS in sub-Saharan Africa most severely affects individuals between the ages of 15 and 49—the age group that

provides the most support for the economies of sub-Saharan African countries.

(6) Clear evidence demonstrates that HIV/AIDS is destructive to the economies of sub-Saharan African countries.

(7) Sustained economic development is critical to creating the public and private sector resources in sub-Saharan Africa necessary to fight the HIV/AIDS epidemic.

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

(1) addressing the HIV/AIDS crisis in sub-Saharan Africa should be a central component of United States foreign policy with respect to sub-Saharan Africa;

(2) significant progress needs to be made in preventing and treating HIV/AIDS in sub-Saharan Africa in order to sustain a mutually beneficial trade relationship between the United States and sub-Saharan African countries; and

(3) the HIV/AIDS crisis in sub-Saharan Africa is a global threat that merits further attention through greatly expanded public, private, and joint public-private efforts, and through appropriate United States legislation.

**SEC. 130. STUDY ON IMPROVING AFRICAN AGRICULTURAL PRACTICES.**

(a) **IN GENERAL.**—The Secretary of Agriculture, in consultation with American Land Grant Colleges and Universities and not-for-profit international organizations, is authorized to conduct a 2-year study on ways to improve the flow of American farming techniques and practices to African farmers. The study shall include an examination of ways of improving or utilizing—

(1) knowledge of insect and sanitation procedures;

(2) modern farming and soil conservation techniques;

(3) modern farming equipment (including maintaining the equipment);

(4) marketing crop yields to prospective purchasers; and

(5) crop maximization practices.

The Secretary of Agriculture shall submit the study to the Committee on Agriculture, Nutrition, and Forestry of the Senate and the Committee on Agriculture of the House of Representatives not later than September 30, 2001.

(b) **LAND GRANT COLLEGES AND NOT-FOR-PROFIT INSTITUTIONS.**—In conducting the study under subsection (a), the Secretary of Agriculture is encouraged to consult with American Land Grant Colleges and not-for-profit international organizations that have firsthand knowledge of current African farming practices.

**SEC. 131. SENSE OF THE CONGRESS REGARDING EFFORTS TO COMBAT DESERTIFICATION IN AFRICA AND OTHER COUNTRIES.**

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

(1) desertification affects approximately one-sixth of the world's population and one-quarter of the total land area;

(2) over 1,000,000 hectares of Africa are affected by desertification;

(3) dryland degradation is an underlying cause of recurrent famine in Africa;

(4) the United Nations Environment Programme estimates that desertification costs the world \$42,000,000,000 a year, not including incalculable costs in human suffering; and

(5) the United States can strengthen its partnerships throughout Africa and other countries affected by desertification, help alleviate social and economic crises caused by misuse of natural resources, and reduce dependence on foreign aid, by taking a leading role to combat desertification.

(b) **SENSE OF THE CONGRESS.**—It is the sense of the Congress that the United States should expeditiously work with the international community, particularly Africa and other countries affected by desertification, to—

(1) strengthen international cooperation to combat desertification;

(2) promote the development of national and regional strategies to address desertification and

increase public awareness of this serious problem and its effects;

(3) develop and implement national action programs that identify the causes of desertification and measures to address it; and

(4) recognize the essential role of local governments and nongovernmental organizations in developing and implementing measures to address desertification.

## TITLE II—TRADE BENEFITS FOR CARIBBEAN BASIN

### Subtitle A—Trade Policy for Caribbean Basin Countries

#### SEC. 201. SHORT TITLE.

This title may be cited as the "United States-Caribbean Basin Trade Partnership Act".

#### SEC. 202. FINDINGS AND POLICY.

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

(1) The Caribbean Basin Economic Recovery Act (in this title referred to as "CBERA") represents a permanent commitment by the United States to encourage the development of strong democratic governments and revitalized economies in neighboring countries in the Caribbean Basin.

(2) In 1998, Hurricane Mitch and Hurricane Georges devastated areas in the Caribbean Basin region, killing more than 10,000 people and leaving 3,000,000 homeless.

(3) The total direct impact of Hurricanes Mitch and Georges on Honduras, Nicaragua, the Dominican Republic, El Salvador, and Guatemala amounts to \$4,200,000,000, representing a severe loss to income levels in this underdeveloped region.

(4) In addition to short term disaster assistance, United States policy toward the region should focus on expanding international trade with the Caribbean Basin region as an enduring solution for successful economic growth and recovery.

(5) Thirty-four democratically elected leaders agreed at the 1994 Summit of the Americas to conclude negotiation of a Free Trade Area of the Americas (in this title referred to as "FTAA") by the year 2005.

(6) The economic security of the countries in the Caribbean Basin will be enhanced by the completion of the FTAA.

(7) Offering temporary benefits to Caribbean Basin countries will preserve the United States commitment to Caribbean Basin beneficiary countries, promote the growth of free enterprise and economic opportunity in these neighboring countries, and thereby enhance the national security interests of the United States.

(8) Given the greater propensity of countries located in the Western Hemisphere to use United States components and to purchase United States products compared to other countries, increased trade and economic activity between the United States and countries in the Western Hemisphere will create new jobs in the United States as a result of expanding export opportunities.

(b) POLICY.—It is the policy of the United States—

(1) to offer Caribbean Basin beneficiary countries willing to prepare to become a party to the FTAA or another free trade agreement, tariff treatment essentially equivalent to that accorded to products of NAFTA countries for certain products not currently eligible for duty-free treatment under the CBERA; and

(2) to seek the participation of Caribbean Basin beneficiary countries in the FTAA or another free trade agreement at the earliest possible date, with the goal of achieving full participation in such agreement not later than 2005.

#### SEC. 203. DEFINITIONS.

In this title:

(1) NAFTA.—The term "NAFTA" means the North American Free Trade Agreement entered into between the United States, Mexico, and Canada on December 17, 1992.

(2) NAFTA COUNTRY.—The term "NAFTA country" means any country with respect to which the NAFTA is in force.

(3) WTO AND WTO MEMBER.—The terms "WTO" and "WTO member" have the meanings given those terms in section 2 of the Uruguay Round Agreements Act (19 U.S.C. 3501).

### Subtitle B—Trade Benefits for Caribbean Basin Countries

#### SEC. 211. TEMPORARY PROVISIONS TO PROVIDE ADDITIONAL TRADE BENEFITS TO CERTAIN BENEFICIARY COUNTRIES.

(a) TEMPORARY PROVISIONS.—Section 213(b) of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2703(b)) is amended to read as follows:

"(b) IMPORT-SENSITIVE ARTICLES.—

"(1) IN GENERAL.—Subject to paragraphs (2) through (5), the duty-free treatment provided under this title does not apply to—

"(A) textile and apparel articles which were not eligible articles for purposes of this title on January 1, 1994, as this title was in effect on that date;

"(B) footwear not designated at the time of the effective date of this title as eligible articles for the purpose of the generalized system of preferences under title V of the Trade Act of 1974;

"(C) tuna, prepared or preserved in any manner, in airtight containers;

"(D) petroleum, or any product derived from petroleum, provided for in headings 2709 and 2710 of the HTS;

"(E) watches and watch parts (including cases, bracelets, and straps), of whatever type including, but not limited to, mechanical, quartz digital or quartz analog, if such watches or watch parts contain any material which is the product of any country with respect to which HTS column 2 rates of duty apply; or

"(F) articles to which reduced rates of duty apply under subsection (h).

"(2) TRANSITION PERIOD TREATMENT OF CERTAIN TEXTILE AND APPAREL ARTICLES.—

"(A) ARTICLES COVERED.—During the transition period, the preferential treatment described in subparagraph (B) shall apply to the following articles:

"(i) APPAREL ARTICLES ASSEMBLED IN A CBTPA BENEFICIARY COUNTRY.—Apparel articles assembled in a CBTPA beneficiary country from fabrics wholly formed and cut in the United States, from yarns wholly formed in the United States, that are—

"(I) entered under subheading 9802.00.80 of the HTS; or

"(II) entered under chapter 61 or 62 of the HTS, if, after such assembly, the articles would have qualified for entry under subheading 9802.00.80 of the HTS but for the fact that the articles were embroidered or subjected to stone-washing, enzyme-washing, acid washing, perma-pressing, oven-baking, bleaching, garment-dyeing, screen printing, or other similar processes.

"(ii) APPAREL ARTICLES CUT AND ASSEMBLED IN ONE OR MORE CBTPA BENEFICIARY COUNTRIES.—Apparel articles cut in a CBTPA beneficiary country from fabric wholly formed in the United States from yarns wholly formed in the United States, if such articles are assembled in such country with thread formed in the United States.

"(iii) CERTAIN KNIT APPAREL ARTICLES.—(I) Apparel articles knit to shape (other than socks provided for in heading 6115 of the HTS) in a CBTPA beneficiary country from yarns wholly formed in the United States, and knit apparel articles (other than t-shirts described in subclause (III)) cut and wholly assembled in 1 or more CBTPA beneficiary countries from fabric formed in one or more CBTPA beneficiary countries or the United States from yarns wholly formed in the United States, in an amount not exceeding the amount set forth in subclause (II).

"(II) The amount referred to in subclause (I) is—

"(aa) 250,000,000 square meter equivalents during the 1-year period beginning on October 1, 2000, increased by 16 percent, compounded annually, in each succeeding 1-year period through September 30, 2004; and

"(bb) in each 1-year period thereafter through September 30, 2008, the amount in effect for the 1-year period ending on September 30, 2004, or such other amount as may be provided by law.

"(III) T-shirts, other than underwear, classifiable under subheadings 6109.10.00 and 6109.90.10 of the HTS, made in one or more CBTPA beneficiary countries from fabric formed in one or more CBTPA beneficiary countries from yarns wholly formed in the United States, in an amount not exceeding the amount set forth in subclause (IV).

"(IV) The amount referred to in subclause (III) is—

"(aa) 4,200,000 dozen during the 1-year period beginning on October 1, 2000, increased by 16 percent, compounded annually, in each succeeding 1-year period through September 30, 2004; and

"(bb) in each 1-year period thereafter, the amount in effect for the 1-year period ending on September 30, 2004, or such other amount as may be provided by law.

"(V) It is the sense of Congress that the Congress should determine, based on the record of expansion of exports from the United States as a result of the preferential treatment of articles under this clause, the percentage by which the amount provided in subclauses (II) and (IV) should be compounded for the 1-year periods occurring after the 1-year period ending on September 30, 2004.

"(iv) CERTAIN OTHER APPAREL ARTICLES.—(I) Subject to subclause (II), any apparel article classifiable under subheading 6212.10 of the HTS, if the article is both cut and sewn or otherwise assembled in the United States, or 1 or more of the CBTPA beneficiary countries, or both.

"(II) During the 1-year period beginning on October 1, 2001, and during each of the 6 succeeding 1-year periods, apparel articles described in subclause (I) of a producer or an entity controlling production shall be eligible for preferential treatment under subparagraph (B) only if the aggregate cost of fabric components formed in the United States that are used in the production of all such articles of that producer or entity during the preceding 1-year period is at least 75 percent of the aggregate declared customs value of the fabric contained in all such articles of that producer or entity that are entered during the preceding 1-year period.

"(III) The United States Customs Service shall develop and implement methods and procedures to ensure ongoing compliance with the requirement set forth in subclause (II). If the Customs Service finds that a producer or an entity controlling production has not satisfied such requirement in a 1-year period, then apparel articles described in subclause (I) of that producer or entity shall be ineligible for preferential treatment under subparagraph (B) during any succeeding 1-year period until the aggregate cost of fabric components formed in the United States used in the production of such articles of that producer or entity in the preceding 1-year period is at least 85 percent of the aggregate declared customs value of the fabric contained in all such articles of that producer or entity that are entered during the preceding 1-year period.

"(v) APPAREL ARTICLES ASSEMBLED FROM FIBERS, FABRIC, OR YARN NOT WIDELY AVAILABLE IN COMMERCIAL QUANTITIES.—(I) Apparel articles that are both cut (or knit-to-shape) and sewn or otherwise assembled in 1 or more CBTPA beneficiary countries, from fibers, fabric, or yarn that is not formed in the United States or in 1 or more CBTPA beneficiary countries, to the extent that such fibers, fabric, or yarn would be eligible for preferential treatment, without regard to the source of the fibers, fabric, or yarn, under Annex 401 of the NAFTA.

“(II) At the request of any interested party, the President is authorized to proclaim additional fibers, fabric, and yarn as eligible for preferential treatment under subclause (I) if—

“(aa) the President determines that such fibers, fabric, or yarn cannot be supplied by the domestic industry in commercial quantities in a timely manner;

“(bb) the President has obtained advice regarding the proposed action from the appropriate advisory committee established under section 135 of the Trade Act of 1974 (19 U.S.C. 2155) and the United States International Trade Commission;

“(cc) within 60 days after the request, the President has submitted a report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate that sets forth the action proposed to be proclaimed and the reasons for such actions, and the advice obtained under division (bb);

“(dd) a period of 60 calendar days, beginning with the first day on which the President has met the requirements of division (cc), has expired; and

“(ee) the President has consulted with such committees regarding the proposed action during the period referred to in division (cc).

“(vi) HANDLOOMED, HANDMADE, AND FOLKLORE ARTICLES.—A handloomed, handmade, or folklore article of a CBTPA beneficiary country identified under subparagraph (C) that is certified as such by the competent authority of such beneficiary country.

“(vii) SPECIAL RULES.—

“(I) EXCEPTION FOR FINDINGS AND TRIMMINGS.—(aa) An article otherwise eligible for preferential treatment under this paragraph shall not be ineligible for such treatment because the article contains findings or trimmings of foreign origin, if such findings and trimmings do not exceed 25 percent of the cost of the components of the assembled product. Examples of findings and trimmings are sewing thread, hooks and eyes, snaps, buttons, ‘bow buds,’ decorative lace, trim, elastic strips, zippers, including zipper tapes and labels, and other similar products. Elastic strips are considered findings or trimmings only if they are each less than 1 inch in width and are used in the production of brassieres.

“(bb) In the case of an article described in clause (ii) of this subparagraph, sewing thread shall not be treated as findings or trimmings under this subclause.

“(II) CERTAIN INTERLINING.—(aa) An article otherwise eligible for preferential treatment under this paragraph shall not be ineligible for such treatment because the article contains certain interlinings of foreign origin, if the value of such interlinings (and any findings and trimmings) does not exceed 25 percent of the cost of the components of the assembled article.

“(bb) Interlinings eligible for the treatment described in division (aa) include only a chest type plate, ‘hymo’ piece, or ‘sleeve header’, of woven or weft-inserted warp knit construction and of coarse animal hair or man-made filaments.

“(cc) The treatment described in this subclause shall terminate if the President makes a determination that United States manufacturers are producing such interlinings in the United States in commercial quantities.

“(III) DE MINIMIS RULE.—An article that would otherwise be ineligible for preferential treatment under this paragraph because the article contains fibers or yarns not wholly formed in the United States or in 1 or more CBTPA beneficiary countries shall not be ineligible for such treatment if the total weight of all such fibers or yarns is not more than 7 percent of the total weight of the good. Notwithstanding the preceding sentence, an apparel article containing elastomeric yarns shall be eligible for preferential treatment under this paragraph only if such yarns are wholly formed in the United States.

“(IV) SPECIAL ORIGIN RULE.—An article otherwise eligible for preferential treatment under clause (i) or (ii) of this subparagraph shall not be ineligible for such treatment because the article contains nylon filament yarn (other than elastomeric yarn) that is entered under subheading 5402.10.30, 5402.10.60, 5402.31.30, 5402.31.60, 5402.32.30, 5402.32.60, 5402.41.10, 5402.41.90, 5402.51.00, or 5402.61.00 of the HTS duty-free from a country that is a party to an agreement with the United States establishing a free trade area, which entered into force before January 1, 1995.

“(vii) TEXTILE LUGGAGE.—Textile luggage—

“(I) assembled in a CBTPA beneficiary country from fabric wholly formed and cut in the United States, from yarns wholly formed in the United States, that is entered under subheading 9802.00.80 of the HTS; or

“(II) assembled from fabric cut in a CBTPA beneficiary country from fabric wholly formed in the United States.

“(B) PREFERENTIAL TREATMENT.—Except as provided in subparagraph (E), during the transition period, the articles to which this subparagraph applies shall enter the United States free of duty and free of any quantitative restrictions, limitations, or consultation levels.

“(C) HANDLOOMED, HANDMADE, AND FOLKLORE ARTICLES.—For purposes of subparagraph (A)(vi), the President shall consult with representatives of the CBTPA beneficiary countries concerned for the purpose of identifying particular textile and apparel goods that are mutually agreed upon as being handloomed, handmade, or folklore goods of a kind described in section 2.3 (a), (b), or (c) of the Annex or Appendix 3.1.B.11 of the Annex.

“(D) PENALTIES FOR TRANSSHIPMENTS.—

“(i) PENALTIES FOR EXPORTERS.—If the President determines, based on sufficient evidence, that an exporter has engaged in transshipment with respect to textile or apparel articles from a CBTPA beneficiary country, then the President shall deny all benefits under this title to such exporter, and any successor of such exporter, for a period of 2 years.

“(ii) PENALTIES FOR COUNTRIES.—Whenever the President finds, based on sufficient evidence, that transshipment has occurred, the President shall request that the CBTPA beneficiary country or countries through whose territory the transshipment has occurred take all necessary and appropriate actions to prevent such transshipment. If the President determines that a country is not taking such actions, the President shall reduce the quantities of textile and apparel articles that may be imported into the United States from such country by the quantity of the transshipped articles multiplied by 3, to the extent consistent with the obligations of the United States under the WTO.

“(iii) TRANSSHIPMENT DESCRIBED.—Transshipment within the meaning of this subparagraph has occurred when preferential treatment under subparagraph (B) has been claimed for a textile or apparel article on the basis of material false information concerning the country of origin, manufacture, processing, or assembly of the article or any of its components. For purposes of this clause, false information is material if disclosure of the true information would mean or would have meant that the article is or was ineligible for preferential treatment under subparagraph (B).

“(E) BILATERAL EMERGENCY ACTIONS.—

“(i) IN GENERAL.—The President may take bilateral emergency tariff actions of a kind described in section 4 of the Annex with respect to any apparel article imported from a CBTPA beneficiary country if the application of tariff treatment under subparagraph (B) to such article results in conditions that would be cause for the taking of such actions under such section 4 with respect to a like article described in the same 8-digit subheading of the HTS that is imported from Mexico.

“(ii) RULES RELATING TO BILATERAL EMERGENCY ACTION.—For purposes of applying bilateral emergency action under this subparagraph—

“(I) the requirements of paragraph (5) of section 4 of the Annex (relating to providing compensation) shall not apply;

“(II) the term ‘transition period’ in section 4 of the Annex shall have the meaning given that term in paragraph (5)(D) of this subsection; and

“(III) the requirements to consult specified in section 4 of the Annex shall be treated as satisfied if the President requests consultations with the CBTPA beneficiary country in question and the country does not agree to consult within the time period specified under section 4.

“(3) TRANSITION PERIOD TREATMENT OF CERTAIN OTHER ARTICLES ORIGINATING IN BENEFICIARY COUNTRIES.—

“(A) EQUIVALENT TARIFF TREATMENT.—

“(i) IN GENERAL.—Subject to clause (ii), the tariff treatment accorded at any time during the transition period to any article referred to in any of subparagraphs (B) through (F) of paragraph (1) that is a CBTPA originating good shall be identical to the tariff treatment that is accorded at such time under Annex 302.2 of the NAFTA to an article described in the same 8-digit subheading of the HTS that is a good of Mexico and is imported into the United States.

“(ii) EXCEPTION.—Clause (i) does not apply to any article accorded duty-free treatment under U.S. Note 2(b) to subchapter II of chapter 98 of the HTS.

“(B) RELATIONSHIP TO SUBSECTION (h) DUTY REDUCTIONS.—If at any time during the transition period the rate of duty that would (but for action taken under subparagraph (A)(i) in regard to such period) apply with respect to any article under subsection (h) is a rate of duty that is lower than the rate of duty resulting from such action, then such lower rate of duty shall be applied for the purposes of implementing such action.

“(4) CUSTOMS PROCEDURES.—

“(A) IN GENERAL.—

“(i) REGULATIONS.—Any importer that claims preferential treatment under paragraph (2) or (3) shall comply with customs procedures similar in all material respects to the requirements of Article 502(1) of the NAFTA as implemented pursuant to United States law, in accordance with regulations promulgated by the Secretary of the Treasury.

“(ii) DETERMINATION.—

“(I) IN GENERAL.—In order to qualify for the preferential treatment under paragraph (2) or (3) and for a Certificate of Origin to be valid with respect to any article for which such treatment is claimed, there shall be in effect a determination by the President that each country described in subclause (II)—

“(aa) has implemented and follows, or

“(bb) is making substantial progress toward implementing and following, procedures and requirements similar in all material respects to the relevant procedures and requirements under chapter 5 of the NAFTA.

“(II) COUNTRY DESCRIBED.—A country is described in this subclause if it is a CBTPA beneficiary country—

“(aa) from which the article is exported, or

“(bb) in which materials used in the production of the article originate or in which the article or such materials undergo production that contributes to a claim that the article is eligible for preferential treatment under paragraph (2) or (3).

“(B) CERTIFICATE OF ORIGIN.—The Certificate of Origin that otherwise would be required pursuant to the provisions of subparagraph (A) shall not be required in the case of an article imported under paragraph (2) or (3) if such Certificate of Origin would not be required under Article 503 of the NAFTA (as implemented pursuant to United States law), if the article were imported from Mexico.

“(C) REPORT BY USTR ON COOPERATION OF OTHER COUNTRIES CONCERNING CIRCUMVENTION.—The United States Commissioner of Customs shall conduct a study analyzing the extent to which each CBTPA beneficiary country—

“(i) has cooperated fully with the United States, consistent with its domestic laws and procedures, in instances of circumvention or alleged circumvention of existing quotas on imports of textile and apparel goods, to establish necessary relevant facts in the places of import, export, and, where applicable, transshipment, including investigation of circumvention practices, exchanges of documents, correspondence, reports, and other relevant information, to the extent such information is available;

“(ii) has taken appropriate measures, consistent with its domestic laws and procedures, against exporters and importers involved in instances of false declaration concerning fiber content, quantities, description, classification, or origin of textile and apparel goods; and

“(iii) has penalized the individuals and entities involved in any such circumvention, consistent with its domestic laws and procedures, and has worked closely to seek the cooperation of any third country to prevent such circumvention from taking place in that third country. The Trade Representative shall submit to Congress, not later than October 1, 2001, a report on the study conducted under this subparagraph.

“(5) DEFINITIONS AND SPECIAL RULES.—For purposes of this subsection—

“(A) ANNEX.—The term ‘the Annex’ means Annex 300-B of the NAFTA.

“(B) CBTPA BENEFICIARY COUNTRY.—The term ‘CBTPA beneficiary country’ means any ‘beneficiary country’, as defined in section 212(a)(1)(A) of this title, which the President designates as a CBTPA beneficiary country, taking into account the criteria contained in subsections (b) and (c) of section 212 and other appropriate criteria, including the following:

“(i) Whether the beneficiary country has demonstrated a commitment to—

“(I) undertake its obligations under the WTO, including those agreements listed in section 101(d) of the Uruguay Round Agreements Act, on or ahead of schedule; and

“(II) participate in negotiations toward the completion of the FTAA or another free trade agreement.

“(ii) The extent to which the country provides protection of intellectual property rights consistent with or greater than the protection afforded under the Agreement on Trade-Related Aspects of Intellectual Property Rights described in section 101(d)(15) of the Uruguay Round Agreements Act.

“(iii) The extent to which the country provides internationally recognized worker rights, including—

“(I) the right of association,

“(II) the right to organize and bargain collectively,

“(III) a prohibition on the use of any form of forced or compulsory labor,

“(IV) a minimum age for the employment of children, and

“(V) acceptable conditions of work with respect to minimum wages, hours of work, and occupational safety and health;

“(iv) Whether the country has implemented its commitments to eliminate the worst forms of child labor, as defined in section 507(6) of the Trade Act of 1974.

“(v) The extent to which the country has met the counter-narcotics certification criteria set forth in section 490 of the Foreign Assistance Act of 1961 (22 U.S.C. 2291j) for eligibility for United States assistance.

“(vi) The extent to which the country has taken steps to become a party to and implements the Inter-American Convention Against Corruption.

“(vii) The extent to which the country—

“(I) applies transparent, nondiscriminatory, and competitive procedures in government pro-

urement equivalent to those contained in the Agreement on Government Procurement described in section 101(d)(17) of the Uruguay Round Agreements Act; and

“(II) contributes to efforts in international fora to develop and implement international rules in transparency in government procurement.

“(C) CBTPA ORIGINATING GOOD.—

“(i) IN GENERAL.—The term ‘CBTPA originating good’ means a good that meets the rules of origin for a good set forth in chapter 4 of the NAFTA as implemented pursuant to United States law.

“(ii) APPLICATION OF CHAPTER 4.—In applying chapter 4 of the NAFTA with respect to a CBTPA beneficiary country for purposes of this subsection—

“(I) no country other than the United States and a CBTPA beneficiary country may be treated as being a party to the NAFTA;

“(II) any reference to trade between the United States and Mexico shall be deemed to refer to trade between the United States and a CBTPA beneficiary country;

“(III) any reference to a party shall be deemed to refer to a CBTPA beneficiary country or the United States; and

“(IV) any reference to parties shall be deemed to refer to any combination of CBTPA beneficiary countries or to the United States and 1 or more CBTPA beneficiary countries (or any combination thereof).

“(D) TRANSITION PERIOD.—The term ‘transition period’ means, with respect to a CBTPA beneficiary country, the period that begins on October 1, 2000, and ends on the earlier of—

“(i) September 30, 2008, or

“(ii) the date on which the FTAA or another free trade agreement that makes substantial progress in achieving the negotiating objectives set forth in 108(b)(5) of Public Law 103-182 (19 U.S.C. 3317(b)(5)) enters into force with respect to the United States and the CBTPA beneficiary country.

“(E) CBTPA.—The term ‘CBTPA’ means the United States-Caribbean Basin Trade Partnership Act.

“(F) FTAA.—The term ‘FTAA’ means the Free Trade Area of the Americas.”.

(b) DETERMINATION REGARDING RETENTION OF DESIGNATION.—Section 212(e) of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2702(e)) is amended—

(1) in paragraph (1)—

(A) by redesignating subparagraphs (A) and (B) as clauses (i) and (ii), respectively;

(B) by inserting “(A)” after “(1)”; and

(C) by adding at the end the following:

“(B) The President may, after the requirements of subsection (a)(2) and paragraph (2) have been met—

“(i) withdraw or suspend the designation of any country as a CBTPA beneficiary country, or

“(ii) withdraw, suspend, or limit the application of preferential treatment under section 213(b) (2) and (3) to any article of any country, if, after such designation, the President determines that, as a result of changed circumstances, the performance of such country is not satisfactory under the criteria set forth in section 213(b)(5)(B).”; and

(2) by adding after paragraph (2) the following new paragraph:

“(3) If preferential treatment under section 213(b) (2) and (3) is withdrawn, suspended, or limited with respect to a CBTPA beneficiary country, such country shall not be deemed to be a ‘party’ for the purposes of applying section 213(b)(5)(C) to imports of articles for which preferential treatment has been withdrawn, suspended, or limited with respect to such country.”.

(c) REPORTING REQUIREMENTS.—

(1) Section 212(f) of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2702(f)) is amended to read as follows:

“(f) REPORTING REQUIREMENTS.—

“(1) IN GENERAL.—Not later than December 31, 2001, and every 2 years thereafter during the period this title is in effect, the United States Trade Representative shall submit to Congress a report regarding the operation of this title, including—

“(A) with respect to subsections (b) and (c), the results of a general review of beneficiary countries based on the considerations described in such subsections; and

“(B) the performance of each beneficiary country or CBTPA beneficiary country, as the case may be, under the criteria set forth in section 213(b)(5)(B).

“(2) PUBLIC COMMENT.—Before submitting the report described in paragraph (1), the United States Trade Representative shall publish a notice in the Federal Register requesting public comments on whether beneficiary countries are meeting the criteria listed in section 213(b)(5)(B).”.

(2) Section 203(f) of the Andean Trade Preference Act (19 U.S.C. 3202(f)) is amended—

(A) by striking “TRIENNIAL REPORT” in the heading and inserting “REPORT”; and

(B) by striking “On or before” and all that follows through “enactment of this title” and inserting “Not later than January 31, 2001”.

(d) INTERNATIONAL TRADE COMMISSION REPORTS.—

(1) Section 215(a) of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2704(a)) is amended to read as follows:

“(a) REPORTING REQUIREMENT.—

“(1) IN GENERAL.—The United States International Trade Commission (in this section referred to as the ‘Commission’) shall submit to Congress and the President biennial reports regarding the economic impact of this title on United States industries and consumers and on the economy of the beneficiary countries.

“(2) FIRST REPORT.—The first report shall be submitted not later than September 30, 2001.

“(3) TREATMENT OF PUERTO RICO, ETC.—For purposes of this section, industries in the Commonwealth of Puerto Rico and the insular possessions of the United States are considered to be United States industries.”.

(2) Section 206(a) of the Andean Trade Preference Act (19 U.S.C. 3204(a)) is amended to read as follows:

“(a) REPORTING REQUIREMENTS.—

“(1) IN GENERAL.—The United States International Trade Commission (in this section referred to as the ‘Commission’) shall submit to Congress and the President biennial reports regarding the economic impact of this title on United States industries and consumers, and, in conjunction with other agencies, the effectiveness of this title in promoting drug-related crop eradication and crop substitution efforts of the beneficiary countries.

“(2) SUBMISSION.—During the period that this title is in effect, the report required by paragraph (1) shall be submitted on December 31 of each year that the report required by section 215 of the Caribbean Basin Economic Recovery Act is not submitted.

“(3) TREATMENT OF PUERTO RICO, ETC.—For purposes of this section, industries in the Commonwealth of Puerto Rico and the insular possessions of the United States are considered to be United States industries.”.

(e) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) IN GENERAL.—

(A) Section 211 of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2701) is amended by inserting “(or other preferential treatment)” after “treatment”.

(B) Section 213(a)(1) of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2703(a)(1)) is amended by inserting “and except as provided in subsection (b) (2) and (3),” after “Tax Reform Act of 1986.”.

(2) DEFINITIONS.—Section 212(a)(1) of the Caribbean Basin Economic Recovery Act (19 U.S.C.

2702(a)(1) is amended by adding at the end the following new subparagraphs:

“(D) The term ‘NAFTA’ means the North American Free Trade Agreement entered into between the United States, Mexico, and Canada on December 17, 1992.

“(E) The terms ‘WTO’ and ‘WTO member’ have the meanings given those terms in section 2 of the Uruguay Round Agreements Act (19 U.S.C. 3501).”

**SEC. 214. DUTY-FREE TREATMENT FOR CERTAIN BEVERAGES MADE WITH CARIBBEAN RUM.**

Section 213(a) of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2703(a)) is amended—

(1) in paragraph (5), by striking “chapter” and inserting “title”; and

(2) by adding at the end the following new paragraph:

“(6) Notwithstanding paragraph (1), the duty-free treatment provided under this title shall apply to liqueurs and spirituous beverages produced in the territory of Canada from rum if—

“(A) such rum is the growth, product, or manufacture of a beneficiary country or of the Virgin Islands of the United States;

“(B) such rum is imported directly from a beneficiary country or the Virgin Islands of the United States into the territory of Canada, and such liqueurs and spirituous beverages are imported directly from the territory of Canada into the customs territory of the United States;

“(C) when imported into the customs territory of the United States, such liqueurs and spirituous beverages are classified in subheading 2208.90 or 2208.40 of the HTS; and

“(D) such rum accounts for at least 90 percent by volume of the alcoholic content of such liqueurs and spirituous beverages.”

**SEC. 215. MEETINGS OF TRADE MINISTERS AND USTR.**

(a) **SCHEDULE OF MEETINGS.**—The President shall take the necessary steps to convene a meeting with the trade ministers of the CBTPA beneficiary countries in order to establish a schedule of regular meetings, to commence as soon as is practicable, of the trade ministers and the Trade Representative, for the purpose set forth in subsection (b).

(b) **PURPOSE.**—The purpose of the meetings scheduled under subsection (a) is to reach agreement between the United States and CBTPA beneficiary countries on the likely timing and procedures for initiating negotiations for CBTPA beneficiary countries to enter into mutually advantageous free trade agreements with the United States that contain provisions comparable to those in the NAFTA and would make substantial progress in achieving the negotiating objectives set forth in section 108(b)(5) of Public Law 103-182 (19 U.S.C. 3317(b)(5)).

(c) **DEFINITION.**—In this section, the term “CBTPA beneficiary country” has the meaning given that term in section 213(b)(5)(B) of the Caribbean Basin Economic Recovery Act.

**TITLE III—NORMAL TRADE RELATIONS**

**SEC. 301. NORMAL TRADE RELATIONS FOR ALBANIA.**

(a) **FINDINGS.**—Congress makes the following findings:

(1) Albania has been found to be in full compliance with the freedom of emigration requirements under title IV of the Trade Act of 1974.

(2) Since its emergence from communism, Albania has made progress toward democratic rule and the creation of a free-market economy.

(3) Albania has concluded a bilateral investment treaty with the United States.

(4) Albania has demonstrated a strong desire to build a friendly relationship with the United States and has been very cooperative with NATO and the international community during and after the Kosova crisis.

(5) The extension of unconditional normal trade relations treatment to the products of Albania will enable the United States to avail

itself of all rights under the World Trade Organization with respect to Albania when that country becomes a member of the World Trade Organization.

(b) **TERMINATION OF APPLICATION OF TITLE IV OF THE TRADE ACT OF 1974 TO ALBANIA.**—

(1) **PRESIDENTIAL DETERMINATIONS AND EXTENSIONS OF NONDISCRIMINATORY TREATMENT.**—Notwithstanding any provision of title IV of the Trade Act of 1974 (19 U.S.C. 2431 et seq.), the President may—

(A) determine that such title should no longer apply to Albania; and

(B) after making a determination under subparagraph (A) with respect to Albania, proclaim the extension of nondiscriminatory treatment (normal trade relations treatment) to the products of that country.

(2) **TERMINATION OF APPLICATION OF TITLE IV.**—On or after the effective date of the extension under paragraph (1)(B) of nondiscriminatory treatment to the products of Albania, title IV of the Trade Act of 1974 shall cease to apply to that country.

**SEC. 302. NORMAL TRADE RELATIONS FOR KYRGYZSTAN.**

(a) **FINDINGS.**—Congress makes the following findings:

(1) Kyrgyzstan has been found to be in full compliance with the freedom of emigration requirements under title IV of the Trade Act of 1974.

(2) Since its independence from the Soviet Union in 1991, Kyrgyzstan has made great progress toward democratic rule and toward creating a free-market economic system.

(3) Kyrgyzstan concluded a bilateral investment treaty with the United States in 1994.

(4) Kyrgyzstan has demonstrated a strong desire to build a friendly and cooperative relationship with the United States.

(5) The extension of unconditional normal trade relations treatment to the products of Kyrgyzstan will enable the United States to avail itself of all rights under the World Trade Organization with respect to Kyrgyzstan.

(b) **TERMINATION OF APPLICATION OF TITLE IV OF THE TRADE ACT OF 1974 TO KYRGYZSTAN.**—

(1) **PRESIDENTIAL DETERMINATIONS AND EXTENSIONS OF NONDISCRIMINATORY TREATMENT.**—Notwithstanding any provision of title IV of the Trade Act of 1974 (19 U.S.C. 2431 et seq.), the President may—

(A) determine that such title should no longer apply to Kyrgyzstan; and

(B) after making a determination under subparagraph (A) with respect to Kyrgyzstan, proclaim the extension of nondiscriminatory treatment (normal trade relations treatment) to the products of that country.

(2) **TERMINATION OF APPLICATION OF TITLE IV.**—On or after the effective date of the extension under paragraph (1)(B) of nondiscriminatory treatment to the products of Kyrgyzstan, title IV of the Trade Act of 1974 shall cease to apply to that country.

**TITLE IV—OTHER TRADE PROVISIONS**

**SEC. 401. REPORT ON EMPLOYMENT AND TRADE ADJUSTMENT ASSISTANCE.**

(a) **IN GENERAL.**—Not later than 9 months after the date of enactment of this section, the Comptroller General of the United States shall submit to Congress a report regarding the efficiency and effectiveness of Federal and State coordination of employment and retraining activities associated with the following programs and legislation:

(1) Trade adjustment assistance (including NAFTA trade adjustment assistance) provided for under title II of the Trade Act of 1974.

(2) The Job Training Partnership Act.

(3) The Workforce Investment Act of 1998.

(4) Unemployment insurance.

(b) **PERIOD COVERED.**—The report shall cover the activities involved in the programs and legislation listed in subsection (a) from January 1, 1994, to December 31, 1999.

(c) **DATA AND RECOMMENDATIONS.**—The report shall at a minimum include specific data and recommendations regarding—

(1) the compatibility of program requirements related to the employment and retraining of dislocated workers in the United States, with particular emphasis on the trade adjustment assistance programs provided for under title II of the Trade Act of 1974;

(2) the compatibility of application procedures related to the employment and retraining of dislocated workers in the United States;

(3) the capacity of the programs in addressing foreign trade and the transfer of production to other countries on workers in the United States measured in terms of loss of employment and wages;

(4) the capacity of the programs in addressing foreign trade and the transfer of production to other countries on secondary workers in the United States measured in terms of loss of employment and wages;

(5) how the impact of foreign trade and the transfer of production to other countries would have changed the number of beneficiaries covered under the trade adjustment assistance program if the trade adjustment assistance program covered secondary workers in the United States; and

(6) the effectiveness of the programs described in subsection (a) in achieving reemployment of United States workers and maintaining wage levels of United States workers who have been dislocated as a result of foreign trade and the transfer of production to other countries.

**SEC. 402. TRADE ADJUSTMENT ASSISTANCE.**

(a) **CERTIFICATION OF ELIGIBILITY FOR WORKERS REQUIRED FOR DECOMMISSIONING OR CLOSURE OF FACILITY.**—

(1) **IN GENERAL.**—Notwithstanding any other provision of law or any decision by the Secretary of Labor denying certification or eligibility for certification for adjustment assistance under title II of the Trade Act of 1974, a qualified worker described in paragraph (2) shall be certified by the Secretary as eligible to apply for adjustment assistance under such title II.

(2) **QUALIFIED WORKER.**—For purposes of this subsection, a “qualified worker” means a worker who—

(A) was determined to be covered under Trade Adjustment Assistance Certification TA-W-28,438; and

(B) was necessary for the decommissioning or closure of a nuclear power facility.

(b) **EFFECTIVE DATE.**—The amendment made by this section shall take effect on the date of enactment of this Act.

**SEC. 403. RELIQUIDATION OF CERTAIN NUCLEAR FUEL ASSEMBLIES.**

(a) **IN GENERAL.**—Notwithstanding section 514 of the Tariff Act of 1930 (19 U.S.C. 1514) or any other provision of law, upon proper request filed with the Secretary of the Treasury not later than 90 days after the date of enactment of this Act, the Secretary shall—

(1) reliquidate as free of duty the entries listed in subsection (b); and

(2) refund any duties paid with respect to such entries as shown on Customs Service Collection Receipt Number 527006753.

(b) **ENTRIES.**—The entries referred to in subsection (a) are as follows:

Entry number	Date of entry
062-2320014-5	January 16, 1996
062-2320085-5	February 13, 1996
839-4030989-7	November 25, 1996
839-4031053-1	December 2, 1996
839-4031591-0	January 21, 1997

**SEC. 404. REPORTS TO THE FINANCE AND WAYS AND MEANS COMMITTEES.**

(a) **REPORTS REGARDING INITIATIVES TO UPDATE THE INTERNATIONAL MONETARY FUND.**—Section 607 of the Foreign Operations, Export Financing, and Related Appropriations Act, 1999 (as contained in section 101(d) of division A of the Omnibus Consolidated and Emergency

Supplemental Appropriations Act, 1999) (Public Law 105-277; 112 Stat. 2681-224), relating to international financial programs and reform, is amended—

(1) by inserting "Finance," after "Foreign Relations,"; and

(2) by inserting ", Ways and Means," before "and Banking and Financial Services".

(b) REPORTS ON FINANCIAL STABILIZATION PROGRAMS.—Section 1704(b) of the International Financial Institutions Act (22 U.S.C. 262r-3(b)) is amended to read as follows:

"(b) TIMING.—Not later than March 15, 1999, and semiannually thereafter, the Secretary of the Treasury shall submit to the Committees on Banking and Financial Services, Ways and Means, and International Relations of the House of Representatives and the Committees on Finance, Foreign Relations, and Banking, Housing, and Urban Affairs of the Senate a report on the matters described in subsection (a)."

(c) ANNUAL REPORT ON THE STATE OF THE INTERNATIONAL FINANCIAL SYSTEM, IMF REFORM, AND COMPLIANCE WITH IMF AGREEMENTS.—Section 1705(a) of the International Financial Institutions Act (22 U.S.C. 262r-4(a)) is amended by striking "Committee on Banking and Financial Services of the House of Representatives and the Committee on Foreign Relations of the Senate" and inserting "Committees on Banking and Financial Services and on Ways and Means of the House of Representatives and the Committees on Finance and on Foreign Relations of the Senate".

(d) AUDITS OF THE IMF.—Section 1706(a) of the International Financial Institutions Act (22 U.S.C. 262r-5(a)) is amended by striking "Committee on Banking and Financial Services of the House of Representatives and the Committee on Foreign Relations of the Senate" and inserting "Committees on Banking and Financial Services and on Ways and Means of the House of Representatives and the Committees on Finance and on Foreign Relations of the Senate".

(e) REPORT ON PROTECTION OF BORDERS AGAINST DRUG TRAFFIC.—Section 629 of the Treasury and General Government Appropriations Act, 1999 (as contained in section 101(h) of division A of the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999) (Public Law 105-277; 112 Stat. 2681-522), relating to general provisions, is amended by adding at the end the following new paragraph:

"(3) For purposes of paragraph (1), the term 'appropriate congressional committees' includes the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives."

**SEC. 405. CLARIFICATION OF SECTION 334 OF THE URUGUAY ROUND AGREEMENTS ACT.**

(a) IN GENERAL.—Section 334(b)(2) of the Uruguay Round Agreements Act (19 U.S.C. 3592(b)(2)) is amended—

(1) by redesignating subparagraphs (A) and (B) as clauses (i) and (ii), respectively;

(2) in the matter preceding clause (i) (as redesignated), by striking "Notwithstanding paragraph (1)(D)" and inserting "(A) Notwithstanding paragraph (1)(D) and except as provided in subparagraphs (B) and (C)"; and

(3) by adding at the end the following:

"(B) Notwithstanding paragraph (1)(C), fabric classified under the HTS as of silk, cotton, man-made fiber, or vegetable fiber shall be considered to originate in, and be the growth, product, or manufacture of, the country, territory, or possession in which the fabric is both dyed and printed when accompanied by 2 or more of the following finishing operations: bleaching, shrinking, fulling, napping, decatizing, permanent stiffening, weighting, permanent embossing, or moireing.

"(C) Notwithstanding paragraph (1)(D), goods classified under HTS heading 6117.10, 6213.00, 6214.00, 6302.22, 6302.29, 6302.52, 6302.53, 6302.59, 6302.92, 6302.93, 6302.99, 6303.92, 6303.99, 6304.19, 6304.93, 6304.99, 9404.90.85, or 9404.90.95, except

for goods classified under such headings as of cotton or of wool or consisting of fiber blends containing 16 percent or more by weight of cotton, shall be considered to originate in, and be the growth, product, or manufacture of, the country, territory, or possession in which the fabric is both dyed and printed when accompanied by 2 or more of the following finishing operations: bleaching, shrinking, fulling, napping, decatizing, permanent stiffening, weighting, permanent embossing, or moireing."

(b) EFFECTIVE DATE.—The amendments made by this section apply to goods entered, or withdrawn from warehouse for consumption, on or after the date of enactment of this Act.

**SEC. 406. CHIEF AGRICULTURAL NEGOTIATOR.**

Section 141 of the Trade Act of 1974 (19 U.S.C. 2171) is amended—

(1) by amending subsection (b)(2) to read as follows:

"(2) There shall be in the Office three Deputy United States Trade Representatives and one Chief Agricultural Negotiator who shall be appointed by the President, by and with the advice and consent of the Senate. As an exercise of the rulemaking power of the Senate, any nomination of a Deputy United States Trade Representative or the Chief Agricultural Negotiator submitted to the Senate for its advice and consent, and referred to a committee, shall be referred to the Committee on Finance. Each Deputy United States Trade Representative and the Chief Agricultural Negotiator shall hold office at the pleasure of the President and shall have the rank of Ambassador."; and

(2) in subsection (c), by adding at the end the following new paragraph:

"(5) The principal function of the Chief Agricultural Negotiator shall be to conduct trade negotiations and to enforce trade agreements relating to United States agricultural products and services. The Chief Agricultural Negotiator shall be a vigorous advocate on behalf of United States agricultural interests. The Chief Agricultural Negotiator shall perform such other functions as the United States Trade Representative may direct."

**SEC. 407. REVISION OF RETALIATION LIST OR OTHER REMEDIAL ACTION.**

Section 306(b)(2) of the Trade Act of 1974 (19 U.S.C. 2416(b)(2)) is amended—

(1) by striking "If the" and inserting the following:

"(A) FAILURE TO IMPLEMENT RECOMMENDATION.—If the"; and

(2) by adding at the end the following:

"(B) REVISION OF RETALIATION LIST AND ACTION.—

"(i) IN GENERAL.—Except as provided in clause (ii), in the event that the United States initiates a retaliation list or takes any other action described in section 301(c)(1) (A) or (B) against the goods of a foreign country or countries because of the failure of such country or countries to implement the recommendation made pursuant to a dispute settlement proceeding under the World Trade Organization, the Trade Representative shall periodically revise the list or action to affect other goods of the country or countries that have failed to implement the recommendation.

"(ii) EXCEPTION.—The Trade Representative is not required to revise the retaliation list or the action described in clause (i) with respect to a country, if—

"(I) the Trade Representative determines that implementation of a recommendation made pursuant to a dispute settlement proceeding described in clause (i) by the country is imminent; or

"(II) the Trade Representative together with the petitioner involved in the initial investigation under this chapter (or if no petition was filed, the affected United States industry) agree that it is unnecessary to revise the retaliation list.

"(C) SCHEDULE FOR REVISING LIST OR ACTION.—The Trade Representative shall, 120 days

after the date the retaliation list or other section 301(a) action is first taken, and every 180 days thereafter, review the list or action taken and revise, in whole or in part, the list or action to affect other goods of the subject country or countries.

"(D) STANDARDS FOR REVISING LIST OR ACTION.—In revising any list or action against a country or countries under this subsection, the Trade Representative shall act in a manner that is most likely to result in the country or countries implementing the recommendations adopted in the dispute settlement proceeding or in achieving a mutually satisfactory solution to the issue that gave rise to the dispute settlement proceeding. The Trade Representative shall consult with the petitioner, if any, involved in the initial investigation under this chapter.

"(E) RETALIATION LIST.—The term 'retaliation list' means the list of products of a foreign country or countries that have failed to comply with the report of the panel or Appellate Body of the WTO and with respect to which the Trade Representative is imposing duties above the level that would otherwise be imposed under the Harmonized Tariff Schedule of the United States.

"(F) REQUIREMENT TO INCLUDE RECIPROCAL GOODS ON RETALIATION LIST.—The Trade Representative shall include on the retaliation list, and on any revised lists, reciprocal goods of the industries affected by the failure of the foreign country or countries to implement the recommendation made pursuant to a dispute settlement proceeding under the World Trade Organization, except in cases where existing retaliation and its corresponding preliminary retaliation list do not already meet this requirement."

**SEC. 408. REPORT ON TRADE ADJUSTMENT ASSISTANCE FOR AGRICULTURAL COMMODITY PRODUCERS.**

(a) IN GENERAL.—Not later than 4 months after the date of enactment of this Act, the Secretary of Labor, in consultation with the Secretary of Agriculture and the Secretary of Commerce, shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report that—

(1) examines the applicability to agricultural commodity producers of trade adjustment assistance programs established under title II of the Trade Act of 1974; and

(2) sets forth recommendations to improve the operation of those programs as the programs apply to agricultural commodity producers or to establish a new trade adjustment assistance program for agricultural commodity producers.

(b) CONTENTS.—In preparing the report required by subsection (a), the Secretary of Labor shall—

(1) assess the degree to which the existing trade adjustment assistance programs address the adverse effects on agricultural commodity producers due to price suppression caused by increased imports of like or directly competitive agricultural commodities; and

(2) examine the effectiveness of the program benefits authorized under subchapter B of chapter 2 and chapter 3 of title II of the Trade Act of 1974 in remedying the adverse effects, including price suppression, caused by increased imports of like or directly competitive agricultural commodities.

(c) DEFINITIONS.—In this section:

(1) AGRICULTURAL COMMODITY.—The term "agricultural commodity" means any agricultural commodity, including livestock, fish or harvested seafood in its raw or natural state.

(2) AGRICULTURAL COMMODITY PRODUCER.—The term "agricultural commodity producer" means any person who is engaged in the production and sale of an agricultural commodity in the United States and who owns or shares the ownership and risk of loss of the agricultural commodity.

**SEC. 409. AGRICULTURAL TRADE NEGOTIATING OBJECTIVES AND CONSULTATIONS WITH CONGRESS.**

(a) FINDINGS.—Congress finds that—

(1) United States agriculture contributes positively to the United States balance of trade and United States agricultural exports support in excess of 1,000,000 United States jobs;

(2) United States agriculture competes successfully worldwide despite the fact that United States producers are at a competitive disadvantage because of the trade distorting support and subsidy practices of other countries and despite the fact that significant tariff and nontariff barriers exist to United States exports; and

(3) a successful conclusion of the current World Trade Organization agricultural negotiations is critically important to the United States agricultural sector.

(b) OBJECTIVES.—The agricultural trade negotiating objectives of the United States with respect to the current World Trade Organization agricultural negotiations include as matters of the highest priority—

(1) the expeditious elimination of all export subsidies worldwide while maintaining bona fide food aid and preserving United States market development and export credit programs that allow the United States to compete with other foreign export promotion efforts;

(2) leveling the playing field for United States producers of agricultural products by eliminating blue box subsidies and disciplining domestic supports in a way that forces producers to face world prices on all production in excess of domestic food security needs while allowing the preservation of nontrade distorting programs to support family farms and rural communities;

(3) the elimination of state trading enterprises or the adoption of rigorous disciplines that ensure operational transparency, competition, and the end of discriminatory pricing practices, including policies supporting cross-subsidization and price undercutting in export markets;

(4) affirming that the World Trade Organization Agreement on the Application of Sanitary and Phytosanitary Measures applies to new technologies, including biotechnology, and that labeling requirements to allow consumers to make choices regarding biotechnology products or other regulatory requirements may not be used as disguised barriers to trade;

(5) increasing opportunities for United States exports of agricultural products by reducing tariffs to the same levels that exist in the United States or to lower levels and by eliminating all nontariff barriers, including—

(A) restrictive or trade distorting practices, including those that adversely impact perishable or cyclical products;

(B) restrictive rules in the administration of tariff-rate quotas; and

(C) other barriers to agriculture trade, including unjustified restrictions or commercial requirements affecting new technologies, including biotechnology;

(6) eliminating government policies that create price-depressing surpluses; and

(7) strengthening dispute settlement procedures to ensure prompt compliance by foreign governments with their World Trade Organization obligations including commitments not to maintain unjustified restrictions on United States exports.

(c) CONSULTATION WITH CONGRESSIONAL COMMITTEES.—

(1) CONSULTATION BEFORE OFFER MADE.—In developing and before submitting an initial or revised negotiating proposal that would reduce United States tariffs on agricultural products or require a change in United States agricultural law, the United States Trade Representative shall consult with the Committee on Agriculture, Nutrition, and Forestry and the Committee on Finance of the Senate and the Committee on Agriculture and the Committee on Ways and Means of the House of Representatives.

(2) CONSULTATION WITH CONGRESSIONAL TRADE ADVISERS.—Prior to and during the course of current negotiations on agricultural trade, the

United States Trade Representative shall consult closely with the congressional trade advisers.

(3) CONSULTATION BEFORE AGREEMENT INITIALED.—Not less than 48 hours before initialing an agreement reached as part of current World Trade Organization agricultural negotiations, the United States Trade Representative shall consult closely with the committees referred to in paragraph (1) regarding—

(A) the details of the agreement;

(B) the potential impact of the agreement on United States agricultural producers; and

(C) any changes in United States law necessary to implement the agreement.

(4) DISCLOSURE OF COMMITMENTS.—Any agreement or other understanding addressing agricultural trade with a foreign government or governments (whether oral or in writing) that relates to a trade agreement with respect to which Congress must enact implementing legislation and that is not disclosed to Congress before legislation implementing that agreement is introduced in either House of Congress shall not be considered to be part of the agreement approved by Congress and shall have no force and effect under United States law or in any dispute settlement body.

(d) SENSE OF CONGRESS.—It is the sense of Congress that—

(1) granting the President trade negotiating authority is essential to the successful conclusion of the new round of World Trade Organization agricultural negotiations;

(2) reaching a successful agreement on agriculture should be the top priority of United States negotiators; and

(3) if by the conclusion of the negotiations, the primary agricultural competitors of the United States do not agree to reduce their trade distorting domestic supports and eliminate export subsidies in accordance with the negotiating objectives expressed in this section, the United States should take steps to increase the leverage of United States negotiators and level the playing field for United States producers.

#### SEC. 410. ENTRY PROCEDURES FOR FOREIGN TRADE ZONE OPERATIONS.

(a) IN GENERAL.—Section 484 of the Tariff Act of 1930 (19 U.S.C. 1484) is amended by adding at the end the following new subsection:

“(i) SPECIAL RULE FOR FOREIGN TRADE ZONE OPERATIONS.—

“(1) IN GENERAL.—Notwithstanding any other provision of law and except as provided in paragraph (3), all merchandise (including merchandise of different classes, types, and categories), withdrawn from a foreign trade zone during any 7-day period, shall, at the option of the operator or user of the zone, be the subject of a single estimated entry or release filed on or before the first day of the 7-day period in which the merchandise is to be withdrawn from the zone. The estimated entry or release shall be treated as a single entry and a single release of merchandise for purposes of section 13031(a)(9)(A) of the Consolidated Omnibus Budget Reconciliation Act of 1985 (19 U.S.C. 58c(a)(9)(A)) and all fee exclusions and limitations of such section 13031 shall apply, including the maximum and minimum fee amounts provided for under subsection (b)(8)(A)(i) of such section. The entry summary for the estimated entry or release shall cover only the merchandise actually withdrawn from the foreign trade zone during the 7-day period.

“(2) OTHER REQUIREMENTS.—The Secretary of the Treasury may require that the operator or user of the zone—

“(A) use an electronic data interchange approved by the Customs Service—

“(i) to file the entries described in paragraph (1); and

“(ii) to pay the applicable duties, fees, and taxes with respect to the entries; and

“(B) satisfy the Customs Service that accounting, transportation, and other controls over the merchandise are adequate to protect the revenue

and meet the requirements of other Federal agencies.

“(3) EXCEPTION.—The provisions of paragraph (1) shall not apply to merchandise the entry of which is prohibited by law or merchandise for which the filing of an entry summary is required before the merchandise is released from customs custody.

“(4) FOREIGN TRADE ZONE; ZONE.—In this subsection, the terms ‘foreign trade zone’ and ‘zone’ mean a zone established pursuant to the Act of June 18, 1934, commonly known as the Foreign Trade Zones Act (19 U.S.C. 81a et seq.).”

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date that is 60 days after the date of enactment of this Act.

#### SEC. 411. GOODS MADE WITH FORCED OR INDENTURED CHILD LABOR.

(a) IN GENERAL.—Section 307 of the Tariff Act of 1930 (19 U.S.C. 1307) is amended by adding at the end the following new sentence: “For purposes of this section, the term ‘forced labor or and indentured labor’ includes forced or indentured child labor.”

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of enactment of this Act.

#### SEC. 412. WORST FORMS OF CHILD LABOR.

(a) IN GENERAL.—Section 502(b)(2) of the Trade Act of 1974 (19 U.S.C. 2462(b)(2)) is amended—

(1) by inserting after subparagraph (G) the following new subparagraph:

“(H) Such country has not implemented its commitments to eliminate the worst forms of child labor.”; and

(2) in the flush paragraph at the end, by striking “and (G)” and inserting “(G), and (H) (to the extent described in section 507(6)(A), (B), and (C))”.

(b) DEFINITION OF WORST FORMS OF CHILD LABOR.—Section 507 of the Trade Act of 1974 (19 U.S.C. 2467) is amended by adding at the end the following new paragraph:

“(6) WORST FORMS OF CHILD LABOR.—The term ‘worst forms of child labor’ means—

“(A) all forms of slavery or practices similar to slavery, such as the sale or trafficking of children, debt bondage and serfdom, or forced or compulsory labor, including forced or compulsory recruitment of children for use in armed conflict;

“(B) the use, procuring, or offering of a child for prostitution, for the production of pornography or for pornographic purposes;

“(C) the use, procuring, or offering of a child for illicit activities in particular for the production and trafficking of drugs; and

“(D) work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety, or morals of children.

The work referred to in subparagraph (D) shall be determined by the laws, regulations, or competent authority of the beneficiary developing country involved.”

(c) ANNUAL REPORT.—Section 504 of the Trade Act of 1974 (19 U.S.C. 2464) is amended by inserting “, including the findings of the Secretary of Labor with respect to the beneficiary country’s implementation of its international commitments to eliminate the worst forms of child labor” before the end period.

#### TITLE V—IMPORTS OF CERTAIN WOOL ARTICLES

##### SEC. 501. TEMPORARY DUTY REDUCTIONS.

(a) CERTAIN WORSTED WOOL FABRICS WITH AVERAGE FIBER DIAMETERS GREATER THAN 18.5 MICRON.—

(1) IN GENERAL.—Subchapter II of chapter 99 of the Harmonized Tariff Schedule of the United States is amended by inserting in numerical sequence the following new heading:

“	9902.51.11	Fabrics, of worsted wool, with average fiber diameters greater than 18.5 micron, all the foregoing certified by the importer as suitable for use in making suits, suit-type jackets, or trousers (provided for in subheadings 5111.11.70, 5111.19.60, 5112.11.20, or 5112.19.90) .....	19.3%	No change	No change	On or before 12/31/2003	”.
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(2) STAGED RATE REDUCTIONS.—Any staged rate reduction of a rate of duty set forth in subheading 6203.31.00 of the Harmonized Tariff Schedule of the United States that is proclaimed by the President shall also apply to the corresponding rate of duty set forth in heading 9902.51.11 of such Schedule, as added by paragraph (1).

(b) CERTAIN WORSTED WOOL FABRICS WITH AVERAGE FIBER DIAMETERS OF 18.5 MICRON OR LESS.—

(1) IN GENERAL.—Subchapter II of chapter 99 of the Harmonized Tariff Schedule of the United States is amended by inserting in numerical sequence the following new heading:

“	9902.51.12	Fabrics, of worsted wool, with average fiber diameters of 18.5 micron or less, all the foregoing certified by the importer as suitable for use in making suits, suit-type jackets, or trousers (provided for in subheadings 5111.11.70, 5111.19.60, 5112.11.20, or 5112.19.90) .....	6%	No change	No change	On or before 12/31/2003	”.
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(2) EQUALIZATION WITH CANADIAN DUTY RATES.—The President is authorized to proclaim a reduction in the rate of duty applicable to imports of worsted wool fabrics classified under subheading 9902.51.12 of the Harmonized Tariff Schedule of the United States, as added by paragraph (1), that is necessary to equalize such rate of duty with the most favored nation rate of duty applicable to imports of worsted wool fabrics of the kind described in such subheading imported into Canada.

(c) DEFINITIONS.—The U.S. Notes to subchapter II of chapter 99 of the Harmonized Tariff Schedule of the United States are amended by adding at the end the following:

“13. For purposes of headings 9902.51.11 and 9902.51.12, the term ‘suit’ has the meaning given such term under note 3(a) of chapter 62 for purposes of headings 6203 and 6204.

“14. For purposes of headings 9902.51.11 and 9902.51.12, the term ‘making’ means cut and sewn in the United States.”.

(d) LIMITATION ON QUANTITY OF IMPORTS.—The U.S. Notes to subchapter II of chapter 99 of the Harmonized Tariff Schedule of the United States, as amended by subsection (c), are further amended by adding at the end the following:

“15. The aggregate quantity of worsted wool fabrics entered under heading 9902.51.11 from January 1 to December 31 of each year, inclusive, shall be limited to 2,500,000 square meter equivalents, or such other quantity proclaimed by the President pursuant to section 504(b)(3) of the Trade and Development Act of 2000.

“16. The aggregate quantity of worsted wool fabrics entered under subheading 9902.51.12 from January 1 to December 31 of each year, inclusive, shall be limited to 1,500,000 square meter equivalents, or such other quantity proclaimed by the President pursuant to section 504(b)(3) of the Trade and Development Act of 2000.”.

(e) ALLOCATION OF TARIFF-RATE QUOTAS.—In implementing the limitation on the quantity of imports of worsted wool fabrics under headings 9902.51.11 and 9902.51.12 of the Harmonized Tariff Schedule of the United States, as required by U.S. Notes 15 and 16 of subchapter II of chapter 99 of such Schedule, respectively, for the entry, or withdrawal from warehouse for consumption, the President, consistent with United States international obligations, shall take such action as determined appropriate by the President to ensure that such fabrics are fairly allocated to persons (including firms, corporations, or other legal entities) who cut and sew men’s and boys’ worsted wool suits and suit-like jackets and trousers in the United States and who apply for an allocation based on the amount of such suits cut and sewn during the prior calendar year.

(f) EFFECTIVE DATE.—The amendments made by this section apply with respect to goods entered, or withdrawn from warehouse for consumption, on or after January 1, 2001.

**SEC. 502. TEMPORARY DUTY SUSPENSIONS.**

(a) WOOL YARN WITH AVERAGE FIBER DIAMETERS OF 18.5 MICRON OR LESS.—Subchapter II of chapter 99 of the Harmonized Tariff Schedule of the United States is amended by inserting in numerical sequence the following new heading:

“	9902.51.13	Yarn, of combed wool, not put up for retail sale, containing 85 percent or more by weight of wool, of 64’s and linen worsted wool count wool yarn formed with wool fibers having diameters of 18.5 micron or less (provided for in subheading 5107.10.00) .....	Free	No change	No change	On or before 12/31/2003	”.
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(b) WOOL FIBER AND WOOL TOP WITH AVERAGE DIAMETERS OF 18.5 MICRON OR LESS.—Subchapter II of chapter 99 of the Harmonized Tariff Schedule of the United States is amended by inserting in numerical sequence the following new heading:

“	9902.51.14	Wool fiber, waste, garnetted stock, combed wool, or wool top, having average fiber diameters of 18.5 micron or less (provided for in subheadings 5101.11, 5101.19, 5101.21, 5101.29, 5101.30, 5103.10, 5103.20, 5104.00, 5105.21, or 5105.29) .....	Free	No change	No change	On or before 12/31/2003	”.
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(c) EFFECTIVE DATE.—The amendments made by this section apply with respect to goods entered, or withdrawn from warehouse for consumption, on or after January 1, 2001.

**SEC. 503. SEPARATE TARIFF LINE TREATMENT FOR WOOL YARN AND MEN’S OR BOYS’ SUITS AND SUIT-TYPE JACKETS AND TROUSERS OF WORSTED WOOL FABRIC.**

(a) SEPARATE TARIFF LINE TREATMENT.—The President shall proclaim 8-digit tariff categories, without changes in existing duty rates, in chapters 51 and 62 of the Harmonized Tariff Sched-

ule of the United States in order to provide separate tariff treatment for—

(1) wool yarn made of wool fiber with an average fiber diameter of 18.5 micron or less, and wool fabrics made from yarns with an average fiber diameter of 18.5 micron or less; and

(2) men’s or boys’ suits, suit-type jackets and trousers of worsted wool fabric, made of wool yarn having an average diameter of 18.5 micron or less.

(b) CONFORMING CHANGES.—The President is authorized to make conforming changes in headings 9902.51.11, 9902.51.12, 9902.51.13, and 9902.51.14 of the Harmonized Tariff Schedule of the United States to take into account the new permanent tariff categories proclaimed under subsection (a).

**SEC. 504. MONITORING OF MARKET CONDITIONS AND AUTHORITY TO MODIFY TARIFF REDUCTIONS.**

(a) MONITORING OF MARKET CONDITIONS.—Beginning on the date of the enactment of this Act, the President shall monitor market conditions in the United States, including domestic demand, domestic supply, and increases in domestic production, of worsted wool fabrics and their components in the market for—

(1) men's or boys' worsted wool suits, suit-type jackets, and trousers;

(2) worsted wool fabric and yarn used in the manufacture of such suits, jackets and trousers; and

(3) wool used in the production of such fabrics and yarn.

(b) AUTHORITY TO MODIFY LIMITATION ON QUANTITY OF WORSTED WOOL FABRICS SUBJECT TO TARIFF REDUCTION.—

(1) IN GENERAL.—The President shall, on an annual basis, consider requests made by United States manufacturers of apparel products made of worsted wool fabrics described in subsection (a) to modify the limitation on the quantity of imports of worsted wool fabrics under headings 9902.51.11 and 9902.51.12 of the Harmonized Tariff Schedule of the United States, as required by U.S. Notes 15 and 16 of subchapter II of chapter 99 of such Schedule, respectively.

(2) CONSIDERATION OF CERTAIN MARKET CONDITIONS.—In determining whether to modify the limitation on the quantity of imports of worsted wool fabrics described in paragraph (1), the President shall consider the following United States market conditions:

(A) Increases or decreases in sales of the domestically-produced worsted wool fabrics described in subsection (a).

(B) Increases or decreases in domestic production of such fabrics.

(C) Increases or decreases in domestic production and consumption of the apparel items described in subsection (a).

(D) The ability of domestic producers of worsted wool fabrics described in subsection (a) to meet the needs of domestic manufacturers of the apparel items described in subsection (a) in terms of quantity and ability to meet market demands for the apparel items.

(E) Evidence that domestic manufacturers of worsted wool fabrics have lost sales due to the temporary duty reductions on certain worsted wool fabrics under headings 9902.51.11 and 9902.51.12 of the Harmonized Tariff Schedule of the United States (as added by subsections (a) and (b) of section 501).

(F) Evidence that domestic manufacturers of apparel items described in subsection (a) have lost sales due to the inability to purchase adequate supplies of worsted wool fabrics on a cost competitive basis.

(G) Price per square meter of imports and domestic sales of worsted wool fabrics.

(3) MODIFICATION OF LIMITATION ON QUANTITY OF FABRICS.—

(A) IN GENERAL.—If the President determines that the limitation on the quantity of imports of worsted wool fabrics under headings 9902.51.11 and 9902.51.12 of the Harmonized Tariff Schedule of the United States should be modified, the President shall proclaim such changes to U.S. Note 15 or 16 of subchapter II of chapter 99 of such Schedule (as added by section 501(d)), as the President determines to be appropriate.

(B) ADDITIONAL REQUIREMENT.—In any calendar year, any modification of the limitation on the quantity of imports of worsted wool fabrics under headings 9902.51.11 and 9902.51.12 of the Harmonized Tariff Schedule of the United States shall not exceed—

(A) 1,000,000 square meter equivalents for worsted wool fabrics under heading 9902.51.11; and

(B) 1,000,000 square meter equivalents for worsted wool fabrics under heading 9902.51.12.

(c) IMPLEMENTATION.—The President shall issue regulations necessary to implement the provisions of this section.

**SEC. 505. REFUND OF DUTIES PAID ON IMPORTS OF CERTAIN WOOL ARTICLES.**

(a) WORSTED WOOL FABRICS.—In each of the calendar years 2000, 2001, and 2002, a manufacturer of men's or boys' suits, suit-type jackets, or trousers (not a broker or other individual acting on behalf of the manufacturer to process the import) of imported worsted wool fabrics of the kind described in heading 9902.51.11 or 9902.51.12 of the Harmonized Tariff Schedule of the United States shall be eligible for a refund of duties paid on entries of such fabrics in each such calendar year in an amount equal to one-third of the amount of duties paid by the importer on such worsted wool fabrics (without regard to micron level) imported in calendar year 1999.

(b) WOOL YARN.—In each of the calendar years 2000, 2001, and 2002, a manufacturer of worsted wool fabrics who imports wool yarn of the kind described in heading 9902.51.13 of the Harmonized Tariff Schedule of the United States shall be eligible for a refund of duties paid on entries of such wool yarn in each such calendar year in an amount equal to one-third of the amount of duties paid by the manufacturer on such wool yarn (without regard to micron level) imported in calendar year 1999.

(c) WOOL FIBER AND WOOL TOP.—In each of the calendar years 2000, 2001, and 2002, a manufacturer of wool yarn or wool fabric who imports wool fiber or wool top of the kind described in heading 9902.51.14 of the Harmonized Tariff Schedule of the United States shall be eligible for a refund of duties paid on entries of such wool fiber in each such calendar year in an amount equal to one-third of the amount of duties paid by the manufacturer on such wool fiber (without regard to micron level) imported in calendar year 1999.

(d) PROPER IDENTIFICATION AND APPROPRIATE CLAIM.—Any person applying for a rebate under this section shall properly identify and make appropriate claim for each entry involved.

**SEC. 506. WOOL RESEARCH, DEVELOPMENT, AND PROMOTION TRUST FUND.**

(a) ESTABLISHMENT.—There is hereby established within the Treasury of the United States a trust fund to be known as the Wool Research, Development, and Promotion Trust Fund (hereinafter in this section referred to as the "Trust Fund"), consisting of such amounts as may be transferred to the Trust Fund under subsection (b)(1) and any amounts as may be credited to the Trust Fund under subsection (c)(2).

(b) TRANSFER OF AMOUNTS.—

(1) IN GENERAL.—The Secretary of the Treasury shall transfer to the Trust Fund out of the general fund of the Treasury of the United States amounts determined by the Secretary of the Treasury to be equivalent to the amounts received into such general fund that are attributable to the duty received on articles under chapters 51 and 52 of the Harmonized Tariff Schedule of the United States, subject to the limitation in paragraph (2).

(2) LIMITATION.—The Secretary shall not transfer more than \$2,250,000 to the Trust Fund in any fiscal year.

(3) TRANSFERS BASED ON ESTIMATES.—The amounts required to be transferred under paragraph (1) shall be transferred at least quarterly from the general fund of the Treasury of the United States to the Trust Fund on the basis of estimates made by the Secretary of the Treasury of the amounts referred to in paragraph (1) that are received into the Treasury. Proper adjustments shall be made in the amounts subsequently transferred to the extent prior estimates were in excess of, or less than, the amounts required to be transferred.

(c) INVESTMENT OF TRUST FUND.—

(1) IN GENERAL.—It shall be the duty of the Secretary of the Treasury to invest such portion of the Trust Fund as is not, in the Secretary's judgment, required to meet current withdrawals. Such investments may be made only in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States. For such purpose, such obligations may be acquired on original issue at the issue price or by purchase of outstanding obligations at the market price. Any obligation acquired by the Trust Fund may be sold by the Secretary of the Treasury at the market price.

(2) INTEREST AND PROCEEDS FROM SALE OR REDEMPTION OF OBLIGATIONS.—The interest on, and the proceeds from the sale or redemption of, any obligations held in the Trust Fund shall be credited to and form a part of the Trust Fund.

(d) AVAILABILITY OF AMOUNTS FROM TRUST FUND.—From amounts available in the Trust Fund (including any amounts not obligated in previous fiscal years), the Secretary of Agriculture is authorized to provide grants to a nationally-recognized council established for the development of the United States wool market for the following purposes:

(1) Assist United States wool producers to improve the quality of wool produced in the United States, including to improve wool production methods.

(2) Disseminate information on improvements described in paragraph (1) to United States wool producers generally.

(3) Assist United States wool producers in the development and promotion of the wool market.

(e) REPORTS TO CONGRESS.—The Secretary of the Treasury, in consultation with the Secretary of Agriculture, shall prepare and submit to Congress an annual report on the financial condition and the results of the operations of the Trust Fund, including a description of the use of amounts of grants provided under subsection (d), during the preceding fiscal year and on its expected condition and operations during the next fiscal year.

(f) SUNSET PROVISION.—Effective January 1, 2004, the Trust Fund shall be abolished and all amounts in the Trust Fund on such date shall be transferred to the general fund of the Treasury of the United States.

**TITLE VI—REVENUE PROVISIONS**

**SEC. 601. APPLICATION OF DENIAL OF FOREIGN TAX CREDIT REGARDING TRADE AND INVESTMENT WITH RESPECT TO CERTAIN FOREIGN COUNTRIES.**

(a) IN GENERAL.—Section 901(j) of the Internal Revenue Code of 1986 (relating to denial of foreign tax credit, etc., regarding trade and investment with respect to certain foreign countries) is amended by adding at the end the following new paragraph:

“(5) WAIVER OF DENIAL.—

“(A) IN GENERAL.—Paragraph (1) shall not apply with respect to taxes paid or accrued to a country if the President—

“(i) determines that a waiver of the application of such paragraph is in the national interest of the United States and will expand trade and investment opportunities for United States companies in such country, and

“(ii) reports such waiver under subparagraph (B).

“(B) REPORT.—Not less than 30 days before the date on which a waiver is granted under this paragraph, the President shall report to Congress—

“(i) the intention to grant such waiver, and

“(ii) the reason for the determination under subparagraph (A)(i).”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply on or after February 1, 2001.

**SEC. 602. ACCELERATION OF COVER OVER PAYMENTS TO PUERTO RICO AND VIRGIN ISLANDS.**

(a) INITIAL PAYMENT.—Section 512(b) of the Ticket to Work and Work Incentives Improvement Act of 1999 is amended—

(1) by striking “October 1, 2000,” in the matter preceding paragraph (1) and inserting “the first day of the month within which the date of enactment of the Trade and Development Act of 2000 occurs.”, and

(2) by striking paragraph (2) and inserting the following new paragraph:

“(2) SECOND TRANSFER OF INCREMENTAL INCREASE IN COVER OVER ATTRIBUTABLE TO PERIODS BEFORE RESUMPTION OF REGULAR PAYMENTS.—The Secretary of the Treasury shall transfer on the first payment date after the date of enactment of the Trade and Development Act of 2000 an amount equal to the excess of—

“(A) the amount of such increase otherwise required to be covered over after June 30, 1999, and before the first day of the month within which such date of enactment occurs, over

“(B) the amount of the transfer described in paragraph (1).”.

(b) CLARIFICATION OF DISPOSITION OF TAXES TO VIRGIN ISLANDS.—So much of paragraph (3) of section 7652(b) of the Internal Revenue Code of 1986 (relating to Virgin Islands) as precedes subparagraph (B) thereof is amended to read as follows:

“(3) DISPOSITION OF INTERNAL REVENUE COLLECTIONS.—The Secretary shall determine the amount of all taxes imposed by, and collected under the internal revenue laws of the United States on articles produced in the Virgin Islands and transported to the United States. The amount so determined less 1 percent and less the estimated amount of refunds or credits shall be subject to disposition as follows:

“(A) The payment of an estimated amount shall be made to the government of the Virgin Islands before the commencement of each fiscal year as set forth in section 4(c)(2) of the Act entitled ‘An Act to authorize appropriations for certain insular areas of the United States, and for other purposes’, approved August 18, 1978 (48 U.S.C. 1645), as in effect on the date of enactment of the Trade and Development Act of 2000. The payment so made shall constitute a separate fund in the treasury of the Virgin Islands and may be expended as the legislature may determine.”.

(c) RESOLUTION OF STATUTORY CONFLICT.—Section 7652 of the Internal Revenue Code of 1986 (relating to shipments to the United States) is amended by adding at the end the following new subsection:

“(h) MANNER OF COVER OVER OF TAX MUST BE DERIVED FROM THIS TITLE.—No amount shall be covered into the treasury of Puerto Rico or the Virgin Islands with respect to taxes for which cover over is provided under this section unless made in the manner specified in this section without regard to—

“(1) any provision of law which is not contained in this title or in a revenue Act, and

“(2) whether such provision of law is a subsequently enacted provision or directly or indirectly seeks to waive the application of this subsection.”.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to transfers or payments made after the date of enactment of this Act.

And the Senate agree to the same. That the House recede from its disagreement to the amendment of the Senate to the title of the bill and agree to the same. From the Committee on International Relations, for consideration of the House bill and the Senate amendment, and modifications committed to conference:

BENJAMIN A. GILMAN,  
EDWARD R. ROYCE,  
SAM GEJDENSON,

From the Committee on Ways and Means, for consideration of the House bill and the Sen-

ate amendment, and modifications committed to conference:

BILL ARCHER,  
PHIL CRANE,  
CHARLES B. RANGEL,

As additional conferees, for consideration of the House bill and the Senate amendment, and modifications committed to conference:

AMO HOUGHTON,  
JOE HOEFFEL,

*Managers on the Part of the House.*

W.V. ROTH, Jr.,  
CHUCK GRASSLEY,  
TRENT LOTT,  
DANIEL P. MOYNIHAN,  
MAX BAUCUS,  
JOE BIDEN,

*Managers on the Part of the Senate.*

**JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE**

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 434), to authorize a new trade and investment policy for sub-Sahara Africa, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The Senate amendment to the text of the bill struck all of the House bill after the enacting clause and inserted a substitute text.

The House recedes from its disagreement to the amendment of the Senate with an amendment that is a substitute for the House bill and the Senate amendment. The differences between the House bill, the Senate amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clerical changes.

**TITLE I—EXTENSION OF CERTAIN TRADE BENEFITS TO SUB-SAHARAN AFRICA**

**SUBTITLE A—TRADE POLICY FOR SUB-SAHARAN AFRICA**

**SEC. 101. SHORT TITLE**

*Present law*

No provision.

*House bill*

Section 1 of the House bill states that this Act may be cited as the “African Growth and Opportunity Act.”

*Senate amendment*

Section 101 of the Senate amendment states that this title may be cited as the “African Growth and Opportunity Act.”

*Conference agreement*

The conference agreement provides that title I of the bill may be referred to as the African Growth and Opportunity Act.

**SEC. 102. FINDINGS**

*Present law*

No provision.

*House bill*

In section 2 of the House bill, Congress finds that it is in the mutual economic interest of the United States and countries of sub-Saharan Africa to promote stable and sustainable economic growth and development in sub-Saharan Africa and that sustained economic growth in sub-Saharan Africa depends in large measure upon the development of a receptive environment for trade and investment. To that end, the United States seeks to facilitate market-led economic growth in, and thereby the social and economic development of, countries in sub-Saharan Africa. In particular, the United States seeks to assist sub-Saharan African

countries, and the private sector in those countries, to achieve economic self-reliance by:

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

(2) encouraging increased trade and investment between the U.S. and sub-Saharan Africa;

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

(4) expanding U.S. assistance to sub-Saharan Africa’s regional integration efforts;

(5) negotiating free trade areas;

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

(7) focusing on countries committed to accountable government, economic reform, and the eradication of poverty;

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

(9) continuing to support development assistance for countries in sub-Saharan Africa attempting to build civil societies.

*Senate amendment*

In section 102 of the Senate amendment, Congress finds that:

(1) it is in the mutual interest of the United States and the countries of sub-Saharan Africa to promote stable and sustainable economic growth and development in sub-Saharan Africa;

(2) the 48 countries of sub-Saharan Africa form a region richly endowed with both natural and human resources;

(3) sub-Saharan Africa represents a region of enormous economic potential and of enduring political significance to the United States;

(4) the region has experienced a rise in both economic development and political freedom as countries in sub-Saharan Africa have taken steps toward liberalizing their economies and encouraged broader participation in the political process;

(5) the countries of sub-Saharan Africa have made progress toward regional economic integration that can have positive benefits for the region;

(6) despite those gains, the per capita income in sub-Saharan Africa averages less than \$500 annually;

(7) U.S. foreign direct investment in the region has fallen in recent years and the sub-Saharan African region receives only minor inflows of direct investment from around the world;

(8) trade between the United States and sub-Saharan Africa remains, apart from the import of oil, an insignificant part of total U.S. trade;

(9) trade and investment, as the American experience has shown, can represent powerful tools both for economic development and for building a stable political environment in which political freedom can flourish;

(10) increased trade and investment flows have the greatest impact in an economic environment in which trading partners eliminate barriers to trade and capital flows and encourage the development of a vibrant private sector that offers individual African citizens the freedom to expand their economic opportunities and provide for their families;

(11) offering the countries of sub-Saharan Africa enhanced trade preferences will encourage both higher levels of trade and direct investment in support of the positive economic and political developments under way throughout the region; and

(12) encouraging the reciprocal reduction of trade and investment barriers in Africa will enhance the benefits of trade and investment for the region as well as enhance commercial and political ties between the United States and sub-Saharan Africa.

*Conference agreement*

The House recedes to the Senate except to delete certain findings related to the decline in foreign direct investment in sub-Saharan Africa and the low levels of U.S. trade with sub-Saharan Africa. In addition, the conference agreement clarifies the findings related to the political and economic development.

## SEC. 103. STATEMENT OF POLICY

*Present law*

No provision.

*House bill*

In section 3 of the House bill, Congress supports economic self-reliance for sub-Saharan African countries, particularly those committed to economic and political reform; market incentives and private sector growth; the eradication of poverty; and the importance of women to economic growth and development.

*Senate amendment*

Section 103 of the Senate amendment states the support of the Congress for:

- (1) encouraging increased trade and investment between the United States and sub-Saharan Africa;
- (2) reducing tariff and nontariff barriers and other obstacles to sub-Saharan African and U.S. trade;
- (3) expanding U.S. assistance to sub-Saharan Africa's regional integration efforts;
- (4) negotiating reciprocal and mutually beneficial trade agreements, including the possibility of establishing free trade areas that serve the interests of both the United States and countries in sub-Saharan Africa;
- (5) focusing on countries committed to accountable government, economic reform, and the eradication of poverty;
- (6) strengthening and expanding the private sector in sub-Saharan Africa;
- (7) supporting the development of civil societies and political freedom in sub-Saharan Africa; and
- (8) establishing a United States-Sub-Saharan African Economic Cooperation Forum.

In section 717 of the Senate amendment, Congress makes the following:

(1) Corruption and bribery of public officials is a major problem in many African countries and represents a serious threat to the development of a functioning domestic private sector, to United States business and trade interests, and to prospects for democracy and good governance in African countries.

(2) Of the 17 countries in sub-Saharan Africa rated by the international watchdog group, Transparency International, as part of the 1998 Corruption Perception Index, 13 ranked in the bottom half.

(3) The Organization for Economic Cooperation and Development (OECD) Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, which has been signed by all 29 members of the OECD plus Argentina, Brazil, Bulgaria, Chile, and the Slovak Republic and which entered into force on February 15, 1999, represents a significant step in the elimination of bribery and corruption in international commerce.

(4) As a party to the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, the United States should encourage the highest standards possible with respect to bribery and corruption.

Section 717 of the Senate amendment expresses the sense of Congress that the United States should encourage at every opportunity the accession of sub-Saharan African countries, as defined in section 104, to the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.

*Conference agreement*

The House recedes to the Senate with the addition of language from the House bill related to the importance of small businesses and women owned enterprises in strengthening and expanding the private sector in sub-Saharan Africa. In addition, the conference agreement includes a new policy statement, based on section 717 of the Senate bill, expressing Congressional support for the accession of countries in sub-Saharan Africa to the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions of the Organization for Economic Cooperation and Development.

## SEC. 104. ELIGIBILITY REQUIREMENTS

*Present law*

Title V of the Trade Act of 1974 grants authority to the President under the Generalized System of Preferences (GSP) program to provide duty-free treatment on imports of eligible articles from beneficiary developing countries (BDC), which meet specific eligibility criteria.

*House bill*

Section 4 of the House bill states that a sub-Saharan African country shall be eligible to participate in programs, projects, or activities, or receive assistance or other benefits under this Act if the President determines that the country does not engage in gross violations of internationally recognized human rights and has established, or is making continual progress toward establishing, a market economy, such as the establishment and enforcement of appropriate policies relating to:

- (1) promoting free movement of goods and services between the United States and sub-Saharan Africa and among countries in sub-Saharan Africa;
- (2) promoting the expansion of the production base and the transformation of commodities and nontraditional products for export through joint venture projects between African and foreign investors;
- (3) trade issues, such as the protection of intellectual property rights, improvements in standards, testing, labeling and certification, and government procurement;
- (4) the protection of property rights, such as protection against expropriation and a functioning and fair judicial system;
- (5) the protection of internationally recognized worker rights, including the right of association, the right to organize and bargain collectively, a prohibition on the use of any form of forced or compulsory labor, a minimum age for the employment of children, and acceptable conditions of work with respect to minimum wages, hours of work, and occupational safety and health;
- (6) appropriate fiscal systems, such as reducing high import and corporate taxes, controlling government consumption, participation in bilateral investment treaties, and the harmonization of such treaties to avoid double taxation;
- (7) foreign investment issues, such as the provision of national treatment for foreign investors, removing restrictions on investment, and other measures to create an environment conducive to domestic and foreign investment;
- (8) supporting the growth of regional markets within a free trade area framework;
- (9) governance issues, such as eliminating government corruption, minimizing government intervention in the market such as price controls and subsidies, and streamlining the business license process;
- (10) supporting the growth of the private sector, in particular by promoting the emergence of a new generation of African entrepreneurs;

(3) trade issues, such as the protection of intellectual property rights, improvements in standards, testing, labeling and certification, and government procurement;

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

(5) the protection of internationally recognized worker rights, including the right of association, the right to organize and bargain collectively, a prohibition on the use of any form of forced or compulsory labor, a minimum age for the employment of children, and acceptable conditions of work with respect to minimum wages, hours of work, and occupational safety and health;

(6) appropriate fiscal systems, such as reducing high import and corporate taxes, controlling government consumption, participation in bilateral investment treaties, and the harmonization of such treaties to avoid double taxation;

(7) foreign investment issues, such as the provision of national treatment for foreign investors, removing restrictions on investment, and other measures to create an environment conducive to domestic and foreign investment;

(8) supporting the growth of regional markets within a free trade area framework;

(9) governance issues, such as eliminating government corruption, minimizing government intervention in the market such as price controls and subsidies, and streamlining the business license process;

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

(11) encouraging the private ownership of government-controlled economic enterprises through divestiture programs; and

(12) observing the rule of law, including equal protection under the law and the right to due process and a fair trial.

In determining whether a sub-Saharan African country is eligible under this section, the President shall take into account the following factors:

(1) an expression by a country of its desire to be an eligible country;

(2) the extent to which a country has made substantial progress toward reducing tariff levels, binding its tariffs in the World Trade Organization (WTO) and assuming meaningful binding obligations in other sectors of trade, and eliminating nontariff barriers to trade;

(3) whether such country, if not already a member of the WTO, is actively pursuing membership in that organization;

(4) the extent to which such country has a recognizable commitment to reducing poverty, increasing the availability of health care and educational opportunities, the expansion of physical infrastructure in a manner designed to maximize accessibility, increased access to market and credit facilities for small farmers and producers, and improved economic opportunities for women as entrepreneurs and employees, and promoting and enabling the formation of capital to support the establishment and operation of micro-enterprises;

(5) whether or not such country engages in activities that undermine U.S. national security or foreign policy interests.

The President shall monitor and review the progress of sub-Saharan African countries in order to determine their current or potential eligibility to participate in this Act. Such determinations shall be based on quantitative factors to the fullest extent possible and shall be included in the annual report requested by section 15 of this Act.

A sub-Saharan African country that has not made continual progress in meeting the requirements with which it is not in compliance shall be ineligible to participate in programs, projects, or activities, or receive assistance or other benefits, under this Act.

*Senate amendment*

Section 111 of the Senate amendment amends title V of the Trade Act of 1974 by inserting after section 506 a new section 506A on the "Designation of sub-Saharan African countries for certain benefits."

Notwithstanding any other provision of law, the President is authorized to designate a sub-Saharan African country eligible for the enhanced GSP benefits, if the President determines that the country:

(A) has established, or is making continual progress toward establishing:

(i) a market-based economy, where private property rights are protected and the principles of an open, rules-based trading system are observed;

(ii) a democratic society, where the rule of law, political freedom, participatory democracy, and the right to due process and a fair trial are observed;

(iii) an open trading system through the elimination of barriers to United States trade and investment and the resolution of bilateral trade and investment disputes;

(iv) economic policies to reduce poverty, increase the availability of health care and educational opportunities, expand physical infrastructure, and promote the establishment of private enterprise; and

(v) a system to combat corruption and bribery, such as signing the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.

(B) does not engage in gross violations of internationally recognized human rights or

provide support for acts of international terrorism and cooperates in international efforts to eliminate human rights violations and terrorist activities; and

(C) subject to the authority granted to the President under the GSP program, otherwise satisfies the GSP eligibility criteria.

The President shall monitor and review the progress of each sub-Saharan African country in meeting these eligibility requirements described in paragraph 1 in order to determine the current or potential eligibility of each country to be designated as a beneficiary sub-Saharan African country. The President shall include the reasons for the determinations in the annual report required by section 115 of this title.

If the President determines that a beneficiary sub-Saharan African country is not making continual progress in meeting the eligibility requirements, the President shall terminate the designation of that country as a beneficiary sub-Saharan African country for purposes of this section, effective January 1 of the year following the year in which such determination is made.

#### *Conference agreement*

The conference agreement authorizes the President to designate a sub-Saharan African country that meets the eligibility criteria as eligible for the economic development related provisions in subtitle C. The eligibility criteria as in effect on the date of enactment apply to the trade benefits through an amendment to the Trade Act of 1974 included in subtitle B.

The eligibility criteria as contained in the conference report reflect the Senate provisions, with the addition of criteria from the House bill on the protection of internationally recognized worker rights and the prohibition on the designation of countries as eligible under this Act that engage in activities that undermine U.S. national security or foreign policy interests. In addition, the conference agreement incorporates elements from the House bill on the provision of national treatment and measures to create an environment conducive to domestic and foreign investment; minimizing government interference in the economy through price controls, subsidies, and government ownership of economic assets; the protection of intellectual property; and the importance of micro-credit to the formation of capital markets.

The section also stipulates that the President shall terminate the eligibility for preferential treatment under this Act for any sub-Saharan African country that is making continual progress in meeting the eligibility requirements.

The eligibility criteria are designed to identify sub-Saharan countries that are creating a climate conducive to greater levels of trade and investment, and with which the U.S. can build a growing economic partnership. While this section is designed to afford flexibility in this identification, and while the conferees have no target number of participants, it is clear that several sub-Saharan African countries unfortunately have in place policies that would not qualify them from accessing the benefits of the bill. These are sub-Saharan African countries that discourage trade and investment. The conferees note that the eligibility criteria are similar to those USAID uses to allocate development assistance among African countries.

The conferees urge the President to make determinations regarding country eligibility as soon as practicable.

SEC. 105. UNITED STATES-SUB-SAHARAN AFRICA TRADE AND ECONOMIC COOPERATION FORUM

#### *Present law*

No provision.

#### *House bill*

Section 5 of the House bill requires the President to convene annual high-level meetings between appropriate officials of the U.S. government and the governments of sub-Saharan African countries in order to foster closer economic ties. Not later than 12 months after enactment, the section requires the President, after consulting with Congress and the governments concerned, shall establish a United States-Sub-Saharan Africa Trade and Economic Cooperation Forum.

In creating the Forum, the President shall:

(1) direct the Secretaries of Commerce, the Treasury, State, and the United States Trade Representative (USTR) to host the first annual meeting with their counterparts from eligible sub-Saharan African countries, the Secretary General of the Organization of African Unity, and government officials from other appropriate countries in Africa to discuss expanding trade and investment relations between the United States and sub-Saharan Africa and the implementation of this Act;

(2) in consultation with Congress, encourage U.S. non-governmental organizations (NGOs) and representatives of the private sector to host annual meetings with their respective counterparts from sub-Saharan Africa in conjunction with the annual meetings of the Forum; and

(3) to the extent practicable, meet with the heads of government of eligible sub-Saharan African countries not less than once every 2 years. The first meeting should take place not later than 12 months after enactment.

In order to assist in carrying out the purposes of the Forum, the United States Information Agency shall disseminate regularly, through multiple media, economic information in support of the free market economic reforms described in this Act.

The provision authorizes such sums as may be necessary to carry out this section. None of the funds authorized under this section may be used to create or support any NGO for the purpose of expanding or facilitating trade between the United States and sub-Saharan Africa.

#### *Senate amendment*

Section 113 of the Senate amendment requires the President to convene annual meetings between senior officials of the U.S. Government and officials of the governments of sub-Saharan African countries in order to foster close economic ties between the United States and sub-Saharan Africa. Not later than 12 months after the date of enactment, the President, after consulting with the officials of interested sub-Saharan African governments, shall establish a United States-Sub-Saharan Africa Trade and Economic Cooperation Forum.

In creating the Forum, the President shall:

(1) direct the Secretaries of Commerce, the Treasury, State, and the USTR to invite their counterparts from interested sub-Saharan African governments and representatives of appropriate regional organizations to participate in the first annual meeting to discuss expanding trade and investment relations between the United States and sub-Saharan Africa;

(2) in consultation with Congress, invite U.S. NGOs and private sector representatives to host meetings with their respective counterparts from sub-Saharan Africa in conjunction with meetings of the Forum to discuss expanding trade and investment relations between the United States and sub-Saharan Africa;

(3) as soon as practicable after enactment, meet with the heads of the governments of interested sub-Saharan African countries for the purpose of discussing the issues described in paragraph 1.

In selecting issues of common interest to the United States-Sub-Saharan Africa Trade and Economic Cooperation Forum, section 706 of the Senate amendment requires the President to instruct the U.S. delegates to the Forum to promote a review by the Forum of the HIV/AIDS epidemic in each sub-Saharan African country and the effect of the HIV/AIDS epidemic on human and social development in each country.

#### *Conference agreement*

In order to expand U.S. trade and investment relations with sub-Saharan Africa and achieve the goals of the Act, the conferees believe that it is important to foster a regular dialogue between U.S. government officials and their counterparts from sub-Saharan African countries. Therefore, the legislation establishes a yearly forum at the Ministerial level to facilitate these discussions. The conferees also believe that it would help to promote the goals of this Act if the President, to the extent practicable, met with the heads of state of sub-Saharan African governments not less than once every two years.

With respect to the countries eligible to participate in the Forum and the heads of state meeting to discuss expanding trade and investment relations between the United States and sub-Saharan Africa and the implementation of this title, the Senate recedes to the House with a modification to permit participation by countries that the President determines are taking substantial positive steps towards meeting the eligibility requirements set forth in section 104 of the Act (as well as countries that are found eligible under section 104). The conferees expect the Administration to interpret this provision narrowly to allow as Forum participants only those countries that are undertaking substantial, positive reforms, although they may not satisfy all of the eligibility requirements. In addition, the conference agreement directs the Administration to invite to the Forum appropriate representatives of sub-Saharan African regional organizations, and government officials from other appropriate countries in sub-Saharan Africa.

In addition, the conference agreement requires the President to encourage NGOs and representatives of the private sector to host annual meetings with their respective counterparts from sub-Saharan Africa in conjunction with the annual meetings of the Forum. The conferees observe that there is no precedent of using taxpayer funds to facilitate such meetings in conjunction with other multilateral fora and do not intend that taxpayer funds should be used in this instance.

The conference agreement updates the reference to the United States Information Agency from the House bill to the United States Information Service.

The conference agreement also includes the language from section 706 of the Senate amendment requiring the President to direct the U.S. delegates at the Forum to promote a review by the Forum on the HIV/AIDS epidemic in sub-Saharan Africa and the effect of the HIV/AIDS epidemic on the economic development of each country in sub-Saharan Africa.

#### SEC. 106. REPORTING REQUIREMENT

##### *Present law*

Section 134(b) of the Uruguay Round Agreements Act requires the President to submit five annual reports to Congress on his "Comprehensive Trade and Development Policy for Countries in Africa." The President's fifth and final report was submitted in January 2000.

##### *House bill*

Section 15 of the House bill requires the President to submit to Congress, not later

than 1 year after enactment and for 6 years thereafter, a comprehensive report on the trade and investment policy of the United States for sub-Saharan Africa, and on the implementation of this Act. The last report required by section 134(b) of the Uruguay Round Agreements Act shall be consolidated and submitted with the first report required by this section.

*Senate amendment*

Section 115 of the Senate amendment requires the President to submit a report to Congress on the implementation of this title not later than 1 year after the date of enactment of this Act, and annually thereafter for 4 years.

*Conference agreement*

The conference agreement reflects House language requiring annual Presidential reports for 8 years on the trade and investment policy of the United States toward sub-Saharan Africa and on the implementation of this title, but strikes the language on the consolidation of the final report required by the Uruguay Round Agreements Act. This report was submitted to Congress in January 2000.

SEC. 107. SUB-SAHARAN AFRICA DEFINED

*Present law*

No provision.

*House bill*

Section 16 of the House bill defines the terms 'sub-Saharan Africa', 'sub-Saharan African country', 'country in sub-Saharan Africa', and 'countries in sub-Saharan Africa' for the purposes of this Act as referring to the following or any successor political entities:

Republic of Angola (Angola), Republic of Botswana (Botswana), Republic of Burundi (Burundi), Republic of Cape Verde (Cape Verde), Republic of Chad (Chad), Democratic Republic of Congo, Republic of the Congo (Congo), Republic of Djibouti (Djibouti), State of Eritrea (Eritrea), Gabonese Republic (Gabon), Republic of Ghana (Ghana), Republic of Guinea-Bissau (Guinea-Bissau), Kingdom of Lesotho (Lesotho), Republic of Madagascar (Madagascar), Republic of Mali (Mali), Republic of Mauritius (Mauritius), Republic of Namibia (Namibia), Federal Republic of Nigeria (Nigeria), Democratic Republic of Sao Tome and Principe (Sao Tome and Principe), Republic of Sierra Leone (Sierra Leone), Somalia, Kingdom of Swaziland (Swaziland), Republic of Togo (Togo), Republic of Zimbabwe (Zimbabwe), Republic of Benin (Benin), Burkina Faso (Burkina), Republic of Cameroon (Cameroon), Central African Republic, Federal Islamic Republic of the Comoros (Comoros), Republic of Cote d'Ivoire (Cote d'Ivoire), Republic of Equatorial Guinea (Equatorial Guinea), Ethiopia, Republic of the Gambia (Gambia), Republic of Guinea (Guinea), Republic of Kenya (Kenya), Republic of Liberia (Liberia), Republic of Malawi (Malawi), Islamic Republic of Mauritania (Mauritania), Republic of Mozambique (Mozambique), Republic of Niger (Niger), Republic of Rwanda (Rwanda), Republic of Senegal (Senegal), Republic of Seychelles (Seychelles), Republic of South Africa (South Africa), Republic of Sudan (Sudan), United Republic of Tanzania (Tanzania), Republic of Uganda (Uganda), Republic of Zambia (Zambia).

*Senate amendment*

Section 104 of the Senate amendment is identical to the House bill provision except for the exclusion of the language applying the definition to any successor political entities.

*Conference agreement*

The conference agreement includes the language from the House bill permitting the designation of successor political entities of

the countries listed for benefits under this title. In addition, the conference agreement arranges the list of countries in alphabetical order.

SUBTITLE B—TRADE PROVISIONS

SEC. 111. ELIGIBILITY FOR CERTAIN BENEFITS

*Present law*

Title V of the Trade Act of 1974, as amended, grants authority to the President to provide duty-free treatment on imports of eligible articles from beneficiary developing countries (BDC). Under section 503(a)(1), the President may not designate any article as GSP eligible within the following categories:

- (1) textiles and apparel articles which were not eligible articles for purposes of this title on January 1, 1994;
- (2) watches, except watches entered after June 30, 1989 that the President determines will not cause material injury to watch or watch band, strap, or bracelet manufacturing and assembly operations in the United States or U.S. insular possessions;
- (3) import-sensitive electronic articles;
- (4) import-sensitive steel articles;
- (5) footwear, handbags, luggage, flat goods, work gloves, and leather wearing apparel which were not GSP eligible articles on January 1, 1995;
- (6) import-sensitive semimanufactured and manufactured glass products; and,
- (7) any other articles the President determines to be import-sensitive in the context of GSP.

Under section 502(a)(2), the President is authorized to designate any article that is the growth, product, or manufacture of a least developed developing country (LDDC) as an eligible article with respect to imports from LDDCs, if the President determines such article is not import-sensitive in the context of imports from LDDCs. This authority does not apply to statutorily exempt articles listed under paragraphs (1), (2), and (5) above.

Under section 503(b)(3), no quantity of an agricultural product subject to a tariff-rate quota that exceeds the in-quota quantity is eligible for duty-free treatment.

Under section 503(c)(2)(D), whenever the President determines that exports by any BDC to the United States of a GSP eligible article (1) exceed a dollar limit of \$75 million a year (a number which was set in 1996 and is indexed to increase by \$5 million annually), or (2) equal or exceed a 50 percent share of the total value of U.S. imports of the article, then, not later than July 1 of the next year, such country is not treated as a BDC with respect to such article.

Under section 503(c)(2)(A), GSP duty-free treatment applies to any eligible article which is the growth, product or manufacture of a BDC if: (1) that article is imported directly from a BDC into the U.S. customs territory; and, (2) the sum of (a) the cost or value of the materials produced in the BDC or member countries in an association which is treated as one BDC, plus (b) the direct costs of processing operations performed in such BDC or member countries is not less than 35 percent of the value of the article.

Under section 505, no duty-free treatment shall remain in effect after September 30, 2001.

*House bill*

In order to receive extended and enhanced GSP benefits under the House bill, sub-Saharan African countries must meet all of the criteria in current law regarding designation of beneficiary developing countries and also the eligibility requirements set forth in section 4 of H.R. 434. The existing statutory GSP designation criteria include internationally recognized worker rights, intellectual property rights, compensation for property expropriation, and market access.

Section 8(a) of the House bill amends section 503(a)(1) of the Trade Act of 1974 to authorize the President to grant duty-free GSP treatment for products from eligible African GSP beneficiary countries that are currently excluded from the GSP program, if, after receiving advice from the International Trade Commission, he determines that imports of these products are not import sensitive in the context of imports from sub-Saharan African countries. Opportunities for public comment would be provided in making this determination.

The House bill does not change the rule of origin requirements under current law for GSP duty-free treatment on any currently eligible or any additional products, including textiles and apparel.

With respect to the second required test of value content, section 8(b) of the House bill amends section 503(a)(2) of the Trade Act of 1974 to allow up to 15 percent of the total value of the article from U.S.-made materials to count toward the 35 percent local value requirement for duty-free entry under the GSP program. In order to encourage regional economic integration in Africa, the bill provides that the minimum 35 percent local value content may be cumulated in any eligible sub-Saharan African country.

Section 8(c) amends section 503(c)(2)(D) of the Trade Act of 1974 to stipulate that the competitive need limits do not apply to imports from eligible countries in sub-Saharan Africa.

Section 8(d) amends section 505 of the Trade Act of 1974 to extend the GSP program until June 30, 2009, for eligible countries in sub-Saharan Africa.

Section 8(f) establishes July 1, 1999 as the effective date for the amendments made to the GSP program for sub-Saharan Africa.

*Senate amendment*

Section 111 of the Senate amendment creates a new section 506A in the Trade Act of 1974, authorizing the President to provide duty-free treatment for imports from beneficiary sub-Saharan African countries of any item, other than textiles or apparel products or textile luggage, that is designated as import sensitive under section 503(b)(1) of title V of the Trade Act of 1974. A beneficiary sub-Saharan African country is defined as those that meet the eligibility criteria under GSP and the criteria added under the new section 506A of the Trade Act of 1974. The general rules of origin governing duty-free entry under the GSP program would continue to apply, except that, in determining whether products are eligible for the enhanced benefits of the bill, up to 15 percent of the appraised value of the article at the time of importation may be derived from materials produced in the United States. In addition, under the new section 506A, the value of materials produced in any beneficiary sub-Saharan African country may be applied in determining whether the product meets the applicable rules of origin for purposes of determining the eligibility of an article to receive the duty-free treatment provided by this section. Section 111 also amends section 503(c)(2)(D) to waive permanently the competitive need limits that would otherwise apply to beneficiary sub-Saharan African countries.

The new section 506A established by section 111 of the Senate amendment also requires the President to monitor, and report annually to Congress, on the progress the sub-Saharan African countries have made in meeting the three categories of eligibility criteria set forth. The new section 506A requires the President to terminate the designation of a country as a beneficiary sub-Saharan African country if that country is

not making continual progress in meeting the eligibility requirements. Any such termination would be effective on January 1 of the year following the year in which the determination is made that the eligibility criteria are no longer met.

Section 111 of the Senate amendment sets as a termination date for the duty-free treatment provided by this title as September 30, 2006. It further includes a clerical amendment to the table of contents in title V of the Trade Act of 1974 and sets the effective date for this title as October 1, 1999.

#### *Conference agreement*

The House recedes to the Senate on the creation of a new section 506A in the Trade Act of 1974 for the "Designation of Sub-Saharan African Countries for Certain Benefits." The provision incorporates the eligibility requirements in section 107 as in effect on the date of enactment, as well as the eligibility requirements in the GSP program, for countries to receive the enhanced trade benefits under subtitle B.

#### SEC. 112. TREATMENT OF CERTAIN TEXTILES AND APPAREL

##### *Present law*

At present, textile and apparel articles are ineligible for duty-free treatment under the GSP program. Normal trade relations tariff rates apply to imports of textile and apparel articles into the United States from sub-Saharan Africa. Currently, only two countries in sub-Saharan Africa, Kenya and Mauritius, are subject to quantitative restrictions on the levels of textile and apparel articles that they can export to the United States.

##### *House bill*

Section 4 of the House bill provides duty-free treatment under the GSP program to textile and apparel articles from eligible sub-Saharan African countries. Textile and apparel products eligible for duty-free and quota-free treatment must be substantially transformed in sub-Saharan Africa as determined by the "Breaux-Cardin" rules of origin enacted into law in 1994 (section 334 of P.L. 103 465). The rule of origin remains that articles must be the growth, product, or manufacture of an eligible country and also contain a minimum 35 percent local value. As under present law, processes such as simple combining, packaging, or dilution would not constitute substantial transformation to qualify an article for trade benefits under this program. The article must also be directly imported from a beneficiary country.

Section 7(b) of the House bill expresses the sense of Congress that:

(1) It would be to the mutual benefit of the countries in sub-Saharan Africa and the United States to ensure that the commitments of the World Trade Organization are faithfully implemented in each of the member countries;

(2) Reform of trade policies in sub-Saharan Africa with the objective of removing structural impediments to trade can assist the countries of the region in achieving greater diversification of textile and apparel export commodities and products and export markets; and

(3) The President should support textile and apparel trade reform in sub-Saharan Africa by providing technical assistance and encouraging business-to-business contacts with the region.

Section 7(c)(1) provides that, pursuant to the WTO Agreement on Textiles and Clothing, the United States shall eliminate the existing quotas on textile and apparel exports to the United States from Kenya and Mauritius within 30 days after these countries adopt an efficient visa system to guard against unlawful transshipment of textile and apparel goods and the use of counterfeit

documents. The provision requires the Customs Service to provide technical assistance to Kenya and Mauritius in the development and implementation of visa systems.

Section 7(c)(2) requires the President to continue the existing no quota policy for other countries in sub-Saharan Africa.

Section 7(d)(1) states that the President should ensure that any sub-Saharan African country that intends to export textile and apparel goods to the United States: 1) has in place an effective visa system to guard against unlawful transshipment of textile and apparel goods and the use of counterfeit documents; and 2) will cooperate fully with the United States to address and take action necessary to prevent circumvention, as provided in Article 5 of the WTO Agreement on Textiles and Clothing.

#### *Senate amendment*

Section 112 of the Senate amendment provides beneficiary sub-Saharan African countries (as designated under the new section 506A of the Trade Act of 1974 created by the Senate amendment) with duty-free and quota-free access to the U.S. market for certain textiles and apparel products. In order to receive these benefits, a beneficiary sub-Saharan African country must (1) adopt an effective and efficient visa system to guard against unlawful transshipment of textile and apparel products and the use of counterfeit documents; and (2) enact legislation or regulations that would permit the U.S. Customs Service to investigate thoroughly allegations of transshipment through such country. Section 112 directs the U.S. Customs Service to provide technical assistance to the beneficiary sub-Saharan African countries in complying with these two requirements.

The benefits under section 112 of the Senate amendment are available only for the following textile and apparel products:

(1) Apparel articles assembled in beneficiary sub-Saharan African countries from fabrics wholly formed and cut in the United States, from yarns wholly formed in the United States;

(2) Apparel articles cut and assembled in beneficiary sub-Saharan African countries from fabric wholly formed in the United States from yarns wholly formed in the United States, and assembled with thread formed in the United States; and

(3) Handloomed, handmade and folklore articles, that have been certified as such by the competent authority in the beneficiary sub-Saharan African country.

The Senate intends that this new program of textile and apparel benefits will be administered in a manner consistent with the regulations that apply under the "Special Access Program" for textile and apparel articles from Caribbean and Andean Trade Preference Act countries, as described in 63 Fed. Reg. 16474-16476 (April 3, 1998). Thus, the requirement that products must be assembled from fabric formed in the United States applies to all textile components of the assembled products, including linings and pocketing, subject to the exceptions that currently apply under the "Special Access Program."

Section 112 also includes a safeguard measure, authorizing the President to impose appropriate remedies, including restrictions on or the removal of quota-free and duty-free treatment, in the event that imports of textile and apparel articles from a beneficiary sub-Saharan African country are being imported in such increased quantities as to cause serious damage, or actual threat of such damage, under the WTO Agreement on Textile and Clothing.

#### *Conference agreement*

The conference agreement provides preferential treatment to certain apparel arti-

cles imported from beneficiary sub-Saharan countries meeting the transshipment requirements set forth in section 113.

Duty-free and quota-free treatment is provided for the following apparel articles:

(1) apparel articles assembled in one or more beneficiary sub-Saharan African countries from fabrics wholly formed and cut in the United States, from yarns wholly formed in the United States;

(2) apparel articles cut and assembled or knit-to-shape in one or more beneficiary sub-Saharan African countries from fabrics or yarns wholly formed and cut in the United States, from yarns wholly formed in the United States and assembled with thread formed in the United States;

(3) knit-to-shape sweaters made from cashmere and fine merino wool;

(4) apparel articles wholly assembled in one or more beneficiary sub-Saharan countries from fabrics not available in commercial quantities in the United States (e.g., those fabrics and yarns identified in Annex 401 of the NAFTA, which include fine count cotton knitted fabrics for certain apparel, linen, silk, cotton velveteen, fine wale corduroy, Harris Tweed, certain woven fabrics made with animal hairs, certain lightweight, high thread count poly-cotton woven fabrics, and certain lightweight, high thread count broadwoven fabrics used in the production of men's and boy's shirts); and

(5) certified handloomed, handmade and folklore articles.

Certain other apparel articles would be free of duties and of quantitative restrictions up to a specified level of imports. The cap on preferential treatment is 1.5% of total U.S. apparel imports (in square meter equivalents) for the first year of the bill, growing in equal increments in each of the seven succeeding one-year periods, to a maximum of 3.5% of U.S. apparel imports in the last year of the bill. The following apparel articles are eligible for preferential treatment under this cap:

(1) for the first four years of the bill, apparel articles wholly assembled in one or more lesser developed beneficiary sub-Saharan African countries (defined as beneficiary sub-Saharan African countries with a 1998 per capita GNP of less than \$1500), without regard to the origin of the fabric; and

(2) apparel articles wholly assembled in one or more beneficiary sub-Saharan African countries from fabric wholly formed in one or more beneficiary countries from yarn originating either in the United States or in one or more beneficiary sub-Saharan African countries (the country of origin of the yarn is to be determined by the rules of origin set forth in section 334 of the Uruguay Round Agreements Act).

The conferees intend that the Secretary of Commerce shall determine and publish in the Federal Register in a timely manner on an annual basis the level of apparel imports (in square meter equivalents) eligible for duty-free treatment under the cap described above for each one year period. The conferees recognize that special program indicators will be necessary to identify apparel articles qualifying for duty-free treatment under the cap. In addition, in order to evaluate the trade liberalizing benefits provided under section 112 of the bill, the conferees encourage special program indicators to be created for all apparel articles covered by the bill.

The bill also provides that import relief in the form of a tariff snapback shall be provided if the Secretary determines that an article qualifying for duty-free treatment under the cap from a single beneficiary sub-Saharan African country is being imported in such increased quantities and under such conditions as to cause "serious damage, or threat thereof" to the domestic industry

producing the like or directly competitive article. The conference agreement directs the Secretary of Commerce to conduct inquiries under this section. Under authority delegated by Executive Order 11651, the Committee for the Implementation of Textile Agreements currently supervises the implementation of U.S. bilateral textile and apparel agreements, including making determinations of market disruption due to textile and apparel imports.

Under the bill, the Secretary of Commerce will initiate an inquiry to determine whether import relief is warranted if there has been a surge in imports under the cap from a single beneficiary sub-Saharan African country based on import data. The Secretary of Commerce shall initiate an inquiry upon written request by an interested party, when such request is supported by sufficient evidence. The conferees intend the inquiry into whether import relief is warranted to be open and transparent. Key elements for ensuring an open and transparent process include notice of initiation, opportunity for a hearing open to interested parties (if requested), opportunity for written submissions and responses, and a written, published determination setting forth the reasoning that justifies the determination. The conferees intend the Secretary of Commerce to consider all relevant information received from interested parties. Furthermore, the conferees intend that when the Secretary of Commerce relies on information that is not publicly available, that information should be, to the extent practicable, corroborated with reasonably available information.

For purposes of this section, the term "interested party" means any producer of a like or directly competitive article, a certified union or recognized union or group of workers which is representative of an industry engaged in the manufacture, production or sale in the United States of a like or directly competitive article, a trade or business association representing producers or sellers of like or directly competitive articles, producers engaged in the production of essential inputs for like or directly competitive articles, a certified union or group of workers which is representative of an industry engaged in the manufacture, production or sale of essential inputs for the like or directly competitive article, or a trade or business association representing companies engaged in the manufacture, production or sale of such essential inputs.

The conference agreement also authorizes the President to proclaim duty-free and quota-free treatment for fabrics and yarns not available in the United States, in addition to those fabrics and yarns already listed in Annex 401 of the NAFTA. Any interested party may request the President to consider such treatment for additional fabrics and yarns. The requesting party will bear the burden of demonstrating that a change is warranted by providing sufficient evidence. The President must make a determination within 60 calendar days of receiving a request from an interested party.

The Senate recedes to the House on the elimination of existing quotas on textile and apparel articles imported into the United States from Kenya and Mauritius.

With regards to findings and trimmings, the conference agreement states that an article eligible for preferential treatment under section 112 of the bill shall not be ineligible for such treatment because the article contains findings or trimmings of foreign origin, if such findings and trimmings do not exceed 25 percent of the cost of the components of the assembled article. For most apparel imports, findings and trimmings include sewing thread, hooks and eyes, snaps, buttons, "bow buds", decorative lace trim,

elastic strips, and zippers, including zipper tapes, labels, and certain elastic strips. However, for apparel articles cut and assembled in one or more beneficiary sub-Saharan African countries from fabrics wholly formed and cut in the United States, from yarns wholly formed in the United States, sewing thread is not included in the findings or trimmings exception.

The conference agreement also provides that certain interlinings are eligible for treatment as findings and trimmings. The treatment of interlinings above shall be terminated if the President determines that U.S. manufacturers are providing such interlinings in the United States in commercial quantities.

The conference agreement further provides that an article otherwise eligible for preferential treatment under section 112 shall not be ineligible for such treatment because the article contains fibers or yarns not wholly formed in the United States or 1 or more beneficiary sub-Saharan African countries if the total weight of all such fibers and yarns is not more than 7 percent of the total weight of the article.

#### SEC. 113. PROTECTIONS AGAINST TRANSSHIPMENT

##### *Present law*

The Tariff Act of 1930, as amended, provides for civil monetary penalties for unlawful transshipment. These include penalties under section 1592 for up to a maximum of the domestic value of the imported merchandise or eight times the loss of revenue, as well as denial of entry, redelivery or liquidated damages for failure to redeliver the merchandise determined to be inaccurately represented. In addition, an importer may be liable for criminal penalties, including imprisonment for up to five years, under section 1001 of title 18 of the United States Code for making false statements on import documentation.

##### *House bill*

Section 7(c)(1) provides that, pursuant to the WTO Agreement on Textiles and Clothing, the United States shall eliminate the existing quotas on textile and apparel exports to the United States from Kenya and Mauritius within 30 days after these countries adopt an efficient visa system to guard against unlawful transshipment of textile and apparel goods and the use of counterfeit documents. The provision requires the Customs Service to provide technical assistance to Kenya and Mauritius in the development and implementation of visa systems.

Section 7(c)(2) requires the President to: (1) continue the existing no quota policy for other countries in sub-Saharan Africa; and (2) submit a report to Congress by March 31 of each year concerning the growth in textiles and apparel exports to the United States from countries in sub-Saharan Africa in order to protect United States consumers, workers, and textile manufacturers from economic injury due to the no quota policy.

Section 7(d)(1) states that the President should ensure that any sub-Saharan African country that intends to export textile and apparel goods to the United States: (1) has in place an effective visa system to guard against unlawful transshipment of textile and apparel goods and the use of counterfeit documents; and (2) will cooperate fully with the United States to address and take action necessary to prevent circumvention, as provided in Article 5 of the WTO Agreement on Textiles and Clothing.

Section 7(d)(2) requires the President to impose penalties by denying an exporter, or any of its successors, duty-free treatment under this section for textile and apparel articles for a period of two years if the President determines, based on sufficient evi-

dence, that the exporter has willfully falsified information regarding the country of origin, manufacture, processing, or assembly of a textile or apparel article for which duty-free treatment under the GSP program is claimed.

Section 7(d)(3) underscores that all provisions of the laws, regulations, and procedures of the United States relating to the denial of entry of articles or penalties against individuals or entities for engaging in illegal transshipment, fraud, or other violations of the customs laws shall apply to imports from sub-Saharan countries.

In order to facilitate close monitoring by the Administration and expanded oversight by the Committee, section 7(d)(4) requires that the Customs Service submit to the Congress, by not later than March 31 of each year, a report on the effectiveness of visa systems required of Kenya and Mauritius and other countries that intend to export textiles and apparel products to the United States, and on measures taken by countries in sub-Saharan Africa to prevent circumvention as described in Article 5 of the WTO Agreement on Textiles and Clothing.

##### *Senate amendment*

Section 112(a) of the Senate amendment provides that the preferential treatment accorded to imports of textiles and apparel shall only be extended to beneficiary sub-Saharan African countries that adopt an efficient visa system to guard against transshipment and the use of counterfeit documents, and enact legislation or promulgate regulations to permit transshipment investigations by the U.S. Customs Service.

Section 112(d) directs the Customs Service to provide technical assistance to the beneficiary sub-Saharan African countries for the implementation of these requirements.

Section 112 of the Senate amendment also provides that if an exporter is found to have engaged in transshipment with respect to textile or apparel products from a beneficiary sub-Saharan African country, the President must deny all benefits under section 112 and 111 to such exporter, any successor of such exporter, and any other entity owned or operated by the principal of the exporter for a period of five years.

##### *Conference agreement*

The conference agreement includes provisions from both the House and Senate bills, as well as several additional elements intended to prevent the transshipment of textile and apparel articles from sub-Saharan Africa.

Section 113(a) sets forth the following requirements that beneficiary sub-Saharan countries must satisfy before preferential tariff treatment is extended to the covered textile and apparel articles pursuant to section 112(a):

The country has adopted an effective visa system, domestic laws, and enforcement procedures to prevent unlawful transshipment of the covered articles and the use of counterfeit documents relating to the entry of the articles into the United States. An effective visa system should require documentation supporting the country of origin such as production records, information relating to the place of production, the number and identification of the types of machinery used in the production, the number of employees employed in production, and certification from both the manufacturer and exporter. The conferees also expect that countries adopt and implement domestic laws and procedures consistent with Article 5 of the WTO Agreement on Textiles and Clothing, which obligates countries to establish the necessary legal provisions and/or administrative procedures to address and take action against circumvention.

The country has adopted legislation or regulations to permit verification of information by the U.S. Customs Service. Such laws or regulations should be clear and unambiguous.

The country agrees to report on a timely basis export and import information requested by U.S. Customs. This requirement is not intended to unnecessarily burden beneficiary countries and specifically requires that the requested information be consistent with the manner in which the country keeps those records.

The country cooperates fully with the Customs Service to prevent circumvention and transshipment as provided in Article 5 of the Agreement on Textiles and Clothing. Article 5 of that Agreement establishes that cooperation will include: (1) investigation of circumvention practices; (2) exchange of documents, correspondence, reports, and other relevant information to the extent available; and (3) facilitation of plant visits and contacts. The conferees also intend cooperation and action to include the following: suspending or denying export visas to manufacturers/exporters suspected of transshipping; sharing trade data with the U.S. Customs Service (including import data relating to textile and apparel); performing factory visits in order to verify production (including verification of the commodity produced, the quota category and volume); providing information to U.S. Customs on actions taken by the country relating to production verification, the identity of factories and/or companies suspected of illegal transshipment, further investigation or administrative action, the names of open and producing factories and the types of goods produced, and the names of closed factories; and executing a memorandum of understanding with the United States establishing the commitment of the beneficiary sub-Saharan country to self-policing and sharing enforcement results (including border searches, results of factory verification visits, and administrative penalties assessed against factories and exporters). The United States fully expects that beneficiary sub-Saharan countries will take action against circumvention and implement the cooperation principles in Article 5 of the Agreement, including denial of entry into the beneficiary sub-Saharan country of merchandise suspected of transshipment. The United States will vigorously enforce its rights to deny entry and/or adjust quota charges to reflect the true origin of the transshipped goods.

The country agrees to report on a timely basis, at the request of the Customs Service, documentation establishing the country of origin of covered articles.

Section 113(b)(1) also requires that importers comply with requirements similar in all material respects to the requirements regarding Certificates of Origin contained in Article 502.1 of the North American Free Trade Agreement (NAFTA) for a similar importation from Mexico, and section 113(b)(2) sets forth the exceptions where a certificate of origin is not required.

The conferees believe that transshipment is a serious violation of U.S. laws and undermines the benefits that would otherwise accrue to the beneficiary sub-Saharan African countries. Section 113(b)(3) of the conference agreement incorporates the penalty provisions from the Senate amendment denying for a period of five years all benefits provided under section 112 of this bill to the exporter, any successor of such exporter, and any other entity owned or operated by the principal of the exporter if the President determines, based on sufficient evidence, that an exporter has engaged in transshipment as defined in paragraph 4 of this section.

Section 113(b)(4) incorporates the definition of transshipment from the Senate amendment. Transshipment is defined to

have occurred when preferential treatment for a textile or apparel product has been claimed on the basis of material false information concerning the country of origin, manufacture, processing, or assembly of the article or any of its components. False information is material if disclosure of the true information would mean or would have meant that the article is or was ineligible for preferential treatment.

Section 113(b)(5) incorporates the House provision requiring the U.S. Customs Service to monitor and report to Congress (on an annual basis beginning no later than March 31) on the effectiveness of the visa systems and measures taken to deter circumvention as described in the Article 5 of the Agreement on Textiles and Clothing.

The conferees also believe that it is important for the U.S. Customs Service to make available technical assistance in preventing transshipment to interested sub-Saharan African countries. Section 113(c) directs U.S. Customs Service to provide technical assistance to beneficiary sub-Saharan countries for the implementation of an effective visa system and domestic laws. Section 113(c) also requires the Customs Service to provide assistance in training sub-Saharan African officials in anti-transshipment enforcement and to the extent feasible, assist such countries in developing and adopting an electronic visa system (ELVIS). The conferees expect that the U.S. Customs Service will provide model laws, regulations, and enforcement procedures and training seminars to beneficiary sub-Saharan countries requesting such assistance.

Finally, the conferees believe that it is critical to provide the Customs Service with additional resources in order to provide technical assistance to sub-Saharan countries as well as for increased transshipment enforcement. Section 113(d) of the conference agreement authorizes \$5,894,913.00 for this purpose. The conferees expect the U.S. Customs Service to utilize these resources as follows:

- hiring of import specialists to be assigned to selected U.S. ports, strategically placed teams, and the Headquarters textile program, to administer the program and provide oversight;

- hiring of inspectors and investigators (Special Agents) to be assigned to selected ports, and to Headquarters textiles program to coordinate and ensure implementation of Textile Production Verification Team results;

- hiring of international trade specialists to be assigned at Headquarters to work on illegal textile transshipment policy issues, and to the Strategic Trade Center in New York to work on targeting and risk assessment for illegal transshipment;

- increased office space for additional personnel in Hong Kong;

- hiring of auditors for internal control and document reviews to audit importers to ensure that they are not engaging in textile and apparel transshipment;

- additional travel funds to be used for deployment of additional textile production verification teams ("jump teams") to sub-Saharan countries as required under the bill and as warranted, based on U.S. Customs risk analysis of suspected illegal textile transshipment;

- internal training for Customs personnel; and

- training of foreign counterparts in risk management analytical techniques and for teaching factory inspection techniques, including training in effective border examination, factory inspection techniques, audit reviews skills, and model laws and regulations; and for outreach to the U.S. Importing Community for voluntary compliance programs and troubleshooting.

The U.S. Customs Service has estimated that its current enforcement against textile and apparel transshipment from sub-Saharan

Africa has resulted in over 90% compliance. The conferees believe that the additional resources of \$5,594,913.00, used as described above, will enable the U.S. Customs Service to continue, and even increase, this compliance rate after passage of this bill because the U.S. Customs Service will have more resources to continually review, expand, and modify its current practice of transshipment enforcement. The current practices include the use of jump-teams, informants, collection of production information, monitoring and analyzing imports trends, and the use of lists designating persons and companies found to be engaged in transshipping ("592A," "592B," and the Administrative List containing the names of convicted foreign factories and foreign factories that have had administrative penalties assessed against them). The U.S. Customs Service will also use information available from private sector groups that monitor trade production activities in assessing risk factors and enforcing transshipment.

#### SEC. 114. TERMINATION

##### *Present law*

The Generalized System of Preferences (GSP) program is authorized through September 30, 2001.

##### *House bill*

Section 8 of the House bill establishes the effective dates of the GSP program and the amendments made by this Act as July 1, 1999 through June 30, 2009 for eligible countries in sub-Saharan Africa.

##### *Senate amendment*

Section 111 of the Senate amendment extends the regular GSP program for countries in sub-Saharan Africa through September 30, 2006 and establishes October 1, 1999, as the effective date for the enhanced GSP benefits set forth in this section with an expiration date of September 30, 2006.

##### *Conference agreement*

The Conference agreement creates a new section 506C in the Trade Act of 1974 extending the regular GSP and enhanced duty-free treatment provided to beneficiary sub-Saharan African countries through September 30, 2008.

#### SEC. 115. CLERICAL AMENDMENTS

##### *Present law*

Title V of the Trade Act of 1974 authorizes the President to extend duty-free treatment to eligible imports from beneficiary developing countries in accordance with the provisions of the title. The table of contents for the Trade Act of 1974 lists the sections contained in each title.

##### *House bill*

No provision.

##### *Senate amendment*

Section 111 of the Senate amendment amends the table of contents for title V of the Trade Act of 1974 by inserting after the item relating to section 505 the following new items:

506A. Designation of sub-Saharan African countries for certain benefits.

506B. Termination of benefits for sub-Saharan African countries.

##### *Conference agreement*

The House recedes to the Senate. The conference agreement also adds a listing for "Protections against transshipment" as a new section 506B in the table of contents and redesignating the section on "Termination of benefits for sub-Saharan African countries" as a new section 506C.

#### SEC. 116. FREE TRADE AGREEMENTS WITH SUB-SAHARAN AFRICAN COUNTRIES

##### *Present law*

No provision.

*House bill*

In section 6 of the House bill, Congress declares that a United States-Sub-Saharan Africa Free Trade Area should be established, or free trade agreements entered into, to serve as the catalyst for increasing trade between the United States and sub-Saharan Africa, and increasing private sector development in sub-Saharan Africa.

To this end, section 6 requires the President, taking into account the provisions of the treaty establishing the African Economic Community and the willingness of the governments of sub-Saharan African countries to engage in negotiations, to develop a plan for entering into one or more trade agreements with eligible sub-Saharan African countries in order to establish a United States-Sub-Saharan Africa Free Trade Area. The plan shall include the following:

(1) the specific objectives of the United States with respect to the establishment of the free trade area and a suggested timetable;

(2) the benefits to both the United States and sub-Saharan Africa with respect to the free trade area;

(3) a mutually agreed-upon timetable for establishing a free trade area;

(4) the implications for and the role of regional and sub-regional organizations in sub-Saharan Africa;

(5) subject matter anticipated to be covered and U.S. laws, programs, and policies, as well as the laws of participating eligible African countries and existing economic cooperation and trade agreements that may be affected; and

(6) procedures to ensure adequate consultation with Congress and the private sector during the negotiations, consultation with the Congress regarding all matters relating to implementing of the agreement(s), approval by the Congress of the agreement(s), and adequate consultations with the relevant African governments and African regional and subregional intergovernmental organizations during the negotiations of the agreement(s).

Not later than 12 months after the date of enactment, the President shall prepare and transmit to Congress a report on the plan developed.

*Senate amendment*

Section 114 of the Senate amendment requires the President to examine the feasibility of negotiating a free trade agreement (or agreements) with interested sub-Saharan African countries.

Not later than 12 months after the date of enactment of this Act, the President shall submit a report to the Senate Finance Committee and the House Ways and Means Committee regarding the feasibility of negotiating such agreement (or agreements). If the President determines that the negotiation of any such free trade agreement is feasible, the President shall provide a detailed plan for such negotiation that outlines the objectives, timing, any potential benefits to the United States and sub-Saharan Africa, and the likely economic impact of any such agreement.

*Conference agreement*

By eliminating the barriers that currently exist to developing stronger, mutually beneficial trade and investment relations between the United States and sub-Saharan Africa, the conferees believe that the negotiation of one or more free trade agreements would serve an important catalyst in the economic development of sub-Saharan Africa.

The Senate recedes to the House, with a modification to state that the negotiation of free trade agreements, rather than the estab-

lishment of a Free Trade Area, with interested countries in sub-Saharan Africa, is an important catalyst for increasing trade between the United States and sub-Saharan Africa and increasing private sector development in sub-Saharan Africa.

Consistent with this policy objective, the conference agreement requires the President to prepare and transmit to Congress a plan for the purpose of negotiating and entering into one or more trade agreements with interested eligible sub-Saharan African countries. The plan shall include the specific objectives of the United States with respect to the negotiations and a suggested timetable, the benefits to both the United States and the relevant sub-Saharan African countries, a mutually agreed upon timetable for the President's report should also include procedures to ensure adequate consultation with Congress and the private sector during the negotiations, consultation with Congress regarding all matters relating to implementation of the free trade agreements, approval by Congress of the agreements, and adequate consultation with the relevant African governments and regional and sub-regional intergovernmental organizations during the negotiations.

The conference agreement also clarifies that the President's report should include procedures to ensure adequate consultation with Congress and the private sector during the negotiations, consultation with Congress regarding all matters relating to implementation of free trade agreements, approval by Congress of the agreements, and adequate consultation with the relevant African governments, and regional and sub-regional intergovernmental organizations during the negotiations.

SEC. 117. ASSISTANT UNITED STATES TRADE REPRESENTATIVE FOR AFRICAN AFFAIRS

*Present law*

Section 141 of the Trade Act of 1974 established within the Executive Office of the President the office of the United States Trade Representative (USTR). The President is directed to appoint a person to head the office and to serve as USTR.

*House bill*

Section 13 of the House bill expresses the sense of Congress that the position of Assistant United States Trade Representative (AUSTR) for African Affairs is integral to the U.S. commitment to increasing U.S.-sub-Saharan African trade and investment.

The provision requires the President to maintain a position of AUSTR for African Affairs within the Office of USTR to direct and coordinate interagency activities on U.S.-Africa trade policy and investment matters and serve as: (1) a primary point of contact in the executive branch for persons engaged in trade between the U.S. and sub-Saharan Africa; and (2) the chief advisor to the USTR on issues of trade with Africa.

The President shall ensure that the AUSTR for African Affairs has adequate funding and staff to carry out the duties described in this section.

*Senate amendment*

No provision.

*Conference agreement*

The Senate recedes to the House with a modification. The modification expresses the Sense of Congress that the position of AUSTR should be maintained and is integral to strengthening U.S.-sub-Saharan African trade and economic relations.

The conferees note that since the Office on African American Affairs was created in 1998, the United States has signed several significant trade agreements with sub-Saharan Africa, including a Bilateral Trade and Invest-

ment Treaty with Mozambique, and Trade and Investment Framework Agreements with South Africa and Ghana.

The conference agreement reflects the conferees' opinion that the AUSTR for African Affairs should: (1) act as a senior negotiator with sub-Saharan African countries; (2) take a lead role in designating participants in the U.S.-sub-Saharan African Economic and Cooperation Forum; (3) take a lead role in designating sub-Saharan African countries as beneficiary countries; and (4) take a lead role in administering and implementing the trade provisions of this Act.

SUBTITLE C—ECONOMIC DEVELOPMENT  
RELATED ISSUES

SEC. 121. SENSE OF CONGRESS REGARDING COMPREHENSIVE DEBT RELIEF FOR THE WORLD'S POOREST COUNTRIES

*Present law*

In FY2000, Congress supported U.S.-led efforts to enhance the Heavily Indebted Poor Countries (HIPC) Initiative by funding roughly one-third of the direct costs to the United States, as well as authorizing the use of IMF internal resources, including earnings on investments of profits of sales of IMF gold, for HIPC debt relief (Consolidated Appropriations Act for FY 2000 H.R. 3194; P.L. 106-113).

*House bill*

Section 9 of the House bill expresses the sense of the Congress that the Secretary of the Treasury should instruct the United States Executive Directors of the International Bank for Reconstruction and Development, the International Monetary Fund, and the African Development Bank to use the voice and votes of the Executive Directors to encourage vigorously their respective institutions to develop enhanced mechanisms which further the following goals in eligible countries in sub-Saharan Africa:

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

(2) Reducing tariffs, nontariff barriers, and other trade obstacles, and increasing economic integration.

(3) Supporting countries committed to accountable government, economic reform, the eradication of poverty, and the building of civil societies.

(4) Supporting deep debt reduction at the earliest possible date with the greatest amount of relief for eligible poorest countries under the "Heavily Indebted Poor Countries" (HIPC) debt initiative.

It is the sense of the Congress that relief provided to countries in sub-Saharan Africa that qualify for the HIPC debt initiative should be made primarily through grants rather than through extended-term debt, and that interim relief or interim financing should be provided for eligible countries that establish a strong record of macroeconomic reform.

*Senate amendment*

In Section 714 of the Senate amendment, Congress makes the following findings:

(1) The burden of external debt has become a major impediment to economic growth and poverty reduction in many of the world's poorest countries.

(2) Until recently, the United States Government and other official creditors sought to address this problem by rescheduling loans and in some cases providing limited debt reduction.

(3) Despite such efforts, the cumulative debt of many of the world's poorest countries continued to grow beyond their capacity to repay.

(4) In 1997, the Group of Seven, the World Bank, and the International Monetary Fund adopted the HIPC Initiative, a commitment

by the international community that all multilateral and bilateral creditors, acting in a coordinated and concerted fashion, would reduce poor country debt to a sustainable level.

(5) The HIPC Initiative is currently undergoing reforms to address concerns raised about country conditionality, the amount of debt forgiven, and the allocation of savings realized through the debt forgiveness program to ensure that the Initiative accomplishes the goals of economic growth and poverty alleviation in the world's poorest countries.

(6) Recently, the President requested Congress to provide additional resources for bilateral debt forgiveness and additional United States contributions to the HIPC Trust Fund.

Section 714 expresses the sense of Congress that:

(1) Congress and the President should work together, without undue delay and in concert with the international community, to make comprehensive debt relief available to the world's poorest countries in a manner that promotes economic growth and poverty alleviation;

(2) this program of bilateral and multilateral debt relief should be designed to strengthen and expand the private sector, encourage increased trade and investment, support the development of free markets, and promote broad-scale economic growth in beneficiary countries;

(3) this program of debt relief should also support the adoption of policies to alleviate poverty and to ensure that benefits are shared widely among the population, such as through initiatives to advance education, improve health, combat AIDS, and promote clean water and environmental protection;

(4) these debt relief agreements should be designed and implemented in a transparent manner and with the broad participation of the citizenry of the debtor country and should ensure that country circumstances are adequately taken into account;

(5) no country should receive the benefits of debt relief if that country does not cooperate with the United States on terrorism or narcotics enforcement, is a gross violator of the human rights of its citizens, or is engaged in conflict or spends excessively on its military; and

(6) in order to prevent adverse impact on a key industry in many developing countries, the International Monetary Fund must mobilize its own resources for providing debt relief to eligible countries without allowing gold to reach the open market, or otherwise adversely affecting the market price of gold.

#### *Conference agreement*

The House recedes to the Senate with minor technical modifications.

#### SEC. 122. EXECUTIVE BRANCH INITIATIVES

##### *Present law*

No provision.

##### *House bill*

In section 10 of the House bill Congress recognizes that the stated policy of the executive branch in 1997, the "Partnership for Growth and Opportunity in Africa" initiative, is a step toward the establishment of a comprehensive trade and development policy for sub-Saharan Africa. It is the sense of the Congress that this Partnership is a companion to the policy goals set forth in this Act.

Section 10 provides that in addition to continuing bilateral and multilateral economic and development assistance, the President shall target technical assistance toward:

(1) developing relationships between United States firms and firms in sub-Saharan Africa through a variety of business associations and networks;

(2) providing assistance to the governments of sub-Saharan African countries to:

(A) liberalize trade and promote exports;

(B) bring their legal regimes into compliance with the standards of the WTO in conjunction with membership in that Organization;

(C) make financial and fiscal reforms; and

(D) promote greater agribusiness linkages;

(3) addressing such critical agricultural policy issues as market liberalization, agricultural export development, and agribusiness investment in processing and transporting agricultural commodities;

(4) increasing the number of reverse trade missions to growth-oriented countries in sub-Saharan Africa;

(5) increasing trade in services; and

(6) encouraging greater sub-Saharan participation in future negotiations in the WTO on services and making further commitments in their schedules to the General Agreement on Trade in Services in order to encourage the removal of tariff and nontariff barriers.

##### *Senate amendment*

No provision.

##### *Conference agreement*

The Senate recedes to the House.

#### SEC. 123. OVERSEAS PRIVATE INVESTMENT CORPORATION INITIATIVES

##### *Present law*

Title IV of Part I of the Foreign Assistance Act of 1961, as amended, (Public Law 87-195) established the Overseas Private Investment Corporation (OPIC), a Board of Directors for the Corporation, consisting of 15 members, and authorized the corporation to create equity funds.

##### *House bill*

Section 11 of the House bill expresses the sense of the Congress that OPIC should use its current authorities to initiate an equity fund or funds in support of projects in the countries in sub-Saharan Africa, in addition to the existing equity fund for sub-Saharan Africa created by the Corporation. The provision specifies how each fund should be structured, capitalized and implemented.

Section 12 of the bill amends Section 233 of the Foreign Assistance Act of 1961 to direct the OPIC Board to form an advisory committee to develop and implement policies, programs and financial instruments with respect to sub-Saharan Africa. It directs the advisory committee to make recommendations to the Board on how the Corporation can facilitate greater support by the United States for trade and investment with and in sub-Saharan Africa. And it also provides for the termination of the committee four years after the date of enactment and for a report on the steps that the Board has taken to implement the committee's recommendations six months after the date of enactment and annually thereafter for the next four years.

##### *Senate bill*

No provision.

##### *Conference agreement*

The Senate recedes to the House with a slightly modified provision changing the name of the advisory committee to the investment advisory council. In addition, the conference agreement specifies that the OPIC Board shall take measures to increase the loan, guarantee and insurance programs, and financial commitments of the corporation in sub-Saharan Africa, including through the use of an investment advisory council to assist the Board in developing and implementing programs and policies for sub-Saharan Africa.

#### SEC. 124. EXPORT-IMPORT BANK INITIATIVES

##### *Present law*

The Export-Import Bank is advised by a sub-Saharan Africa Advisory Committee

(SAAC) on the expansion of its activities in sub-Saharan Africa.

##### *House bill*

Section 12(b) of the House bill would establish a SAAC for the Bank.

##### *Senate amendment*

No provision.

##### *Conference agreement*

The conference agreement strikes section 12(b) of the House bill in its entirety, since an advisory committee was created previously by the Export-Import Bank Reauthorization Act of 1997 (P.L. 105-121). Instead, the conference agreement expresses the sense of Congress that the Export-Import Bank should continue to take measures to promote the expansion of the Bank's commitments in sub-Saharan Africa. The conference provision also commends the SAAC for aiding the Bank in doubling the number of sub-Saharan African countries in which the Bank is open, and by increasing by tenfold the Bank's support for sales to sub-Saharan Africa from fiscal year 1998 to fiscal year 1999.

#### SEC. 125. EXPANSION OF THE UNITED STATES AND FOREIGN COMMERCIAL SERVICE IN SUB-SAHARAN AFRICA

##### *Present law*

No provision.

##### *House bill*

Section 14 of the House bill would make a number of findings regarding the Service's presence in sub-Saharan Africa and direct the Service to expand its presence in that region. It also would require the Service to identify new market opportunities and barriers thereto, and to make efforts to facilitate U.S. entry into those markets, with an annual report on such efforts to Congress.

##### *Senate amendment*

No provision.

##### *Conference agreement*

The conference agreement adopts a modified version of the House provision that directs the International Trade Administration (ITA), rather than the Service, to carry out the market entry and barrier identifications and make those identifications publicly available. The ITA, which already undertakes trade-related research efforts, is better suited to carrying out this initiative.

#### SEC. 126. DONATION OF AIR TRAFFIC CONTROL EQUIPMENT TO ELIGIBLE SUB-SAHARAN AFRICAN COUNTRIES

##### *Present law*

No provision.

##### *House bill*

Section 16 of the House bill expresses the sense of the Congress that, to the extent appropriate, the U.S. Government should make every effort to donate to governments of sub-Saharan African countries (determined to be eligible under section 4 of this Act) air traffic control equipment that is no longer in use, including appropriate related reimbursable technical assistance.

##### *Senate amendment*

No provision.

##### *Conference agreement*

The Senate recedes to the House.

#### SEC. 127. ADDITIONAL AUTHORITIES AND INCREASED FLEXIBILITY TO PROVIDE ASSISTANCE UNDER THE DEVELOPMENT FUND FOR AFRICA

##### *Present law*

Section 496 of Chapter 10 of the Foreign Assistance Act of 1961 established the Development Fund for Africa (DFA) to promote the participation of Africans in long term sustainable development. Title V of the International Security and Cooperation Act of

1981 established the African Development Foundation (ADF) in order to provide assistance aimed at promoting economic opportunities and community development in Africa.

#### House bill

Section 17 of the House bill expresses the sense of Congress that sustained economic growth in sub-Saharan Africa depends in large measure upon the development of a receptive environment for trade and investment, and that to achieve this objective the United States Agency for International Development should continue to support programs which help to create this environment. Investments in human resources, development, and implementation of free market policies, including policies to liberalize agricultural markets and improve food security, and the support for the rule of law and democratic governance should continue to be encouraged and enhanced on a bilateral and regional basis.

In section 17 of the House bill, Congress makes the following declarations:

(1) The DFA established under chapter 10 of part I of the Foreign Assistance Act of 1961 (22 U.S.C. 2293 et seq.) has been an effective tool in providing development assistance to sub-Saharan Africa since 1988.

(2) The DFA will complement the other provisions of this Act and lay a foundation for increased trade and investment opportunities between the United States and sub-Saharan Africa.

(3) Assistance provided through the Development Fund for Africa will continue to support programs and activities that promote the long term economic development of sub-Saharan Africa, such as programs and activities relating to the following:

(A) Strengthening primary and vocational education systems, especially the acquisition of middle-level technical skills for operating modern private businesses and the introduction of college level business education, including the study of international business, finance, and stock exchanges.

(B) Strengthening health care systems.

(C) Supporting democratization, good governance and civil society and conflict resolution efforts.

(D) Increasing food security by promoting the expansion of agricultural and agriculture-based industrial production and productivity and increasing real incomes for poor individuals.

(E) Promoting an enabling environment for private sector-led growth through sustained economic reform, privatization programs, and market-led economic activities.

(F) Promoting decentralization and local participation in the development process, especially linking the rural production sectors and the industrial and market centers throughout Africa.

(G) Increasing the technical and managerial capacity of sub-Saharan African individuals to manage the economy of sub-Saharan Africa.

(H) Ensuring sustainable economic growth through environmental protection.

(4) The ADF has a unique congressional mandate to empower the poor to participate fully in development and to increase opportunities for gainful employment, poverty alleviation, and more equitable income distribution in sub-Saharan Africa. The ADF 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 ADF 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.

In addition, section 17 of the House bill amends section 496(h) of the Foreign Assistance Act of 1961 (22 U.S.C. 2293(h)) by:

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

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

(3) Democratization and conflict resolution capabilities.—Assistance under this section may also include program assistance—

(A) to promote democratization, good governance, and strong civil societies in sub-Saharan Africa; and

(B) to strengthen conflict resolution capabilities of governmental, intergovernmental, and nongovernmental entities in sub-Saharan Africa.

Section 496(h)(4) of such Act, as amended by paragraph (1), is further amended by striking paragraphs (1) and (2) in the first sentence and inserting paragraphs (1), (2), and (3).

#### Senate amendment

No provision.

#### Conference agreement

The Senate recedes to the House.

SEC. 128. ASSISTANCE FROM UNITED STATES PRIVATE SECTOR TO PREVENT AND REDUCE HIV/AIDS IN SUB-SAHARAN AFRICA

#### Present law

No provision.

#### House bill

Section 18 of the House bill expresses the sense of Congress that U.S. businesses should be encouraged to provide assistance to sub-Saharan African countries to prevent and reduce the incidence of HIV/AIDS in sub-Saharan Africa. In providing such assistance, U.S. businesses should be encouraged to consider the establishment of an HIV/AIDS Response Fund in order to provide for coordination among such businesses in the collection and distribution of the assistance to sub-Saharan African countries.

#### Senate amendment

No provision.

#### Conference agreement

The Senate recedes to the House.

SEC. 129. SENSE OF THE CONGRESS RELATING TO HIV/AIDS CRISIS IN SUB-SAHARAN AFRICA

#### Present law

No provision.

#### House bill

In section 19 of the House bill, Congress finds that:

(1) Sustained economic development in sub-Saharan Africa depends in large measure upon successful trade with and foreign assistance to the countries of sub-Saharan Africa.

(2) The HIV/AIDS crisis has reached epidemic proportions in sub-Saharan Africa, where more than 21,000,000 men, women, and children are infected with HIV.

(3) 83 percent of the estimated 11,700,000 deaths from HIV/AIDS worldwide have been in sub-Saharan Africa.

(4) The HIV/AIDS crisis in sub-Saharan Africa is weakening the structure of families and societies.

(5)(A) The HIV/AIDS crisis threatens the future of the workforce in sub-Saharan Africa.

(B) Studies show that HIV/AIDS in sub-Saharan Africa most severely affects individuals between the ages of 15 and 49—the age group that provides the most support for the economies of sub-Saharan African countries.

(6) Clear evidence demonstrates the HIV/AIDS is destructive to the economies of sub-Saharan African countries.

(7) Sustained economic development is critical to creating the public and private sector resources in sub-Saharan Africa necessary to fight the HIV/AIDS epidemic.

Section 19 of the House bill expresses the sense of Congress that:

(1) addressing the HIV/AIDS crisis in sub-Saharan Africa should be a central component of U.S. foreign policy with respect to sub-Saharan Africa;

(2) significant progress needs to be made in preventing and treating HIV/AIDS in sub-Saharan Africa in order to sustain a mutually beneficial trade relationship between the United States and sub-Saharan African countries; and

(3) the HIV/AIDS crisis in sub-Saharan Africa is a global threat that merits further attention through greatly expanded public, private, and joint public-private efforts, and through appropriate U.S. legislation.

#### Senate amendment

No provision.

#### Conference agreement

The Senate recedes to the House.

SEC. 130. STUDY ON IMPROVING AFRICAN AGRICULTURAL PRACTICES

#### Present law

No provision.

#### House bill

No provision.

#### Senate amendment

Section 716 of the Senate amendment authorizes the USDA, in consultation with the American Land Grant Colleges and Universities and not-for-profit international organization, to conduct a two-year study on ways to improve the flow of American farming techniques and practices to African farmers. The study conducted by the USDA shall include an examination of ways of improving or utilizing:

(1) knowledge of insect and sanitation procedures;

(2) modern farming and soil conservation techniques;

(3) modern farming equipment (including maintaining the equipment);

(4) marketing crop yields to prospective purchasers; and

(5) crop maximization practices.

The study shall be submitted to the Committee on Agriculture, Nutrition, and Forestry of the Senate and the Committee on Agriculture of the House of Representatives not later than September 30, 2001.

The USDA is encouraged to consult with American Land Grant Colleges and not-for-profit international organizations that have firsthand knowledge of current African farming practices.

There is authorized to be appropriated \$2,000,000 to conduct the study.

#### Conference agreement

The House recedes to the Senate, with a modification to delete the authorization of funds.

SEC. 131. SENSE OF THE CONGRESS REGARDING EFFORTS TO COMBAT DESERTIFICATION IN AFRICAN AND OTHER COUNTRIES

#### Present law

No provision.

#### House bill

No provision.

#### Senate amendment

In section 718 of the Senate amendment, Congress finds that:

(1) desertification affects approximately one-sixth of the world's population and one-quarter of total land area;

(2) over 1,000,000 hectares of Africa are affected by desertification;

(3) dryland degradation is an underlying cause of recurrent famine in Africa;

(4) the United Nations Environmental Programme estimates that desertification costs the world \$42,000,000,000 a year, not including incalculable costs in human suffering; and

(5) the United States can strengthen its partnership throughout Africa and other nations affected by desertification, help alleviate social economic crises caused by misuse of natural resources, and reduce dependence on foreign aid, by taking a leading role to combat desertification.

Section 718 of the Senate amendment expresses of the sense of the Senate that the United States should expeditiously work with the international community, particularly Africa and other nations affected by desertification to:

(1) strengthen international cooperation to combat desertification;

(2) promote the development of national and regional strategies to address desertification and increase public awareness of this serious problem and its effects;

(3) develop and implement national action programs that identify the causes of desertification and measures to address it; and

(4) recognize the essential role of local governments and nongovernmental organizations in developing and implementing measures to address desertification.

#### *Conference agreement*

The House recedes to the Senate with a technical modification to express the sense of the Congress instead of the sense of the Senate.

### TITLE II—TRADE BENEFITS FOR CARIBBEAN BASIN

#### SUBTITLE A—TRADE POLICY FOR CARIBBEAN BASIN COUNTRIES

##### SEC. 201. SHORT TITLE

#### *Present law*

No provision.

#### *House bill*

No provision, but Section 1 of H.R. 984, as approved by the Committee on Ways and Means, provides that the subtitle may be cited as the Caribbean and Central America Relief and Economic Stabilization Act (CCARES).

#### *Senate amendment*

Section 201 of the Senate bill provides that the subtitle may be cited as the Caribbean Basin Trade Enhancement Act (CBTEA)

#### *Conference agreement*

The Title of the Act is the Caribbean Basin Trade Partnership Act.

##### SEC. 202. FINDINGS AND POLICY

#### *Present law*

The Caribbean Basin Initiative (CBI) program was established by the Caribbean Basin Economic Recovery Act (CBERA), which was enacted on August 5, 1983. This legislation authorized the President to grant duty-free treatment to imports of eligible articles from designated Caribbean countries. The basic purpose of the CBI program, as originally proposed by President Ronald Reagan, was to respond to an economic crisis in the Caribbean by encouraging industrial development primarily through preferential access to the U.S. market. The goal was to promote political and social stability in a strategically important region. CBI trade benefits were made permanent in 1990.

#### *House bill*

No provision, however Section 2 of H.R. 984, as approved by the Committee on Ways and Means makes Congressional findings relating to the damage caused to the Caribbean Basin region by Hurricanes Mitch and George and states that United States assistance to the region should focus on, in addition

to the short-term disaster assistance, long-term solutions for a successful economic recovery of Central America and the Caribbean. Finally the findings state that the Caribbean Basin Economic Recovery Act has represented a permanent and successful commitment by the United States to encourage the development of strong democratic governments and revitalized economies in neighboring countries in the Caribbean Basin.

Section 102 of H.R. 984, as approved by the Committee on Ways and Means, states that it is, therefore, the policy of the United States to: (1) offer Caribbean Basin beneficiary countries tariff and quota treatment equivalent to that accorded to products of NAFTA countries, and to seek the accession of these partnership countries to NAFTA or a free trade agreement comparable to NAFTA at the earliest possible date, with the goal of achieving full NAFTA participation by all Caribbean countries by January 1, 2005; and (2) assure that the domestic textile and apparel industry remains competitive in the global marketplace by encouraging the formation and expansion of "partnerships" between the textile and apparel industry of the United States and the textile and apparel industry of various countries located in the Western Hemisphere.

#### *Senate amendment*

The Senate bill contains similar Congressional findings.

Section 202(b) of the Senate bill states that it is the policy of the United States to: (1) offer Caribbean Basin beneficiary countries willing to prepare to become a party to the FTAA or a comparable trade agreement, tariff treatment essentially equivalent to that accorded to products of NAFTA countries for certain products not currently eligible for duty-free treatment under the CBERA; and (2) seek the participation of Caribbean Basin beneficiary countries in the FTAA or a trade agreement comparable to the FTAA at the earliest possible date, with the goal of achieving full participation in such an agreement not later than 2005.

#### *Conference agreement*

The findings contained in section 2 of the conference agreement set out the underlying rationale for expansion of the CBI program. This section describes the conferees' agreement that the U.S. response to the devastation caused by Hurricanes Mitch and Georges should include, in addition to short-term disaster assistance, a long-term mechanism to promote economic recovery in Central America and the Caribbean. Based on the successful record of the Caribbean Basin Initiative, the Conferees believe that economic recovery will be achieved most effectively by enhancing the region's opportunities to expand its international trade with important trading partners such as the United States.

The success of the CBI program indicates that increasing international trade with the CBI region will also promote the growth of United States exports, decrease illegal immigration, and improve regional cooperation in efforts to fight drug trafficking. Finally, the conferees intend that this bill foster increased opportunities for U.S. companies in the textile and apparel sector to expand co-production arrangements with countries in the CBI region, thereby sustaining and preserving manufacturing operations in the United States that would otherwise be relocated to the Far East.

##### SEC. 203. DEFINITIONS

Section 3 defines several terms used in the bill.

### SUBTITLE B—TRADE BENEFITS FOR CARIBBEAN BASIN COUNTRIES

#### SEC. 211. TEMPORARY PROVISIONS TO PROVIDE ADDITIONAL TRADE BENEFITS TO CERTAIN BENEFICIARY COUNTRIES

#### *Present law*

Under the CBERA, imports from CBI beneficiary countries, except for certain products that are statutorily excluded, are granted duty-free treatment, subject to specific eligibility requirements. Statutorily excluded articles are ineligible for duty-free treatment under the CBI. These excluded products are: textile and apparel articles that are subject to textile agreements, canned tuna, petroleum and petroleum products, footwear, handbags, luggage, flat goods, work gloves, and leather-wearing apparel. Also excluded are certain watches and watch products.

Under NAFTA, imports of these products from Mexico (excluded from CBI and listed above) receive either declining tariff or duty-free and quota-free treatment. Chapter Four of NAFTA establishes rules of origin for identifying goods that are to be treated as "originating in the territories of NAFTA parties" and are therefore eligible for preferential treatment accorded to originating goods under NAFTA, including reduced duties and duty-free and quota-free treatment.

#### *House bill*

No provision, however section 104 of the H.R. 984 amends section 213(b) of the CBERA to provide tariff and quota treatment on imports from CBI beneficiary countries of excluded articles that is identical to tariff and quota treatment accorded like articles imported from Mexico under NAFTA during a temporary period ending on the date that either NAFTA accession or a reciprocal free trade agreement enters into force with the partnership country, or on the fifth anniversary of the temporary treatment, whichever is earlier.

Section 104 of the bill provides that NAFTA tariff and quota treatment would apply to CBI articles that meet NAFTA rules of origin (treating the United States and CBI beneficiary countries as "parties" under the agreement for this purpose). Customs procedures applicable to exporters under NAFTA also must be met for partnership countries to qualify for parity treatment. Imports of articles currently excluded under CBI, which do not meet the conditions of NAFTA parity, would continue to be excluded from the CBI program.

#### *Senate amendment*

The Senate bill applies NAFTA tariff treatment to all excluded products, with the exception of textiles and apparel which are treated separately as described below.

#### *Conference agreement*

NAFTA tariff treatment applies to goods excluded from CBI, except to textiles and apparel. More specifically, for imports of canned tuna, petroleum and petroleum products, footwear, handbags, luggage, flat goods, work gloves, and leather-wearing apparel, the conference agreement provides an immediate reduction in tariffs equal to the preference Mexican products enjoy under NAFTA. The applicable duty paid by importers on such goods would be equal to the duty applicable to the same goods if entered from Mexico. In order for their products to qualify for the preferences afforded under this Act, whether applied to textiles and apparel or other products, the beneficiary country must comply with customs procedures equivalent to those required under the NAFTA.

## TREATMENT OF TEXTILE AND APPAREL IMPORTS FROM CARIBBEAN COUNTRIES AND MEXICO

A. GAL PROGRAM AND "807" TARIFF TREATMENT  
*Present law*

The "Special Access Program for Textiles," established by regulation in February 1986, provides flexible Guaranteed Access Levels (GALs) to the United States market for textile or apparel and "made up" textile product categories (not fabric, yarn, or other textile products) assembled in CBI countries from fabrics wholly formed and cut in the United States, under bilateral agreements. GALs (also known as "807A") are separate limits from (and usually significantly higher than) standard quota levels, and are generally increased upon request of the exporting country.

Imports under item 9802.00.80 of the U.S. Harmonized Tariff Schedule (HTS) (previously item 807), which are assembled abroad from U.S.-fabricated components, including apparel assembled in Caribbean countries from fabric cut in the United States, are assessed duty only on the value-added abroad. Under NAFTA, Mexico receives duty-free and quota-free treatment on articles assembled from U.S.-formed and cut fabric.

Certain textile and apparel articles from major supplying CBI countries are subject to import quotas under bilateral agreements negotiated on a product-category basis under authority of section 204 of the Agricultural Act of 1956 and in accordance with the Uruguay Round Agreement on Textiles and Clothing. Articles under quota may be assembled from U.S. and/or foreign components.

*House bill*

No provision, but under section 104 of H.R. 984, as approved by the Committee on Ways and Means, imports of textile and apparel articles from CBI partnership countries that meet NAFTA rules of origin would receive tariff treatment equivalent to such goods originating in Mexico and would enter quota-free. Under H.R. 984, there would be no change in the treatment of non-originating textile products currently subject to import quotas under bilateral and multilateral textile agreements.

Section 104 of H.R. 984 eliminates import restraint levels and duties on textile and apparel articles: 1) assembled in a partnership country from fabrics wholly formed and cut in the United States from yarns formed in the United States; 2) cut and assembled in a partnership country from fabrics wholly formed in the United States, from yarns wholly formed in the United States; 3) knit-to-shape in a partnership country from yarns wholly formed in the United States; or 4) made in a partnership country from fabric knit in a partnership country from yarn wholly formed in the United States. Handmade, hand-loomed and folklore articles of the region also qualify for duty-free and quota-free treatment.

*Senate amendment*

The Senate bill provides no preferential treatment for textile products, with the exception of certain hand-made, hand-loomed and folklore articles and certain textile luggage. With respect to apparel products, duty-free, quota-free treatment applies to those products listed below. Section 101 of the Senate bill would extend immediate duty-free and quota-free treatment to the following apparel products:

(1) apparel articles assembled in an eligible CBI beneficiary country from U.S. fabrics wholly formed from U.S. yarns and cut in the United States that would enter the United States under Harmonized Tariff

Schedule (HTS) item number 9802.00.80 (a provision that otherwise allows an importer to pay duty solely on the value-added abroad when U.S. components are shipped abroad for assembly and re-imported into the United States);

(2) apparel articles entered under chapters 61 and 62 of the HTS where they would have qualified for HTS 9802.00.80 treatment but for the fact that the articles were subjected to certain types of washing and finishing;

(3) apparel articles cut and assembled in the eligible CBI country from U.S. fabric formed from U.S. yarn and sewn in the Caribbean with U.S. thread;

(4) handloomed, handmade and folklore articles originating in the CBI beneficiary country;

(5) textile luggage assembled in an eligible CBI beneficiary country from U.S. fabrics wholly formed from U.S. yarns and cut in the United States that would enter the United States under Harmonized Tariff Schedule (HTS) item number 9802.00.80; and

(6) textile luggage cut and assembled in the eligible CBI country from U.S. fabric formed from U.S. yarn and sewn in the Caribbean with U.S. thread.

The Senate intends that this new program of textile and apparel benefits will be administered in a manner consistent with the regulations that apply under the "Special Access Program" for textile and apparel articles from Caribbean and Andean Trade Preference Act countries, as described in 63 Fed. Reg. 16474-16476 (April 3, 1998). Thus, the requirement that products must be assembled from fabric formed in the United States applies to all textile components of the assembled products, including linings and pocketing, subject to the exceptions that currently apply under the "Special Access Program."

*Conference agreement*

The House recedes with an amendment that provides duty-free, quota-free treatment to the following apparel products:

(1) apparel articles assembled in a CBTPA country from fabrics wholly formed and cut in the United States, from yarns wholly formed in the United States that are (I) entered under subheading 9802.00.80 of the HTS or (II) entered under chapter 61 or 62 of the HTS, if, after such assembly, the articles would have qualified for entry under subheading 9802.00.80 but for the fact that the articles were embroidered or subjected to stone-washing, enzyme-washing, acid washing, perma-pressing, oven-baking, bleaching, garment-dyeing, screen printing, or other similar processes;

(2) apparel articles cut in a CBTPA beneficiary country from fabric wholly formed in the United States from yarns wholly formed in the United States, if such articles are assembled in such country with thread formed in the United States;

(3) certain apparel articles knit-to-shape (other than socks provided for in heading 6115 of the HTS) in a CBTPA beneficiary country from yarns wholly formed in the United States, and knit apparel articles (other than certain T-shirts, as described below) cut and wholly assembled in one or more CBTPA beneficiary countries from fabric formed in one or more CBTPA beneficiary countries or the United States from yarns wholly formed in the United States, in an amount not to exceed 250 million square meter equivalents (SMEs) during the 1-year period beginning on October 1, 2000. That amount will increase by 16 percent, compounded annually, in each succeeding 1-year period through September 30, 2004. In each 1-year period thereafter through September 30, 2008, the amount will be the amount that was in effect for the 1-year period ending on Sep-

tember 30, 2004, or such other amount as may be provided by law. For T-shirts, other than underwear T-shirts, the amount eligible for duty-free, quota-free treatment is 4.2 million dozen during the 1-year period beginning on October 1, 2000. That amount will be increased by 16 percent, compounded annually, in each succeeding 1-year period through September 30, 2004 and thereafter will be the amount in effect for the period ending on September 30, 2004, or such other amount as may be provided by law. The conference agreement provides that it is the sense of Congress that the Congress should determine, based on the record of expansion of exports from the United States as a result of the preferential treatment of articles under this provision, the percentage by which the amounts referred to above with respect to knit-to-shape articles and T-shirts should be compounded for the one-year periods occurring after the period ending on September 30, 2004;

(4) certain brassieres, subject to the requirements set forth in the Act;

(5) certain articles assembled from fibers, yarns or fabric not widely available in commercial quantities, with reference to the relevant provisions of the NAFTA; the conference agreement also authorizes the President to extend duty-free and quota-free treatment to certain other fibers, fabrics and yarns. Any interested party may submit to the President a request for extension of benefits to fibers, fabrics and yarns not available. The requesting party will bear the burden of demonstrating that a change is warranted by providing sufficient evidence. The President must make a determination within 60 calendar days of receiving a request from an interested party;

(6) certain handloomed, handmade and folklore articles; and

(7) certain textile luggage, as described in the legislation.

The conference agreement establishes certain special rules:

(1) Findings and trimmings.—Articles otherwise eligible for preferential treatment shall not be ineligible for such treatment because the article contains findings or trimmings of foreign origin, if such findings and trimmings do not exceed 25 percent of the cost of the components of the assembled product. However, sewing thread shall not be treated as a finding or trimming for purposes of apparel articles cut in a CBTPA beneficiary country from fabric wholly formed in the United States from yarns wholly formed in the United States, where preferential treatment is contingent upon assembly with thread formed in the United States

(2) Interlinings.—Articles otherwise eligible for preferential treatment shall not be ineligible for such treatment because the articles contain certain interlinings, as described in the legislation, of foreign origin, if the value of such interlinings (and any findings and trimmings) does not exceed 25 percent of the cost of the components of the assembled articles. This rule will not apply if the President determines that United States manufacturers are producing such interlinings in the United States in commercial quantities;

(3) De Minimis.—An article otherwise ineligible for preferential treatment because the article contains fibers or yarns not wholly formed in the United States or in 1 or more beneficiary countries shall not be ineligible for such treatment if the total weight of all such fibers or yarns is not more than 7 percent of the total weight of the good. However, in order for an apparel article containing elastomeric yarns to be eligible for preferential treatment, such yarns must be wholly formed in the United States.

The conferees agree that offering trade benefits to CBI countries for certain apparel

products would be a valuable mechanism to promote long-term economic growth by enhancing the region's opportunities to expand trade with the United States. At the same time, the conferees believe these provisions would promote growth of U.S. exports and the use of U.S. fabric, yarn and cotton.

(4) Special Origin Rule.—An article otherwise eligible for preferential treatment shall not be ineligible for such treatment because the article contains nylon filament yarn (other than elastomeric yarn), if entered under certain tariff headings from a country that is a party to an agreement with the United States establishing a free trade area, which entered into force before January 1, 1995. The House position would have encompassed these articles. The Senate rule of origin would have precluded eligibility. The Senate recedes.

#### B. TRADE PREFERENCE LEVELS (TPLS)

##### *Present law*

Appendix 6(B) of NAFTA provides a limited exception to NAFTA rules of origin for textile and apparel goods. The exception takes the form of Tariff Preference Levels (TPLs), under which specific quantities of goods from each NAFTA country that do not meet NAFTA "yarn-forward" rules of origin will nonetheless be accorded NAFTA preferential tariff rates. Imports of such goods that exceed these quantities will be subject to Normal Trade Relations (NTR) duty rates. Under NAFTA, TPLs are available for three broad categories of products: (1) cotton or man-made apparel; (2) wool apparel; and, (3) goods entered under subheading 9802.00.80 of the HTS.

##### *House bill*

No provision. But Section 104(2)(B)(i) of H.R. 984, as passed by the Committee on Ways and Means authorizes USTR to establish TPLs for Caribbean textile and apparel products which are similar to those established for Mexican textile and apparel products in NAFTA. After consulting with the domestic industry and other interested parties, USTR is authorized to establish TPLs in the following categories at specified levels: not more than 45,000,000 square meter equivalents of cotton or man-made fiber apparel; not more 1,500,000 square meter equivalents of wool apparel; and, not more than 25,000,000 square meter equivalents of goods entered under subheading 9802.00.80 of the HTS.

##### *Senate amendment*

No provision.

##### *Conference agreement*

No provision.

#### 2. EFFECTIVE DATE AND TERMINATION OF TEMPORARY TREATMENT

##### *Present law*

CBI trade benefits were made permanent in 1990.

##### *House bill*

No provision, however under section 104, of H.R. 984 a temporary transitional period would begin upon date of enactment and end on the date that either NAFTA accession or a reciprocal free trade agreement enters into force with the partnership country, or on December 31, 2004, whichever is earlier.

##### *Senate amendment*

The Senate bill establishes a temporary transitional period of 51 months beginning on October 1, 2000, and ending on December 31, 2004.

##### *Conference agreement*

The Conference agreement establishes a transition period that begins on October 1, 2000 and ends on the earlier of September 30, 2008, or the date on which the Free Trade

Area of the Americas or another free trade agreement as described in the legislation enters into force with respect to the United States and the CBTPA beneficiary country.

#### 3. DESIGNATION CRITERIA

##### *Present law*

In determining whether to designate any country as a CBI beneficiary country, the President must take into account 7 mandatory and 11 discretionary criteria, which are listed in section 212 of the CBERA:

(1) whether the country is a Communist country;

(2) whether the country has nationalized, expropriated, or otherwise seized ownership or control of U.S. property (including intellectual property), unless he determines that prompt, adequate, and effective compensation has been or is being made, or good faith negotiations to provide such compensation are in progress, or the country is otherwise taking steps to discharge its international obligations, or a dispute over compensation has been submitted to arbitration;

(3) whether the country fails to act in good faith in recognizing as binding or in enforcing arbitral awards in favor of U.S. citizens;

(4) whether the country affords "reverse" preferences to developed countries and whether such treatment has or is likely to have a significant adverse effect on U.S. commerce;

(5) whether a government-owned entity in the country engages in the broadcast of copyrighted material belonging to U.S. copyright owners without their express consent or the country fails to work toward the provision of adequate and effective intellectual property rights;

(6) whether the country is a signatory to an agreement regarding the extradition of U.S. citizens;

(7) whether the country has or is taking steps to afford internationally recognized worker rights to workers in the country;

(8) an expression by the country of its desire to be designated;

(9) the economic conditions in the country, its living standards, and any other appropriate economic factors;

(10) the extent to which the country has assured the United States it will provide equitable and reasonable access to its markets and basic commodity resources;

(11) the degree to which the country follows accepted rules of international trade under the World Trade Organization;

(12) the degree to which the country uses export subsidies or imposes export performance or local content requirements which distort international trade;

(13) the degree to which the trade policies of the country are contributing to the revitalization of the region;

(14) the degree to which the country is undertaking self-help measures to protect its own economic development;

(15) the extent to which the country provides under its law adequate and effective means for foreign nationals to secure, exercise, and enforce exclusive intellectual property rights;

(16) the extent to which the country prohibits its nationals from engaging in the broadcast of copyrighted material belonging to U.S. copyright owners without their express consent; and

(17) the extent to which the country is prepared to cooperate with the United States in the administration of the Act.

Under the CBERA, the President is prohibited from designating a country a beneficiary country if any of criteria (1)–(7) apply to that country, subject to waiver, if the President determines that country designation will be in the U.S. national economic or security interest. The waiver does not apply

to criteria (4) and (6). Criteria (8)–(18) are discretionary. Under the CBERA, criteria on (7) is included as both mandatory and discretionary.

##### *House bill*

No provision, however H.R. 984, as approved by the Committee on Ways and Means, makes no change in country designation criteria established in the CBERA.

##### *Senate amendment*

Under the Senate bill, eligibility for the new trade benefits is left to the discretion of the President, but the proposal would provide specific guidance as to the criteria the President should apply in making that determination. The starting point under the Senate bill is compliance with the eligibility criteria set out in the original CBERA. The Senate bill would add certain trade-related criteria, such as the extent to which the beneficiary country fully implements the various Uruguay Round agreements, whether the beneficiary country affords adequate intellectual property protection and protection to U.S. investors, and the extent to which the country applies internationally accepted rules on government procurement and customs valuation.

This section of the Senate bill also adds other criteria that reflect important U.S. initiatives. They include, among others, the extent to which the country has become a party to and implements the Inter-American Convention Against Corruption, is or becomes a party to a convention regarding the extradition of its nationals, satisfies the criteria for counter-narcotics certification under section 490 of the Foreign Assistance Act of 1961, and provides internationally recognized worker rights.

##### *Conference agreement*

The conference agreement provides that the President, in designating a country as eligible for the enhanced CBTPA benefits, shall take into account the existing eligibility criteria established under CBERA, as well as other appropriate criteria, including whether a country has demonstrated a commitment to undertake its WTO obligations and participate in negotiations toward the completion of the FTAA or comparable trade agreement, the extent to which the country provides intellectual property protection consistent with or greater than that afforded under the Agreement on Trade-Related Aspects of Intellectual Property Rights, the extent to which the country provides internationally recognized worker rights, whether the country has implemented its commitments to eliminate the worst forms of child labor, the extent to which a country has taken steps to become a party to and implement the Inter-American Convention Against Corruption, and the extent to which the country applies transparent, nondiscriminatory and competitive procedures in government procurement equivalent to those included in the WTO Agreement on Government Procurement and otherwise contributes to efforts in international fora to develop and implement international rules in transparency in government procurement.

In evaluating a potential beneficiary's compliance with its WTO obligations, the conferees expect the President to take account of the extent to which the country follows the rules on customs valuation set forth in the WTO Customs Valuation Agreement. With respect to intellectual property protection, it is the intention of the conferees that the President will also take into account the extent to which potential beneficiary countries are providing or taking steps to provide protection of intellectual property rights comparable to the protections provided to the United States in bilateral intellectual property agreements.

In evaluating a potential beneficiary's performance with respect to the existing eligibility criteria under CBERA, the conferees expect that the President will take into account, in evaluating a potential beneficiary's performance with respect to subsections (b)(2) and (c)(5) of section 212 of CBERA, the extent that beneficiary countries are providing or taking steps to provide protection of investment and investors comparable to the protection provided to the United States in bilateral investment treaties. And with respect to evaluating a potential beneficiary's performance with respect to subsection (c)(3) of CBERA relating to market access, the conferees intend that the President shall take into account the extent to which the country provides the United States and other WTO members nondiscriminatory, equitable, and reasonable market access with respect to the products that will receive the enhanced benefits provided under the CBTPA.

#### 4. GENERAL REVIEW OF COUNTRIES

##### *Present law*

Section 212(f) of the CBERA requires the President to submit to the Congress every three years a complete report regarding the operation of the CBI program, including the results of a general review of beneficiary countries.

##### *House bill*

No provision, however section 104 of H.R. 984 amends section 212(f) of the CBERA to provide that the next review take place one year after the effective date of H.R. 984 and subsequent reviews occur at three year intervals thereafter. The bill requires the President to report to Congress on a triennial basis regarding the benefits accorded under the terms of H.R. 984. The review will be based on the 18 eligibility criteria listed in section 212 of the CBERA, as further interpreted by the bill. These criteria address such issues as intellectual property protection, investment protection, market access, worker rights, cooperation in administering the program, and the degree to which the country follows accepted rules of international trade provided for under the World Trade Organization. The President may determine, based on the review, whether to withdraw, suspend, or limit new parity benefits. Existing authority in the CBERA would continue to withdraw, suspend, or limit current benefits at any time based on the criteria under existing laws.

##### *Senate amendment*

No provision.

##### *Conference Agreement*

No provision.

#### 5. SAFEGUARDS

##### *Present law*

The import relief procedures and authorities under sections 201-204 of the Trade Act of 1974 apply to imports from CBI beneficiary countries, as they do to imports from other countries. If CBI imports cause serious injury, or threat of such injury, to the domestic industry producing a like or directly competitive article, section 213(e) of the CBERA authorizes the President to suspend CBI duty-free treatment and proclaim a rate of duty or other relief measures.

Under NAFTA, the United States may invoke a special safeguard provision at any time during the tariff phase-out period if a NAFTA-origin textile or apparel good is being imported in such increased quantities and under such conditions as to cause "serious damage, or actual threat thereof," to a domestic industry producing a like or directly competitive good. The President is authorized to either suspend further duty reductions or increase the rate of duty to the

NTR rate for up to three years. The NAFTA also provides for a "quantitative restriction" safeguard, which the United States or Mexico may invoke against "non-originating" textile or apparel goods, using the standard of "serious damage, or actual threat thereof."

##### *House bill*

Under H.R. 984, normal safeguard authorities under CBERA would apply to imports of all products except textiles and apparel. The NAFTA equivalent safeguard authorities would apply to imports of textile and apparel products from CBI countries, except that, under the bill, the United States, if it applied a safeguard action, would not be obligated to provide equivalent trade liberalizing compensation to the exporting country.

##### *Senate amendment*

Identical provision except that the Senate bill does not contain provide a "quantitative restriction" safeguard.

##### *Conference agreement*

Senate provision.

#### 6. TERMINATION OR WITHDRAWAL OF BENEFITS

##### *Present law*

The President may withdraw or suspend designation of any beneficiary country or withdraw, suspend, or limit the application of duty-free treatment to any article from any country if he determines that, as a result of changed circumstances, the country is not meeting criteria set forth in the statute for beneficiary country designation. The President must publish at least 30-days advance notice of the proposed action. The U.S. Trade Representative shall accept written public comments and hold a public hearing on the proposed action.

##### *House bill*

No provision. But under H.R. 984, all country designation criteria apply as under the CBERA. The President may withdraw, suspend, or limit the application of duty-free or preferential quota treatment to any article if he determines the country or the product, based on changed circumstances, should be barred from eligibility. The bill makes no change in the President's authority to withdraw, suspend, or limit current benefits under the CBERA at any time.

##### *Senate amendment*

The Senate bill provides that the President may withdraw or suspend the designation of a CBERA beneficiary country or withdraw, suspend, or limit duty-free treatment if, as a result of changed circumstances, the country no longer satisfies the mandatory eligibility criteria or fails adequately to meet one or more of the discriminatory criteria.

The Senate bill also provides that the President may withdraw or suspend the designation of CBTEA beneficiary country or CBTEA benefits if the President determines that, as result of changed circumstances, the country's performance is not satisfactory under the CBTEA eligibility criteria.

##### *Conference agreement*

The Conference Agreement merges the House and Senate provisions. The Conferees believes that it is appropriate to retain broad authority for the President to withdraw, suspend, or limit benefits under the CBERA and to provide similar authority for the President with respect to the new trade benefits under the bill.

#### D. CUSTOMS PROCEDURES AND PENALTIES FOR TRANSSHIPMENT

##### *Present law*

Under the NAFTA, Parties to the Agreement must observe Customs procedures and documentation requirements, which are established in Chapter 5 of NAFTA. Require-

ments regarding Certificates of Origin for imports receiving preferential tariffs are detailed in Article 502.1 of NAFTA.

##### *House bill*

No provision, but H.R. 984, as approved by the Committee on Ways and Means, requires the Secretary of the Treasury to prescribe regulations that require, as a condition of entry, that any importer of record claiming preferential tariff treatment for textile and apparel products under the bill must comply with requirements similar in all material respects to the requirements regarding Certificates of Origin contained in Article 502.1 of NAFTA, for a similar importation from Mexico. In addition, if an exporter is determined under the laws of the United States to have engaged in illegal transshipment of textile or apparel products from a partnership country, then the President shall deny all benefits under the bill to such exporter, and to any successors of such exporter, for a period of 2 years.

No provision. H.R. 984 requires the Commissioner of Customs to conduct a study analyzing the extent to which each partnership country has: 1) cooperated with the United States in instances of circumvention or alleged circumvention of existing quotas on imports of textile and apparel products; and 2) has taken appropriate measures consistent with its laws and domestic procedures to prevent transshipment and circumvention from taking place.

##### *Senate amendment*

The Senate bill provides that if the President determines that an exporter has engaged in transshipment with respect to textile and apparel products from a beneficiary country, the President shall deny all enhanced benefits to such exporter and any successor for a period of 2 years. In cases where the President has requested a beneficiary country to take action to prevent transshipment and the country has failed to do so, the President shall reduce the quantities of textile and apparel articles that may be imported into the U.S. from that country by three times the quantity of articles transshipped.

##### *Conference agreement*

The Conference Agreement merges the House and Senate provisions, but clarifies that the President may only "triple-charge" quotas to the extent that such action is consistent with WTO rules. The conferees believe these transshipment provisions will address concerns that increasing trade with the Caribbean Basin region could result in illegal transshipment of textile and apparel products through the region.

#### F. DUTY-FREE TREATMENT FOR CERTAIN BEVERAGES MADE WITH CARIBBEAN RUM

##### *Present law*

Rum and beverages made with rum are eligible for duty-free entry into the United States both under the CBI program and NAFTA, provided that they meet the CBI or NAFTA rules of origin and other requirements. When Caribbean rum is processed in Canada into a rum beverage and the beverage is exported from Canada into the United States, it is not eligible for duty-free treatment under either the CBI or NAFTA. Specifically, the beverage is ineligible for duty-free treatment under CBI, because it is not shipped directly from a beneficiary country to the United States as the CBI rules require. The beverage does not qualify for NAFTA duty-free treatment, because the processing in Canada is not sufficient to qualify it as a NAFTA "originating good."

##### *House bill*

No provision, however section 106 of H.R. 984, as approved by the Committee on Ways

and Means, amends the CBERA to accord duty-free treatment to certain beverages imported from Canada if: 1) the rum is the growth, product, or manufacture of a beneficiary country or the U.S. Virgin Islands; 2) the rum is imported directly into Canada, and the beverages made from it are imported directly from Canada into the United States; and 3) the rum accounts for at least 90 percent by volume of the alcoholic content of the beverages. This provision would ensure that certain rum beverages that originate in the CBI, but which are processed in Canada, are not denied duty-free treatment under the CBERA.

*Senate amendment*

No provision.

*Conference agreement*

Adopt provisions from H.R. 984.

G. MEETING OF CARIBBEAN TRADE  
MINISTERS AND USTR

*Present law*

No provision.

*House bill*

No provision, however section 107 of H.R. 984, as approved by the Committee on Ways and Means directs the President to convene a meeting with the trade ministers of CBI partnership countries in order to establish a schedule of regular meetings, to commence as soon as practicable, of the trade ministers and USTR. The purpose of the meetings is to advance consultations between the United States and partnership countries concerning the likely timing and procedures for initiating negotiations for partnership countries to: (1) accede to NAFTA; or (2) enter into comprehensive, mutually advantageous trade agreements with the United States that contain comparable provisions to NAFTA, and would make substantial progress in achieving the negotiation objectives listed in Section 108(b)(5) of Public Law 103-182. This provision is intended to encourage the United States Trade Representative to expand efforts to increase trade with countries in the Caribbean Basin region.

*Senate amendment*

No provision.

*Conference agreement*

Adopt provision of H.R. 984, with minor amendments.

TITLE III—NORMAL TRADE RELATIONS

SEC. 301. PERMANENT NORMAL TRADE  
RELATIONS FOR ALBANIA

*Present law*

Albania's trade status is currently governed by title IV of the Trade Act of 1974, as amended by the Customs and Trade Act of 1990 (title IV). Section 402 of title IV (also known as the Jackson-Vanik amendment) sets forth requirements relating to freedom of emigration, which must be met or waived by the President in order for the President to grant nondiscriminatory normal trade relations (NTR) status to non-market economy countries. Title IV also requires that a trade agreement remain in force between the United States and a non-market economy country receiving NTR status and sets forth minimum provisions which must be included in such agreement.

Albania, which was first granted NTR status in 1992, was found to be in full compliance with the Jackson-Vanik freedom of emigration requirements on December 5, 1997. Since then, NTR has been granted to Albania subject to semiannual review and disapproval by a Joint Resolution of Congress.

*House bill*

No provision.

*Senate amendment*

Section 701 of the Senate amendment authorizes the President to determine that

title IV should no longer apply to Albania and to proclaim permanent normal trade relations (PNTR) for Albania. Application of title IV shall terminate with respect to Albania on the effective date of the President's extension of PNTR.

*Conference agreement*

The House recedes to the Senate.

The conferees note that Albania has concluded a bilateral investment treaty with the United States and been very cooperative with NATO and the international community during and after the Kosova crisis. Albania is also currently negotiating to join the World Trade Organization.

SEC. 302. PERMANENT NORMAL TRADING  
RELATIONS FOR KYRGYZSTAN

*Present law*

Kyrgyzstan's NTR status is currently governed by title IV of the Trade Act of 1974, as amended by the Customs and Trade Act of 1990 (title IV). Section 402 of title IV (also known as the Jackson-Vanik amendment) sets forth requirements relating to freedom of emigration, which must be met or waived by the President in order for the President to grant nondiscriminatory normal trade relations (NTR) status to non-market economy countries. Title IV also requires that a trade agreement remain in force between the United States and a non-market-economy country receiving NTR status and sets forth minimum provisions which must be included in such agreement.

Kyrgyzstan, which was granted NTR in 1992, was found to be in full compliance with the Jackson-Vanik freedom of emigration requirements on December 5, 1997. Since then, NTR has been granted to Kyrgyzstan subject to semiannual review, and disapproval by a Joint Resolution of Congress.

Kyrgyzstan joined the World Trade Organization (WTO) on December 20, 1998, and the United States was forced to invoke Article XIII of the Agreement Establishing the World Trade Organization, which allows the United States to withhold application of the WTO Agreements with respect to Kyrgyzstan until the United States extends it permanent normal trade relations status.

*House bill*

No provision.

*Senate amendment*

Section 702 of the Senate amendment authorizes the President to determine that title IV should no longer apply to Kyrgyzstan and to proclaim PNTR for Kyrgyzstan. Application of title IV shall terminate with respect to Kyrgyzstan on the effective date of the President's extension of PNTR.

*Conference agreement*

The House recedes to the Senate.

The conferees recognize that title IV of the Trade Act of 1974 has promoted the right to emigrate. Since the dissolution of the Soviet Union, minority groups have secured the return of communal properties confiscated during the Soviet period, thereby facilitating the reemergence of communal organizations and participation in domestic affairs. Based upon the report on compliance with title IV, the conferees conclude that Kyrgyzstan is in compliance with the emigration provisions of title IV and should be graduated from title IV, thereby permitting the extension of permanent normal trade relations to Kyrgyzstan.

With respect to national minorities, the conferees note that the member states of the Organization for Security and Cooperation in Europe (OSCE), including the former USSR and its successor states, have committed to "adopt, where necessary, special measures for the purpose of ensuring to persons be-

longing to national minorities full equality . . . individually as well as in community with other members of their group."

The conferees note that Kyrgyzstan is the first former Soviet state to be graduated from Jackson-Vanik and expect that the graduation of other successor states to the former Soviet Union will be contingent upon a thorough public assessment of their laws and policies regarding emigration.

TITLE IV—OTHER TRADE PROVISIONS

SEC. 401. REPORT ON EMPLOYMENT AND TAA

*Present law*

Title II of the Trade Act of 1974, as amended, authorizes three trade adjustment assistance (TAA) programs for the purpose of providing assistance to individual workers and firms that are adversely affected by import competition. Those programs are: the general TAA program for workers, which provides training and income support for workers adversely affected by import competition; the TAA program for firms, which provides technical assistance to qualifying firms; and the North American Free Trade Agreement Act (NAFTA) transitional adjustment assistance program which provides training and income support for workers who may be adversely impacted by imports from or production shifts to Canada and/or Mexico.

*House bill*

No provision.

*Senate amendment*

Section 703 of the Senate amendment requires GAO to submit a report to Congress within 9 months after the date of enactment offering specific data and recommendations concerning the effectiveness and efficiency of inter-agency and federal-state coordination of a number of worker training programs, including the general TAA program for workers, the NAFTA Transitional Adjustment Assistance program, the Workforce Investment Act of 1998 and the federal unemployment insurance program. GAO would be required to examine the compatibility of the existing worker retraining/compensation programs, the effects of foreign trade and shifts in production on workers in the United States and the impact that the trade effects and production shifts have had on "secondary" workers, i.e., those whose jobs are affected indirectly by import competition because their customers were adversely affected by imports or production shifts. The amendment responds to the concern that there are conflicting requirements in the worker retraining programs, including eligibility requirements and the benefits available. It also aims at establishing an objective assessment of the impact of imports and production shifts on job loss in the United States.

*Conference agreement*

The House recedes to the Senate.

SEC. 402. TRADE ADJUSTMENT ASSISTANCE

*Present law*

Title II of the Trade Act of 1974, as amended, authorizes three trade adjustment assistance (TAA) programs for the purpose of providing assistance to individual workers and firms that are adversely affected by import competition. Those programs are: the general TAA program for workers, which provides training and income support for workers adversely affected by import competition; the TAA program for firms, which provides technical assistance to qualifying firms; and the North American Free Trade Agreement Act (NAFTA) transitional adjustment assistance program which provides training and income support for workers who may be adversely impacted by imports from

or production shifts to Canada and/or Mexico. Under the general TAA program for workers, a worker must be certified by the Secretary of Labor as eligible for benefits before applying for the assistance. A worker is not eligible for benefits, however, if they have applied for such assistance after the expiration of the 2-year period beginning with the worker's initial certification for benefits by the Secretary of Labor.

*House bill*

No provision.

*Senate amendment*

Section 704 of the Senate amendment provides that a group of workers who will lose their jobs at a nuclear power plant in Oregon that is closing would be eligible for TAA benefits, notwithstanding the fact that their original eligibility for TAA benefits, as determined by the Labor Department, expired more than two years ago. In 1993, the Department of Labor certified workers at a nuclear power plant near Portland, Oregon, as eligible for TAA benefits as a result of increased competition from imports of electricity from British Columbia. The plant was slated to be shut down and has been going through the decommissioning process since that time. Because of the length of time it takes to decommission a nuclear power plant, a number of workers kept their jobs for several years and would otherwise be ineligible for TAA benefits because of the expiration of the initial certification. This provision would reinstate their eligibility for TAA.

*Conference agreement*

The House recedes to the Senate.

SEC. 403. RELIQUIDATION OF CERTAIN NUCLEAR FUEL ASSEMBLIES

*Present law*

Nuclear fuel rods containing fuel elements are classifiable under Harmonized Tariff System (HTS) subheading 8401.30.00, which provides for "fuel elements (cartridges), non-irradiated, and parts thereof." Prior to the adoption of the HTS in 1989, these fuel elements were classifiable in a separate duty free provision under the Tariff Schedules of the United States Annotated (TSUSA).

*House bill*

No provision.

*Senate amendment*

Section 708 authorizes the Secretary of the Treasury, upon a proper request filed no later than 90 days after the enactment of the Act, to reliquidate as free of duty five identified entries of nuclear fuel assemblies, and refund duties paid on each identified entry, including duties paid on October 4, 1994, referenced in Customs Service Collection Receipt Number 527006753.

*Conference agreement*

The House recedes to the Senate, with an amendment to correct a date of entry.

SEC. 404. REPORTS TO THE FINANCE AND WAYS AND MEANS COMMITTEES

*Present law*

Section 607 of the Foreign Operations, Export Financing, and Related Appropriations Act, 1999 (as contained in section 101(d) of division A of the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999) (112 Stat. 2681-224) directs the Administration to report to certain Congressional Committees on various issues. Among these were a certification by the Treasury Secretary and the Chairman of the Federal Reserve Board that the International Monetary Fund is requiring borrowers to liberalize restrictions on trade in goods and services, consistent with the terms of all international trade agreements of which the borrowing country is a signatory. The Secretary

of the Treasury is also directed to periodically report on the progress of efforts to reform the architecture of the international monetary system, with a focus on minimizing disruptions in patterns of trade.

Section 1704(b) of the International Financial Institutions Act (22 U.S.C. 262r-3(b)) requires the Secretary of the Treasury to report to certain Congressional Committees semiannually on financial stabilization programs led by the IMF in connection with financing from the Exchange Stabilization Fund. The reports are to include a description of the degree to which recipient countries are ensuring that no government subsidies or tax privileges will be provided to bail out individual corporations, particularly in the semiconductor, steel, and paper industries. Also, the report is to include a description of the trade policies of the countries involved, including any unfair trade practices or adverse effects of the trade policies on the U.S.

Section 1705(a) of the International Financial Institutions Act (22 U.S.C. 262r-5(a)) requires the Secretary of the Treasury to report to certain Congressional committees annually on the state of the international financial system.

Section 1706(a) of the International Financial Institutions Act (22 U.S.C. 262r-5(a)) requires the Comptroller General to report to certain Congressional committees on the trade policies of IMF borrower countries.

Section 629 of the Treasury and General Government Appropriations Act, 1999 requires the Administration to report to certain Congressional committees on the protection of United States borders against drug traffic.

Although each of these reports is required to address international trade issues, none are specifically directed to the Senate Finance or House Ways and Means Committees.

*House bill*

No provision.

*Senate amendment*

Sec. 710 of the Senate amendment includes the Finance and Ways and Means Committees among those Congressional Committees receiving the certifications and reports on international trade and international economic issues which are otherwise mandated by section 607 of the Foreign Operations, Export Financing, and Related Appropriations Act, 1999 (Pub. L. 105-277; 112 Stat. 2681-224); section 1704(b) of the International Financial Institutions Act (22 U.S.C. 262r-3(b)); section 1705(a) of the International Financial Institutions Act (22 U.S.C. 262r-5(a)); section 1706(a) of the International Financial Institutions Act (22 U.S.C. 262r-5(a)); section 629 of the Treasury and General Government Appropriations Act, 1999.

*Conference agreement*

The House recedes to the Senate.

SEC. 405. CLARIFICATION OF SECTION 334 OF THE URUGUAY ROUND AGREEMENTS ACT

*Present law*

Section 334 of the Uruguay Round Agreements Act (URAA) (P.L. 103-465) (1994), commonly referred to as the Breaux-Cardin rules of origin for textile and apparel, directed the Secretary of the Treasury to prescribe rules for determining the origin of textile and apparel products. Under those new rules, fabrics and certain products (such as scarves and handkerchiefs) derive their origin in the country where the fabric is woven or knitted (notwithstanding any further processing such as dyeing and printing). In addition, the country of origin of any other textile or apparel product is the country in which the textile or apparel product is wholly assem-

bled. Under the multicountry rule, origin is conferred in the country in which the most important assembly or manufacturing process occurs, or if origin cannot be determined in this manner, origin is conferred in the last country in which important assembly or manufacturing occurs.

*House bill*

No provision.

*Senate amendment*

Section 711 would reinstate the rules of origin that existed prior to URAA for certain products. Specifically, the amendment would confer origin as the country in which dyeing, printing, and two or more finishing operations were done on fabrics classified under the HTS as of silk, cotton, man-made, and vegetable fibers. This rule would also apply to various products classified in 18 identified HTS subheadings (mostly flat products) except for goods made from cotton, wool, or fiber blends containing 16 percent or more of cotton.

*Conference agreement*

The House recedes to the Senate.

Prior to the Breaux-Cardin enactment, the rules of origin permitted the processes of dyeing and printing to confer origin when accompanied by two or more finishing operations for certain products. Under the new regulations prescribed by the Secretary of the Treasury, certain fabrics, silk handkerchiefs and scarves were considered to originate where the base fabric was knit and woven, notwithstanding any further processing.

In May 1997, the European Union (EU) requested consultations in the World Trade Organization (WTO) with the United States, charging that the changes to the rules of origin made by URAA violated United States obligations under a number of agreements: the Agreement on Textiles and Clothing, the Agreement on Rules of Origin, the Agreement on Technical Barriers to Trade, and the General Agreement on Tariffs and Trade. A number of countries requested third-party participation in the dispute. A "process-verbal" was concluded between the two countries in July 1997, which was later amended. Formal consultations were held in January 1999.

In August 1999, the United States and the EU agreed to settle the dispute. A second "process-verbal" concluded between the two countries obligates the U.S. Administration to submit legislation which, as described above, amends the rule-of-origin requirements in section 334 of the URAA in order to allow dyeing, printing, and two or more finishing operations to confer origin on certain fabrics and goods. In particular, this dyeing and printing rule would apply to fabrics classified under the Harmonized Tariff Schedule (HTS) as silk, cotton, man-made, and vegetable fibers. The rule would also apply to the various products classified in 18 specific subheadings of the HTS listed in the bill, except for goods made from cotton, wool, or fiber blends containing 16 percent or more of cotton.

SEC. 406. CHIEF AGRICULTURAL NEGOTIATOR

*Present law*

Currently, a special Trade Negotiator with the rank of Ambassador serves as the Chief Negotiator for agricultural trade in the Office of the United States Trade Representative. The position is not established in statute.

*House bill*

No provision.

*Senate amendment*

Section 712 amends section 141 of the Trade Act of 1974 ((19 U.S.C.) 2171) to establish in

statute within the Office of the United States Trade Representative a Chief Agricultural Negotiator with the rank of Ambassador who shall be appointed by the President, by and with the advice and consent of the Senate. As an exercise of the rulemaking power of the Senate, any nomination of a Deputy United States Trade Representative or the Chief Agricultural Negotiator submitted to the Senate for its advice and consent, and referred to a committee, shall be referred to the Committee on Finance.

The principal function of the Chief Agricultural Negotiator shall be to conduct trade negotiations, enforce trade agreements relating to United States agricultural products and service, and be a vigorous advocate on behalf of United States agricultural interests.

#### *Conference agreement*

The House recedes to the Senate.

#### SEC. 407. REVISION OF RETALIATION LIST OR OTHER REMEDIAL ACTION

#### *Present law*

No provision.

#### *House bill*

No provision.

#### *Senate amendment*

Section 713 of the Senate amendment amends the Trade Act of 1974 to require the United States Trade Representative (USTR) to make periodic revisions of retaliation lists 120 days from the date the retaliation list is made and every 180 days thereafter. The purpose of this provision is to facilitate efforts by the USTR to enforce the rights of the United States in instances where another World Trade Organization (WTO) member fails to comply with the results of a dispute settlement proceeding.

#### *Conference agreement*

The House recedes to the Senate. The conferees added language that requires the USTR to include on any retaliation list reciprocal goods of the industries affected by the failure of the World Trade Organization member to implement the decision of the WTO. This new provision does not apply when the preliminary or initial retaliation list does not include any reciprocal goods of the industries affected.

The conferees are of the view that compliance with dispute settlement panel and Appellate Body decisions is essential to the successful operation of the WTO. This objective has been threatened by non-compliance in some recent cases brought by the United States—particularly in disputes with the European Union involving beef and bananas.

It is the view of the Conferees that this provision affirms authority already available to the U.S. Trade Representative under the Trade Act of 1974. It is further the view of the conferees that this provision is consistent with the United States international obligations under the Dispute Settlement Understanding of the WTO, and that the USTR would retain ample discretion and authority to ensure that retaliation implemented by the United States remained within the levels authorized by the WTO. As the provision makes clear, actions taken by the USTR are intended to be structured carefully and to effectuate substantial changes that will maximize the likelihood of compliance by the losing member. The Ways and Means and Finance Committees will monitor those actions to ensure that changes are made consistent with that intention.

With regard to pending cases in which the United States has taken retaliatory measures, and in which the initial timetable for action laid out in the provision has already passed, the conferees expect that the USTR will undertake the initial action required by

the provision no later than 30 days after the enactment of the law, and will undertake any subsequently required action every 180 days thereafter. It is also the sense of the conferees that USTR should vigorously defend the authority granted under the statute with its trading partners.

#### SEC. 408. REPORT ON TAA FOR AGRICULTURAL COMMODITY PRODUCERS

#### *Present law*

Title II of the Trade Act of 1974, as amended, authorizes three trade adjustment assistance (TAA) programs for the purpose of providing assistance to individual workers and firms that are adversely affected by import competition. Those programs are: the general TAA program for workers, which provides training and income support for workers adversely affected by import competition; the TAA program for firms, which provides technical assistance to qualifying firms; and the North American Free Trade Agreement Act (NAFTA) transitional adjustment assistance program which provides training and income support for workers who may be adversely impacted by imports from or production shifts to Canada and/or Mexico.

#### *House bill*

No provision.

#### *Senate amendment*

Section 715 of the Senate amendment requires that the Secretary of Labor, not later than 4 months after enactment of the provision and in consultation with the Secretary of Agriculture and Secretary of Commerce, shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report that examines the applicability to farmers of trade adjustment assistance programs under title II of the Trade Act of 1974. The report will also set forth recommendations to improve the operation of those programs as they apply to farmers or to establish a new trade adjustment assistance program for farmers.

#### *Conference agreement*

The House recedes to the Senate.

#### SEC. 409. AGRICULTURE TRADE NEGOTIATING OBJECTIVES AND CONSULTATIONS WITH CONGRESS

#### *Present law*

No provision.

#### *House bill*

No provision.

#### *Senate amendment*

Section 723 of the Senate amendment consists of three sections. The first section lists findings of the Congress. The second section contains the specific agricultural negotiating objectives of the United States for the World Trade Organization's agriculture negotiations mandated by the Uruguay Round. The third section mandates consultations with Congress at specific points during the negotiations.

#### *Conference Agreement*

The House recedes to the Senate.

#### SEC. 410. ENTRY PROCEDURES FOR FOREIGN TRADE ZONE OPERATIONS

#### *Present law*

Section 484 of the Tariff Act of 1930 (19 U.S.C. 1484) sets forth the procedures for the entry of merchandise imported into the United States. Under section 484, the Customs Service has permitted a limited weekly entry procedure for foreign trade zones (FTZ) since May 12, 1986 (as authorized by T.D. 86-16, 51 Fed. Reg. 5040). This procedure has been limited to merchandise which is manufactured or changed into its final form

just prior to its transfer from the zone. Section 637 of the Customs Modernization Act (included as title VI of the North American Free Trade Agreement Implementation Act, Pub. L. 103-182, 107 Stat. 2057) provided the Customs Service with additional statutory support for the weekly entry procedure.

#### *House bill*

No provision.

#### *Senate amendment*

Sec. 302 of the Senate amendment amends Section 484 of the Tariff Act of 1930 (19 U.S.C. 1484) to allow merchandise withdrawn from a foreign-trade zone during a week (i.e., any 7 calendar day period) to be the subject of a single entry, at the option of the zone operator or user. Such an entry is treated under the new provision as a single entry or release of merchandise for purposes of assessment of the merchandise processing fee of 19 U.S.C. 8c(a)(9)(A) and thus may not be assessed such fee in excess of the fee limitations provided for under 19 U.S.C. 58c(b)(8)(A)(i). All other pertinent exceptions and exclusions from the merchandise processing fee would also apply, as appropriate. The amendment establishes a new section 19 U.S.C. 1484(a)(3). The provision is self executing and accordingly does not require the issuance of implementing regulations by the Secretary of the Treasury in order for it to go into effect.

The net effect of the provision is to require Customs to expand the weekly entry system (which currently is only available to certain manufactured goods) to permit FTZ operators and users to use a weekly entry system, under certain limitations, if they so choose. This expanded procedure allows for goods stored in a FTZ for the purpose of warehouse and distribution to be removed from the zone under a weekly Customs entry process. This provision would also mean that the merchandise processing fee (MPF) that Customs collects would be collected on the basis of that single weekly entry at the same rate applicable to any other single entry of such merchandise into the Customs territory of the United States.

#### *Conference agreement*

The House recedes to the Senate.

While the Customs Service issued proposed regulations to expand the weekly entry system (62 Fed. Reg. 12129 (March 14, 1997) consistent with Congress' intent as set out in the Customs Modernization Act, those regulations were never finalized. The conferees intend the new provision to remedy that failure by requiring such treatment as a matter of law.

The new provision is not intended to qualify, limit or restrict any foreign-trade zone weekly entry procedures now in effect. Rather, it is intended to broaden the availability of weekly entry procedures to all zones, including general purpose zones and special purpose subzones, and to all zone operations and processes authorized by law. Consistent with the Foreign Trade Zones Act, the new procedure is available for merchandise of every description, except such as is prohibited by law, regardless of whether such merchandise is of the same class, type or category or of different classes, types, and categories.

The conferees are mindful of the revenue impact of this expanded procedure, but the conferees also believe that, consistent with the notion of a user fee, the MPF is not a revenue raiser for Customs expenses, but instead is intended to cover the cost of the service U.S. Customs provides.

The conferees also believe that the Customs Service pilot procedure to expand the weekly entry filing procedures to activities other than manufacturing operations is consistent with Congress' intent relating to

periodic entry for weekly entries for merchandise from general purpose foreign trade zones, as set out in the Mod Act. Section 637 of the Mod Act, which amended 19 U.S.C. 1484 concerning the entry of merchandise generally, among other things, provides further statutory support for the weekly entry procedure. Part 1, page 136 of the Ways and Means NAFTA Implementation Act Report (103-361) reflects the intent of Congress. The report states, "in developing the regulations for periodic entry, the Committee intends that Customs will allow for weekly and monthly entries for merchandise shipments from general purpose foreign trade zones and subzones."

SEC. 411. GOODS MADE WITH FORCED OR  
INDENTURED CHILD LABOR

*Present law*

Section 307 of the Tariff Act of 1930 prohibits the importation of articles made by convict labor or/and forced labor or/and indentured labor under penal sanctions.

*House bill*

No provision.

*Senate amendment*

Section 707 of the Senate bill amends section 307 of the Tariff Act of 1930 to clarify that the ban on articles made with forced or/and indentured labor includes those articles made with forced or/and indentured child labor.

*Conference agreement*

The House recedes to Senate.

SEC. 412. WORST FORMS OF CHILD LABOR

*Present law*

No provision.

*House bill*

No provision.

*Senate amendment*

Section 722 provides that no benefits under the Act (with respect to the provisions covering sub-Saharan Africa, CBI, or GSP) shall be granted to countries that fail to meet and effectively enforce the standards established by ILO Convention No. 182 on the Worst Forms of Child Labor.

*Conference agreement*

The conference agreement adds a new eligibility criterion to the Generalized System of Preferences so that the President shall not designate a country for benefits if it has not implemented its obligations to eliminate the worst forms of child labor. The conference agreement adopts the GSP program's standard for purposes of the eligibility criteria applicable to the additional trade benefits extended to African beneficiary countries. The conferees intend that the GSP standard, including the provision with respect to implementation of obligations to eliminate the worst forms of child labor, apply to eligibility for those additional benefits.

The conferees note the tremendous progress on the elimination of the worst forms of child labor accomplished in the International Labor Organization through the unanimous approval of ILO Convention No. 182. The conferees believe that the practices described in the Convention, as agreed by all ILO members, represent heinous activities that should not be tolerated. For this reason the conferees are willing for the first time to include an eligibility criterion relating to whether a country has implemented its obligations to eliminate the worst forms of child labor. The conferees recognize that the convention represents the international standard on the worst forms of child labor and have accordingly defined the worst forms of child labor using the definition in ILO Convention No. 182.

It is the expectation of the conferees that the beneficiaries of the Africa, CBI and GSP programs will join the United States in ratifying ILO Convention No. 182 as soon as possible and promptly come into compliance with the procedural requirements of that convention including the submission to the ILO of the National Action Plans required by the convention, the designation of a competent authority responsible for the implementation of the convention and the submission of annual reports to the ILO identifying steps taken to implement the provisions of the convention.

In determining whether a country is complying with the terms of section 502(b)(2)(G) with respect to GSP (and related provisions with respect to benefits for sub-Saharan Africa), the conferees intend that the President consider (1) whether the country has adequate laws and regulations proscribing the worst forms of child labor; (2) whether the country has adequate laws and regulations for the implementation and enforcement of such measures; (3) whether the country has established formal institutional mechanisms to investigate and address complaints relating to allegations of the worst forms of child labor; (4) whether social programs exist in the country to prevent the engagement of children in the worst forms of child labor, and to assist with the removal of children engaged in the worst forms of child labor; (5) whether the country has a comprehensive policy for the elimination of the worst forms of child labor; and (6) whether the country is making continual progress toward eliminating the worst forms of child labor.

The conferees intend that the phrase "work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of children" be defined as provided in Article II of Recommendation No. 190, which accompanies ILO Convention No. 182. Accordingly, work that is "likely to harm the health, safety or morals of children" includes work that exposes children to physical, psychological, or sexual abuse; work underground, under water, at dangerous heights or in confined spaces; work with dangerous machinery, equipment or tools, or work under circumstances which involve the manual handling or transport of heavy loads; work in an unhealthy environment that exposes children to hazardous substances, agents or processes, or to temperatures, noise levels, or vibrations damaging to their health; and work under particularly difficult conditions such as for long hours, during the night or under conditions where children are unreasonably confined to the premises of the employer.

The conferees further intend that the phrase "work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of children" be interpreted in a manner consistent with the intent of Article 4 of ILO Convention No. 182, which states that such work shall be determined by national laws or regulations or by the competent authority in the country involved. In addition, the conferees intend that the phrase generally not apply to situations in which children work for their parents on bona fide family farms or holdings.

The conferees expect that the Secretary of Labor, in preparing the report required under section 504, will invite public comment to assist in the preparation of his or her findings to be incorporated in each annual report. The conferees expect that the President, in making determinations under section 504(d) with respect to the withdrawal, suspension or limitation of benefits, will take into account the findings of the Secretary of Labor.

TITLE V—IMPORTS OF CERTAIN WOOL  
ARTICLES

*Present law*

Under current law, worsted wool fabric imported into the United States is subject to tariffs of 29.4 percent, whereas apparel articles made from such fabric, such as men's suits, may be imported at a tariff rate of 19.3 percent. By applying a higher tariff to the input product, the tariff schedule provides an incentive for the importation of the more-labor intensive and higher-value-added apparel item. That inversion has been compounded by the reduction of tariffs applicable to men's wool suits under U.S. free trade agreements, with the effect that U.S. suit-makers face a still more considerable competitive disadvantage relative to imports of suits from Canada and Mexico because the difference in tariffs applicable to worsted wool fabric relative to the zero rate of duty paid on imports of suits is the full 19.3 percent of the tariff applicable to fabric imported by such manufacturers.

*House bill*

No provision.

*Senate amendment*

Section 721 of the Senate amendment expresses the sense of the Senate that United States trade policy should, taking into account the conditions among U.S. producers, place a priority on the elimination of tariff inversions that undermine the competitiveness of United States consuming industries.

*Conference agreement*

The conferees agree to reduce tariffs on worsted wool fabric intended for use in the manufacture of men's suits, suit-type jackets, and trousers in order to limit the tariff inversion U.S. suit-makers face in the purchase of such fabric. For worsted wool fabric containing greater than or equal to 85 percent wool intended for use in the suit market made from fiber averaging 18.5 micron or less in diameter, the applicable tariff would be reduced from the current U.S. rate on such fabric to a level equivalent to the current Canadian "most favored nation" ("MFN") rate applicable to imports of such fabric, to a quantity equaling 1.5 million square meter equivalents each year. For worsted wool fabric of the type used in the manufacture of men's suits made from fiber greater than 18.5 micron, the applicable tariff would be reduced from the current U.S. rate on such fabric to the current U.S. rate on worsted wool suit-type jackets, up to a quantity equaling 2.5 million square meter equivalents each year. The conference agreement suspends the current U.S. tariff on worsted wool yarn containing greater than or equal to 85 percent wool of average fiber diameter of 18.5 micron or finer and on wool fiber and wool top made from wool fiber of an average diameter of 18.5 micron and finer from the current U.S. normal trade relations (NTR) rate to zero.

The conference agreement also authorizes the President to grant additional tariff relief on wool fabric of up to 1 million square meter equivalents per year for worsted wool fabric from fiber of 18.5 micron and finer and up to 1 million square meter equivalents per year for worsted wool fabric from fiber greater than 18.5 micron. Expanding the quantity of fabric to which the tariff reductions would apply would depend each year on the President's determination with respect to then-current market conditions in the United States markets for suits, fabric, yarn and fiber. In particular, the President should focus on growth in production and the relative competitiveness and health of both the suit-making and fabric manufacturing industries in the United States.

Under the conference agreement, the President is obliged to monitor market conditions

in the United States and, toward that end, establish statistical suffixes in the Harmonized Tariff Schedule sufficient for the collection of certain data on imports of worsted wool fabric and apparel. The President has residual authority to reduce the applicable tariffs on imports of worsted wool fabric in order to take into account any staged reductions in the U.S. tariff rate applicable to worsted wool suits and the Canadian tariff rate applicable to worsted wool fabric that serve as benchmark rates under the conference report.

The conference report requires the President or his or her designee to allocate the available tariff relief on worsted wool fabric among manufacturers of the apparel items identified in the agreement based on historical production. The same principle would apply to the President's allocation of other tariff relief provided under these provisions of the conference agreement.

The conference agreement also provides for the refund of certain duties in each of three succeeding years on imports of worsted wool fabric used in men's and boys' suits, suit-type jackets and trousers, worsted wool yarn, wool fiber and wool top. In each instance, a U.S. manufacturer of a downstream product would be eligible for a refund of duties currently paid on certain inputs up to an amount that is one-third of the duties actually paid by such importing U.S. manufacturer on such items in calendar year 1999. In the case of worsted wool fabric, for example, a U.S. suit-maker would be eligible to claim a refund during calendar year 2000 for one-third of the duties paid on such fabric during calendar year 1999. The same refund schedule applies to a fabric-maker's importation of wool yarn, wool fiber, and wool top.

The conference agreement creates a fund for research and market development for American wool-growers that would assist in disseminating information that would help the industry improve the quality of the fiber provided and its production methods. The conference report sets aside duties collected under the HTS chapter relating to the products covered by these provisions—wool fiber and top and worsted wool yarn and fabric up to an amount of \$2.25 million per year in each fiscal year from 2000-2003. It is the intent of the conferees that the United States Department of Agriculture shall designate an experienced cooperator such as the American Wool Council as the trust fund's representative for the purposes of this provision.

The conferees direct the President to determine what mechanisms are available under the North American Free Trade Agreement (NAFTA), the World Trade Organization and U.S. domestic law to alleviate the serious injury to the U.S. wool suit and fabric industries as a result of the Canadian wool tariff preference level under the NAFTA. The President shall recommend that the U.S. Trade Representative undertake the appropriate steps necessary to help remedy the adverse effect on this sector's competitiveness, and shall report his recommendations to the Committee on Ways and Means of the House of Representatives and the Senate Committee on Finance by January 1, 2001.

#### TITLE VI—REVENUE PROVISIONS

##### A. LIMITATION ON THE USE OF NON-ACCRUAL EXPERIENCE METHOD OF ACCOUNTING

(SEC. 21 OF THE HOUSE BILL, SEC. 504 OF THE SENATE AMENDMENT, AND SEC. 448 OF THE CODE)

###### *Present law*

An accrual method taxpayer generally must recognize income when all the events have occurred that fix the right to receive the income and the amount of the income

can be determined with reasonable accuracy. An accrual method taxpayer may deduct the amount of any receivable that was previously included in income that becomes worthless during the year.

Accrual method taxpayers are not required to include in income amounts to be received for the performance of services which, on the basis of experience, will not be collected (the "non-accrual experience method"). The availability of this method is conditioned on the taxpayer not charging interest or a penalty for failure to timely pay the amount charged. The Secretary of the Treasury has published temporary regulations<sup>1</sup> requiring the use of a formula comparing receivables not collected to total receivables earned during the testing period in determining the portion of the amount which, on the basis of experience, will not be collected. The temporary regulations provide that no other method or formula may be used by a taxpayer in determining the uncollectible amounts under this subsection.

A cash method taxpayer is not required to include an amount in income until it is received. A taxpayer generally may not use the cash method if purchase, production, or sale of merchandise is an income producing factor. Such taxpayers generally are required to keep inventories and use an accrual method of accounting. In addition, corporations (and partnerships with corporate partners) generally may not use the cash method of accounting if their average annual gross receipts exceed \$5 million. An exception to this \$5 million rule is provided for qualified personal service corporations. A qualified personal service corporation is a corporation (1) substantially all of whose activities involve the performance of services in the fields of health, law, engineering, architecture, accounting, actuarial science, performing arts or consulting and (2) substantially all of the stock of which is owned by current or former employees performing such services, their estates or heirs. Qualified personal service corporations are allowed to use the cash method without regard to whether their average annual gross receipts exceed \$5 million.

###### *House bill*

The House bill provides that the non-accrual experience method will be available only for amounts to be received for the performance of qualified personal services. Amounts to be received for the performance of all other services will be subject to the general rule regarding inclusion in income. Qualified personal services are personal services in the fields of health, law, engineering, architecture, accounting, actuarial science, performing arts or consulting. As under present law, the availability of the method is conditioned on the taxpayer not charging interest or a penalty for failure to timely pay the amount.

*Effective date.*—The provision of the House bill is effective for taxable years ending after the date of enactment. Any change in the taxpayer's method of accounting necessitated as a result of the proposal will be treated as a voluntary change initiated by the taxpayer with the consent of the Secretary of the Treasury. Any required section 481(a) adjustment is to be taken into account over a period not to exceed four years under principles consistent with those in Rev. Proc. 99-49.<sup>2</sup>

###### *Senate amendment*

The Senate amendment is the same as the House bill.

<sup>1</sup>Treas. Reg. sec. 1.448-2T.

<sup>2</sup>1999-52 I.R.B. 725.

###### *Conference agreement*

The conference agreement does not include the House bill or the Senate amendment provision.

##### B. ADD CERTAIN VACCINES AGAINST STREPTOCOCCUS PNEUMONIAE TO THE LIST OF TAXABLE VACCINES

(SEC. 22 OF THE HOUSE BILL AND SECS. 4131 AND 4132 OF THE CODE)

###### *Present law*

A manufacturer's excise tax is imposed at the rate of 75 cents per dose (sec. 4131) on the following vaccines recommended for routine administration to children: diphtheria, pertussis, tetanus, measles, mumps, rubella, polio, HIB (haemophilus influenza type B), hepatitis B, varicella (chicken pox), and rotavirus gastroenteritis. In addition, the Ticket to Work and Work Incentives Improvement Act of 1999 (Pub. L. No. 106-170, December 17, 1999) added any conjugate vaccine against streptococcus pneumoniae to the list of taxable vaccines. The tax applied to any vaccine that is a combination of vaccine components equals 75 cents times the number of components in the combined vaccine.

Amounts equal to net revenues from this excise tax are deposited in the Vaccine Injury Compensation Trust Fund ("Vaccine Trust Fund") to finance compensation awards under the Federal Vaccine Injury Compensation Program for individuals who suffer certain injuries following administration of the taxable vaccines. This program provides a substitute Federal, "no fault" insurance system for the State-law tort and private liability insurance systems otherwise applicable to vaccine manufacturers and physicians. All persons immunized after September 30, 1988, with covered vaccines must pursue compensation under this Federal program before bringing civil tort actions under State law.

###### *House bill*

The House bill would add any conjugate vaccine against streptococcus pneumoniae to the list of taxable vaccines.

###### *Senate amendment*

No provision.

###### *Conference agreement*

No provision. However, the provision was enacted in the Ticket to Work and Work Incentives Improvement Act of 1999.

##### C. MODIFICATION OF INSTALLMENT METHOD AND REPEAL OF INSTALLMENT METHOD FOR ACCRUAL METHOD TAXPAYERS

(SEC. 501 OF THE SENATE AMENDMENT AND SECS. 453 AND 453A OF THE CODE)

###### *Present law*

The installment method of accounting allows a taxpayer to defer the recognition of income from the disposition of certain property until payment is received. Sales to customers in the ordinary course of business are not eligible for the installment method, except for sales of property that is used or produced in the trade or business of farming and sales of timeshares and residential lots if an election to pay interest under section 453(1)(2)(B) is made. The Ticket to Work and Work Incentives Improvement Act of 1999 prohibits the use of the installment method for a transaction that would otherwise be required to be reported using the accrual method of accounting, effective for dispositions occurring on or after December 17, 1999.

A pledge rule provides that if an installment obligation is pledged as security for any indebtedness, the net proceeds<sup>3</sup> of such indebtedness are treated as a payment on the

<sup>3</sup>The net proceeds equal the gross loan proceeds less the direct expenses of obtaining the loan.

obligation, triggering the recognition of income. Actual payments received on the installment obligation subsequent to the receipt of the loan proceeds are not taken into account until such subsequent payments exceed the loan proceeds that were treated as payments. The pledge rule does not apply to sales of property used or produced in the trade or business of farming, to sales of timeshares and residential lots where the taxpayer elects to pay interest under section 453(1)(2)(B), or to dispositions where the sales price does not exceed \$150,000. The Ticket to Work and Work Incentives Improvement Act of 1999 provides that the right to satisfy a loan with an installment obligation will be treated as a pledge of the installment obligation, effective for dispositions occurring on or after December 17, 1999.

#### House bill

No provision.

#### Senate amendment

The Senate amendment contains provisions prohibiting the use of the installment method for a transaction that would otherwise be required to be reported using the accrual method of accounting and expanding the pledge rule.

#### Conference agreement

No provision. The provisions in the Senate amendment were enacted in the Ticket to Work and Work Incentives Improvement Act of 1999.

#### D. IMPOSE LIMITATION ON PREFUNDING OF CERTAIN EMPLOYEE BENEFITS

(SEC. 502 OF THE SENATE AMENDMENT AND SECS. 419A AND 4976 OF THE CODE)

#### Present law

Under present law, contributions to a welfare benefit fund generally are deductible when paid, but only to the extent permitted under the rules of sections 419 and 419A. The amount of an employer's deduction in any year for contributions to a welfare benefit fund cannot exceed the fund's qualified cost for the year minus the fund's after-tax income for the year. With certain exceptions, the term qualified cost means the sum of (1) the amount that would be deductible for benefits provided during the year if the employer paid them directly and was on the cash method of accounting, and (2) within limits, the amount of any account consisting of assets set aside for the payment of disability benefits, medical benefits, supplemental unemployment compensation or severance pay benefits, or life insurance benefits. The account limit for a qualified asset account for a taxable year is generally the amount reasonably and actuarially necessary to fund claims incurred but unpaid (as of the close of the taxable year) for benefits with respect to which the account is maintained and the administrative costs incurred with respect to those claims. Specific additional reserves are allowed for future provisions of post-retirement medical and life insurance benefits.

The deduction limits of sections 419 and 419A for contributions to welfare benefit funds do not apply in the case of certain 10-or-more employer plans. A plan is a 10-or-more employer plan if (1) more than one employer contributes to it, and (2) no employer is normally required to contribute more than 10 percent of the total contributions contributed under the plan by all employers. The exception is not available if the plan maintains experience-rating arrangements with respect to individual employees.

If any portion of a welfare benefit fund reverts to the benefit of an employer, an excise tax equal to 100 percent of the reversion is imposed on the employer.

#### House bill

No provision.

#### Senate amendment.

The Senate amendment limits the present-law exception to the deduction limit for 10-or-more employer plans to plans that provide only medical benefits, disability benefits, and qualifying group-term life insurance benefits to plan beneficiaries. The legislative history provides that it is intended that a plan will not be treated as failing to provide only medical benefits, disability benefits, and qualifying group-term life insurance benefits to plan beneficiaries merely because the plan provides certain de minimis ancillary benefits addition to medical, disability, and qualifying group-term life insurance benefits (e.g., accidental death and dismemberment insurance, group-term life insurance coverage for dependents and directors, business travel insurance, and 24-hour accident insurance). Such ancillary benefits are considered de minimis only if the total premiums for all such insurance coverages for the year do not exceed 2 percent of the total contributions to the plan for the year for all employers. Of course, any benefits provided are includable in income unless expressly excluded under a specific provision under the Code.

The legislative history also provides that, for purposes of this provision, qualifying group-term life insurance benefits do not include any arrangements that permit a plan beneficiary to directly or indirectly access all or part of the account value of any life insurance contract, whether through a policy loan, a partial or complete surrender of the policy, or otherwise. The legislative history provides that it is intended that qualifying group-term life insurance benefits do not include any arrangement whereby a plan beneficiary may receive a policy without a stated account value that has the potential to give rise to an account value whether the exchange of such policy for another policy that would have an account value or otherwise.

Under the Senate amendment, the 10-or-more employer plan exception is no longer available with respect to plans that provide supplemental unemployment compensation, severance pay, or life insurance (other than qualifying group-term life insurance) benefits. Thus, the generally applicable deduction limits (sections 419 and 419A) apply to plans providing these benefits.

In addition, if any portion of a welfare benefit fund attributable to contributions that are deductible pursuant to the 10-or-more employer exception (and earnings thereon) is used for a purpose other than for providing medical benefits, disability benefits, or qualifying group-term life insurance benefits to plan beneficiaries such portion is treated as reverting to the benefit of the employers maintaining the fund and is subject to the imposition of the 100-percent excise tax.<sup>4</sup> Thus, for example, cash payments to employees upon termination of the fund, and loans or other distributions to the employee or employer, would be treated as giving rise to a reversion that is subject to the excise tax.

The legislative history indicates that no inference is intended with respect to the validity of any 10-or-more employer arrangement under the provisions of present law.

**Effective date.**—The Senate amendment is effective with respect to contributions paid or accrued on or after June 9, 1999, in taxable years ending after such date.

#### Conference agreement

No provision.

<sup>4</sup>For purposes of the provision, medical benefits, disability benefits, and qualifying group-term life insurance benefits include de minimis ancillary benefits as described above.

#### E. TREATMENT OF GAIN FROM CONSTRUCTIVE OWNERSHIP TRANSACTIONS

(SEC. 503 OF THE SENATE AMENDMENT AND SEC. 1260 OF THE CODE)

#### Present law

The maximum individual income tax rate on ordinary income and short-term capital gain is 39.6 percent, while the maximum individual income tax rate on long-term capital gain generally is 20 percent. Long-term capital gain means gain from the sale or exchange of a capital asset held more than one year. For this purpose, gain from the termination of a right with respect to property which would be a capital asset in the hands of the taxpayer is treated as capital gain.<sup>5</sup>

A pass-thru entity (such as a partnership) generally is not subject to Federal income tax. Rather, each owner includes its share of a pass-thru entity's income, gain, loss, deduction or credit in its taxable income. Generally, the character of the item is determined at the entity level and flows through to the owners.

Investors may enter into forward contracts, notional principal contracts, and other similar arrangements with respect to property that provides the investor with the same or similar economic benefits as owning the property directly but with potentially different tax consequences as to the character and timing of any gain. The Ticket to Work and Work Incentives Improvement Act of 1999 limits the amount of long-term capital gain a taxpayer can recognize from certain "constructive ownership transactions;" any excess gain is treated as ordinary income.

#### House bill

No provision.

#### Senate amendment

The Senate amendment provision limits the amount of long-term capital gain a taxpayer can recognize from certain constructive ownership transactions with respect to certain financial assets. This provision was enacted in the Ticket to Work and Work Incentives Improvement Act of 1999.

#### Conference agreement

No provision. However, the provision was enacted in the Ticket to Work and Work Incentives Improvement Act of 1999.

#### F. REQUIRE CONSISTENT TREATMENT AND PROVIDE BASIS ALLOCATION RULES FOR TRANSFER OF INTANGIBLES IN CERTAIN NON-RECOGNITION TRANSACTIONS

(SEC. 505 OF THE SENATE AMENDMENT AND SECS. 351 AND 721 OF THE CODE)

#### Present law

Generally, no gain or loss is recognized if one or more persons transfer property to a corporation solely in exchange for stock in the corporation and, immediately after the exchange such person or persons are in control of the corporation. Similarly, no gain or loss is recognized in the case of a contribution of property in exchange for a partnership interest. Neither the Internal Revenue Code nor the regulations provide the meaning of the requirement that a person "transfer property" in exchange for stock (or a partnership interest). The Internal Revenue Service interprets the requirement consistent with the "sale or other disposition of property" language in the context of a taxable disposition of property. See, e.g., Rev. Rul. 69-156, 1969-1 C.B. 101. Thus, a transfer of less than "all substantial rights" to use property will not qualify as a tax-free exchange and stock received will be treated as payments for the use of property rather than

<sup>5</sup>Section 1234A, as amended by the Taxpayer Relief Act of 1997.

for the property itself. These amounts are characterized as ordinary income. However, the Claims Court has rejected the Service's position and held that the transfer of a non-exclusive license to use a patent (or any transfer of "something of value") could be a "transfer" of "property" for purposes of the nonrecognition provision. See *E.I. DuPont de Nemours & Co. v. U.S.*, 471 F.2d 1211 (Ct. Cl. 1973).

#### House bill

No provision.

#### Senate amendment

The Senate amendment treats a transfer of an interest in intangible property constituting less than all of the substantial rights of the transferor in the property as a transfer of property for purposes of the nonrecognition provisions regarding transfers of property to controlled corporations and partnerships. In the case of a transfer of less than all of the substantial rights, the transferor is required to allocate the basis of the intangible between the retained rights and the transferred rights based upon their respective fair market values.

No inference is intended as to the treatment of these or similar transactions prior to the effective date.

**Effective date.**—The provision is effective for transfers on or after the date of enactment.

#### Conference agreement

No provision.

#### G. INCREASE ELECTIVE WITHHOLDING RATE FOR NONPERIODIC DISTRIBUTIONS FROM DEFERRED COMPENSATION PLANS

(SEC. 506 OF THE SENATE AMENDMENT AND SEC. 3405 OF THE CODE)

#### Present law

Present law provides that income tax withholding is required on designated distributions from employer deferred compensation plans (whether or not such plans are tax qualified), individual retirement arrangements ("IRAs"), and commercial annuities unless the payee elects not to have withholding apply. A designated distribution does not include any payment (1) that is wages, (2) the portion of which it is reasonable to believe is not includible in gross income, (3) that is subject to withholding of tax on non-resident aliens and foreign corporations (or would be subject to such withholding but for a tax treaty), or (4) that is a dividend paid on certain employer securities (as defined in sec. 404(k)(2)).

Tax is generally withheld on the taxable portion of any periodic payment as if the payment is wages to the payee. A periodic payment is a designated distribution that is an annuity or similar periodic payment.

In the case of a nonperiodic distribution, tax generally is withheld at a flat 10-percent rate unless the payee makes an election not to have withholding apply. A nonperiodic distribution is any distribution that is not a periodic distribution. Under current administrative rules, an individual receiving a nonperiodic distribution can designate an amount to be withheld in addition to the 10-percent otherwise required to be withheld.

Under present law, in the case of a nonperiodic distribution that is an eligible rollover distribution, tax is withheld at a 20-percent rate unless the payee elects to have the distribution rolled directly over to an eligible retirement plan (i.e., an IRA, a qualified plan (sec. 401(a)) that is a defined contribution plan permitting direct deposits of rollover contributions, or a qualified annuity plan (sec. 403(a)). In general, an eligible rollover distribution includes any distribution to an employee of all or any portion of the balance to the credit of the employee in a qualified

plan or qualified annuity plan. An eligible rollover distribution does not include any distribution that is part of a series of substantially equal periodic payments made (1) for the life (or life expectancy) of the employee or for the joint lives (or joint life expectancies) of the employee and the employee's designated beneficiary, or (2) over a specified period of 10 years or more. An eligible rollover distribution also does not include any distribution required under the minimum distribution rules of section 401(a)(9), hardship distributions from section 401(k) plans, or the portion of a distribution that is not includible in income. The payee of an eligible rollover distribution can only elect not to have withholding apply by making the direct rollover election.

#### House bill

#### H. PROVISIONS RELATING TO REAL ESTATE INVESTMENT TRUSTS ("REITS")

(SECS. 610-622 OF THE SENATE AMENDMENT AND SECS. 852, 856, AND 857 OF THE CODE)

#### Present law

In general, a real estate investment trust ("REIT") is an entity that receives most of its income from passive real estate related investments and that receives pass-through treatment for income that is distributed to shareholders. If an electing entity meets the qualifications for REIT status, the portion of its income that is distributed to the investors each year generally is taxed to the investors without being subjected to tax at the REIT level.

A REIT must satisfy a number of tests on a year-by-year basis that relate to the entity's: (1) organizational structure; (2) source of income; (3) nature of assets; and (4) distribution of income.

Under the organizational structure test, except for the first taxable year for which an entity elects to be a REIT, the beneficial ownership of the entity must be held by 100 or more persons. Generally, no more than 50 percent of the value of the REIT's stock can be owned by five or fewer individuals during the last half of the taxable year. Certain attribution rules apply in making this determination. No similar rule applies to corporate ownership of a REIT.

#### House bill

No provision.

#### Senate amendment

The Senate amendment contains a number of provisions relating to REITS. These include a provision generally limiting the level of investment a REIT can have in another entity to 10 percent of value (or vote), except in the case of taxable REIT subsidiaries, for which specific rules are provided. The provisions also permit REITS to own and operate health care facilities under certain circumstances, modify the definition of independent contractor and of real estate rental income, modify the earnings and profits rules for REITs and for regulated investment companies ("RICs"), and modify the estimated tax rules for investors in certain closely held REITS.

The Senate amendment also imposes an additional requirement for REIT qualification that makes certain controlled entities ineligible for REIT status and imposes a number of related rules. Under that provision, except for the first taxable year for which an entity elects to be a REIT, no one person can own stock of a REIT possessing 50 percent or more of the combined voting power of all classes of voting stock or 50 percent or more of the total value of shares of all classes of stock of the REIT. For purposes of determining a person's stock ownership, rules similar to attribution rules for REIT qualification under present law apply (secs.

856(d)(5) and 856(h)(3)). the provision does not apply to ownership by a REIT of 50 percent or more of the stock (vote or value) of another REIT.

An exception applies for a limited period to certain "incubator REIT". An incubator REIT is a corporation that elects to be treated as an incubator REIT and that meets all the following other requirements. (1) it has only voting common stock outstanding, (2) not more than 50 percent of the corporation's real estate assets consist of mortgages, (3) from not later than the beginning of the last half of the second taxable year, at least 10 percent of the corporation's capital is provided by lenders or equity investors who are unrelated to the corporation's largest shareholder, (4), the corporation must annually increase the value of real estate assets by at least 10 percent, (5) the directors of the corporation must adopt a resolution setting forth an intent to engage in a going public transaction, and (6) no predecessor entity (including any entity from which the electing incubator REIT acquired assets in a transaction in which gain or loss was not recognized in whole or in part) had elected incubator REIT status.

The new ownership requirement does not apply to an electing incubator REIT until the end of the REIT's third taxable year; and can be extended for an additional two taxable years if the REIT so elects. However, a REIT cannot elect the additional two-year extension unless the REIT agrees that if it does not engage in a going public transaction by the end of the extended eligibility period, it shall pay Federal income taxes for the two years of the extended period as if it had not made an incubator REIT election and had ceased to qualify as a REIT for those two taxable years. In such case, the corporation shall file appropriate amended returns within 3 months of the close of the extended eligibility period. Interest would be payable, but no substantial underpayment penalties would apply except in cases where there is a finding that incubator REIT status was elected for a principal purpose other than as part of a reasonable plan to engage in a going public transaction. Notification of shareholders and any other person whose tax position would reasonably be expected to be affected is also required.

If an electing incubator REIT does not elect to extend its initial 2-year extended eligibility period and has not engaged in a going public transaction by the end of such period, it must satisfy the new control requirements as of the beginning of its fourth taxable year (i.e., immediately after the close of the last taxable year of the two-year initial extension period) or it will be required to notify its shareholders and other persons that may be affected by its tax status, and pay Federal income tax as a corporation that has ceased to qualify as a REIT at that time.

If the Secretary of the Treasury determines that an incubator REIT election was filed for a principal purpose other than as part of a reasonable plan to undertake a going public transaction, an excise tax of \$20,000 is imposed on each of the corporation's directors for each taxable year for which the election was in effect.

For purposes of determining whether a corporation has met the requirement that it annually increase the value of its real estate assets by 10 percent, the following rules shall apply. First, values shall be based on cost and properly capitalizable expenditures with no adjustment for depreciation. Second, the test shall be applied by comparing the value of assets at the end of the first taxable year with those at the end of the second taxable year and by similar successive taxable year comparisons during the eligibility period.

Third, if a corporation fails the 10 percent comparison tests for one taxable year, it may remedy the failure by increasing the value of real estate assets by 25 percent in the following taxable year, provided it meets all the other eligibility period requirements in that following taxable year.

A going public transaction is defined as either (1) a public offering of shares of stock of the incubator REIT, (2) a transaction, or series of transactions, that result in the incubator REIT stock being regularly traded on an established securities market (as defined in section 897) and being held by shareholders unrelated to persons who held such stock before it began to be so regularly traded, or (3) any transaction resulting in ownership of the REIT by 200 or more persons (excluding the largest single shareholder) who in the aggregate own least 50 percent of the stock of the REIT. Attribution rules apply in determining ownership of stock.

**Effective date.**—Under the Senate amendment, the provision denying REIT status to certain controlled entities is effective for taxable years ending after July 14, 1999. Any entity that elects (or has elected) REIT status for a taxable year including July 14, 1999, and which is both a controlled entity and has significant business assets or activities on such date, will not be subject to the proposal. Under this rule, a controlled entity with significant business assets or activities on July 14, 1999, can be grandfathered even if it makes its first REIT election after that date with its return for the taxable year including that date.

For purposes of the transition rules, the significant business assets or activities in place on July 14, 1999, must be real estate assets and activities of a type that would be qualified real estate assets and would produce qualified real estate related income for a REIT.

#### Conference agreement

No provision. However, the Senate amendment provisions, except for the provision what would have denied REIT status to certain controlled entities, were enacted in the Ticket to Work and Work Incentives Improvement Act of 1999.

#### I. MODIFICATION OF INDIVIDUAL ESTIMATED TAX SAFE HARBOR

(SEC. 623 OF THE SENATE AMENDMENT AND SEC. 6654 OF THE CODE)

#### Present law

Under present law, an individual taxpayer generally is subject to an addition to tax for any underpayment of estimated tax. An individual generally does not have an underpayment of estimated tax if he or she makes timely estimated tax payments at least equal to: (1) 90 percent of the tax shown on the current year's return or (2) 100 percent of the prior year's tax. For taxpayers with a prior year's AGI above \$195,000,<sup>6</sup> however the rule that allows payment of 100 percent of prior year's tax is modified. Those taxpayers with AGI above \$150,000 generally must make estimated payments based on either (1) 90 percent of the tax shown on the current year's return or (2) 110 percent of the prior year's tax.

For taxpayers with a prior year's AGI above \$150,000, the prior year's tax safe harbor is modified for estimated tax payments made for taxable years 2000 and 2002. For such taxpayers making estimated tax payments based on prior year's tax payments must be made based on 108.6 percent of prior year's tax for taxable year 2000<sup>7</sup> and 112 percent of prior year's tax for taxable year 2002.

<sup>6</sup>The threshold is \$75,000 for married taxpayers filing separately.

<sup>7</sup>This percentage was enacted in sec. 531 of P.L. 106-170, the Ticket to Work and Work Incentives Improvement Act of 1999 (December 17, 1999).

#### House bill

No provision.

#### Senate amendment

The Senate amendment further modifies the safe harbor rule by providing that taxpayers with prior year's AGI above \$150,000 who make estimated tax payments based on prior year's tax must do so based on 106.5 percent of prior year's tax for estimated tax payments made for taxable year 2000. Taxpayers with prior year's AGI above \$150,000 who made estimated tax payments based on prior year's tax must do so based on 106 percent of prior year's tax for estimated tax payments made for taxable year 2001. All other years remain as under present law.

**Effective date.**—The provision is effective for estimated payments made for taxable year beginning after December 31, 1999.

#### Conference agreement

No provision.

#### J. PROVIDE WAIVER FROM DENIAL OF FOREIGN TAX CREDITS

(SEC. 724 OF THE SENATE AMENDMENT AND SEC. 901(J) OF THE CODE)

#### Present law

In general, U.S. persons may credit foreign taxes against U.S. tax on foreign-source income. The amount of foreign tax credits that can be claimed in a year is subject to a limitation that prevents taxpayers from using foreign tax credits to offset U.S. tax on U.S.-source income. Separate limitations are applied to specific categories of income.

Pursuant to special rules applicable to taxes paid to certain foreign countries, no foreign tax credit is allowed for income, war profits, or excess profits taxed paid, accrued, or deemed paid to a country which satisfies specified criteria, to the extent that the taxes are with respect to income attributable to a period during which such criteria were satisfied (sec. 901(j)). Section 901(j) applies with respect to any foreign country: (1) the government of which the United States does not recognize, unless such government is otherwise eligible to purchase defense articles or services under the Arms Export Control Act, (2) with respect to which the United States has severed diplomatic relations, (3) with respect to which the United States has not severed diplomatic relations but does not conduct such relations, or (4) which the Secretary of State has, pursuant to section 6(j) of the Export Administration Act of 1979, as amended, designated as a foreign country which repeatedly provides support for acts of international terrorism (a "section 901(j) foreign country"). The denial of credits applies to any foreign country during the period beginning on the later of January 1, 1987, or six months after such country becomes a section 901(j) country, and ending on the date the Secretary of State certifies to the Secretary of the Treasury that such country is no longer a section 901(j) country.

Taxes treated as noncreditable under section 901(j) generally are permitted to be deducted notwithstanding the fact that the taxpayer elects use of the foreign tax credit for the taxable year with respect to other taxes. In addition, income for which foreign tax credits are denied generally cannot be sheltered from U.S. tax by other creditable foreign taxes.

Under the rules of subpart F, U.S. 10-percent shareholders of a controlled foreign corporation ("CFC") are required to include in income currently certain types of income of the CFC, whether or not such income is actually distributed currently to the shareholders (referred to as "subpart F income"). Subpart F income includes income derived from any foreign country during a period in which the taxes imposed by that country are

denied eligibility for the foreign tax credit under section 901(j).<sup>8</sup>

#### House bill

No provision.

#### Senate amendment

The Senate amendment provides that section 901(j) no longer applies with respect to a foreign country if: (1) the President determines that a waiver of the application of section 901(j) to such foreign country is in the national interest of the United States and will expand trade opportunities for U.S. companies in such foreign country, and (2) the President reports to the Congress, not less than 30 days before the waiver is granted, the intention to grant such a waiver and the reason for such waiver.

**Effective date.**—The provision is effective on or after February 1, 2001.

#### Conference agreement

The conference agreement follows the Senate amendment.

#### K. ACCELERATE RUM EXCISE TAX COVEROVER PAYMENTS TO PUERTO RICO AND THE U.S. VIRGIN ISLANDS

(SEC. 221 OF THE SENATE AMENDMENT AND SEC. 7652 OF THE CODE)

#### Present law

A \$13.50 per proof gallon<sup>9</sup> excise tax is imposed on distilled spirits produced in or imported (or brought) into the United States. The excise tax does not apply to distilled spirits that are exported from the United States or to distilled spirits that are consumed in U.S. possessions (e.g., Puerto Rico and the Virgin Islands).

The Code provides for coverover (payment) of \$13.25 per proof gallon of the excise tax imposed on rum imported (or brought) into the United States (without regard to the country of origin) to Puerto Rico and the Virgin Islands during the period July 1, 1999 through December 31, 2001. Effective on January 1, 2002, the coverover rate is scheduled to return to its permanent level of \$10.50 per proof gallon. The maximum amount attributable to the increased coverover rate over the permanent rate of \$10.50 per proof gallon that can be paid to Puerto Rico and the Virgin Islands before October 1, 2000 is \$20 million. Payment of this amount was made on January 3, 2000,<sup>10</sup> any remaining amounts attributable to the increased coverover rate are to be paid on October 1, 2000.

Amounts covered over to Puerto Rico and the Virgin Islands are deposited into the treasuries of the two possessions for use as those possessions determine.

#### House bill

No provision, but H.R. 984, as reported by the Committee on Ways and Means, would have provided an increase in the coverover amount to \$13.50 per proof gallon for the period June 30, 1999, and before October 1, 1999. (The conference report on the Ticket to Work and Work Incentives Improvement Act of 1999 (Pub. L. No. 106-170, December 17, 1999) subsequently increased the coverover rate from \$10.50 per proof gallon to \$13.25 per proof gallon, and enacted the \$20 million limit on transfer of the increased amount before October 1, 2000. The conference report

<sup>8</sup>Sec. 952(a)(5).

<sup>9</sup>A proof gallon is a liquid gallon consisting of 50 percent alcohol.

<sup>10</sup>The Department of the Interior, which administers the coverover payments for rum imported into the United States from the U.S. Virgin Islands, erroneously authorized full payment to the Virgin Islands of the increased coverover rate on that rum notwithstanding the statutory limit on these transfers for periods before October 1, 2000. The Bureau of Alcohol, Tobacco, and Firearms, which administers the coverover payments for the Virgin Islands' portion of tax collected on rum imported from other countries, complied with the statutory limit.

further indicated that the special payment rule would be reviewed during consideration of H.R. 434.)

#### *Senate amendment*

The Senate amendment is the same as the Ways and Means Committee-reported provisions of H.R. 984.

#### *Conference agreement*

The conference agreement provides that unpaid amounts attributable to the increase in the coverover rate to \$13.25 per proof gallon for the period from July 1, 1999 through the last day of the month prior to the date of enactment will be paid on the first monthly payment date following the date of enactment.<sup>11</sup> With respect to amounts attributable to the period beginning with the month of the conference agreement's enactment, payments will be based on the full \$13.25 per proof gallon rate.

The conference agreement further includes two clarifications to the rules governing coverover payments. First, clarification is provided that payments to the Virgin Islands with respect to rum imported from that possession are to be made annually in advance (based on estimates) as is the current administrative practice. Second, the conference agreement clarifies that the Internal Revenue Code provisions governing coverover payments are the exclusive authorize authority for making those payments.

*Effective date.*—The provision is effective on the date of enactment.

TRADE PROVISIONS NOT INCLUDED IN EITHER THE HOUSE OR SENATE BILL—ACCESS TO HIV/AIDS PHARMACEUTICALS AND MEDICAL TECHNOLOGIES

#### *Present law*

The Special 301 provisions of the Trade Act of 1974 require the President to identify, within 30 days after submission of the annual National Trade Estimates report to Congress, those foreign countries that deny adequate and effective protection of intellectual property rights or fair and equitable market access to U.S. persons that rely upon intellectual property protection, and those countries determined by USTR to be "priority foreign countries." The President is to identify as priority countries only those that have the most onerous or egregious acts, policies, or practices with the greatest adverse impact on the relevant U.S. products, and that are not entering into good faith negotiations or making significant progress in bilateral or multilateral negotiations to provide adequate and effective intellectual property rights protection.

#### *House bill*

No provision.

#### *Senate amendment*

Section 116 of the Senate bill seeks to address the issue of access to HIV/AIDS pharmaceuticals and medical technologies in the beneficiary countries of sub-Saharan Africa. In subsection (a), Congress finds that since the onset of the worldwide HIV/AIDS epidemic, approximately 34,000,000 people living in sub-Saharan Africa have been infected with the disease. Of those infected, approximately 11,500,000 have died, representing 83 percent of the total HIV/AIDS-related deaths worldwide. Subsection (b) expresses the sense of Congress that:

It is in the interest of the United States to take all necessary steps to prevent further

spread of infectious disease, particularly HIV/AIDS;

There is critical need for effective incentives to develop new pharmaceuticals, vaccines, and therapies to combat the HIV/AIDS crisis, especially effective global standards for protecting pharmaceutical and medical innovation;

The overriding priority for responding to the crisis on HIV/AIDS in sub-Saharan Africa should be the development of the infrastructure necessary to deliver adequate health care services, and of public education to prevent transmission and infection, rather than legal standards issues;

Individual countries should have the ability to determine the availability of pharmaceuticals and health care for their citizens in general, and particularly with respect to the HIV/AIDS epidemic.

Subsection (c) prohibits the Administration from seeking, through negotiation or otherwise, the revocation or revision of any intellectual property or competition law or policy that regulates HIV/AIDS pharmaceuticals or medical technologies of a beneficiary sub-Saharan African country if the law or policy promotes access to HIV/AIDS pharmaceuticals or medical technologies and the law or policy of the country provides adequate and effective intellectual property protection consistent with the Agreement on Trade-Related Aspects of Intellectual Property Rights referred to in section 101(d)(15) of the Uruguay Round Agreements Act.

#### *Conference agreement*

The Senate recedes to the House.

#### TRADE ADJUSTMENT ASSISTANCE

#### *Present law*

Title II of the Trade Act of 1974, as amended, authorizes three trade adjustment assistance (TAA) programs for the purpose of providing assistance to individual workers and firms that are adversely affected by import competition. Those programs are: (1) the general TAA program for workers, which provides training and income support for workers adversely affected by import competition; (2) the TAA program for firms, which provides technical assistance to qualifying firms; and (3) the North American Free Trade Agreement (NAFTA) Transitional Adjustment Assistance (NAFTA-TAA) program for workers (established by the North American Free Trade Agreement Implementation Act of 1993), which provides training and income support for workers adversely affected by imports from or production shifts to Canada and/or Mexico.

The authorizations for all three programs expire on September 30, 2001. At the time of the passage of the Senate bill, the authorization for these programs had expired on June 30, 1999.

#### *House bill*

No provision.

#### *Senate amendment*

Section 401 of the Senate bill reauthorizes each of the three TAA programs through September 30, 2001. It also caps the amount of money appropriated for any fiscal year from October 1, 1998 to September 30, 2001 at \$30,000,000.

Section 402 of the Senate bill requires the Secretary of Labor to certify as eligible for benefits under the general TAA program workers in textile and apparel firms who lose their jobs as a result of either (1) a decrease in the firm's sales or production; or (2) a firm's plant or facility closure or relocation.

#### *Conference agreement*

The Senate recedes to the House.

#### TRADE ADJUSTMENT ASSISTANCE FOR FARMERS

#### *Present law*

Title II of the Trade Act of 1974, as amended, authorizes three trade adjustment assist-

ance (TAA) programs for the purpose of providing assistance to individual workers and firms that are adversely affected by import competition. Those programs are: the general TAA program for workers, which provides training and income support for workers adversely affected by import competition; the TAA program for firms, which provides technical assistance to qualifying firms; and the North American Free Trade Agreement Act (NAFTA) transitional adjustment assistance program which provides training and income support for workers who may be adversely impacted by imports from or production shifts to Canada and/or Mexico.

#### *House bill*

No provision.

#### *Senate amendment*

The Trade Adjustment Assistance for Farmers provision would create a new TAA program for farmers as Chapter 6 of title II of the Trade Act of 1974. Under this new program, farmers would be eligible for cash assistance when commodity prices drop by more than 20 percent below the average for the previous five year period and imports contributed importantly to this price drop. When a commodity meets these criteria, individual farmers would be eligible to receive cash assistance equal to half the difference between the actual national average price for the year and 80 percent of the average price in the previous five years (the price trigger level), provided that the farmer's income had declined from the previous year. This assistance was capped at \$10,000 per farmer. The program is authorized at \$100 million annually and is to be administered by the Department of Agriculture.

#### REPORT ON DEBT RELIEF

#### *Present law*

No provision.

#### *House bill*

No provision.

#### *Senate amendment*

Section 705 of the Senate amendment requires the President to submit a report to Congress on the President's recommendations for: bilateral debt relief for sub-Saharan African countries; new loan, credit and guarantee programs for these countries; and the President's assessment of how debt relief will affect the ability of each country to participate fully in the international trading system.

#### *Conference agreement*

The Senate recedes to the House. Section 714 of the Senate bill, expressing Congress' support for comprehensive debt relief for the world's poorest countries, is included in Title I of the conference agreement.

#### SENSE OF SENATE REGARDING FAIR ACCESS TO JAPANESE TELECOMMUNICATIONS FACILITIES AND SERVICES

#### *Present law*

No provision.

#### *House bill*

No provision.

#### *Senate amendment*

Section 709 of the Senate amendment expresses the Sense of the Senate that the Administration should pursue efforts to open the Japanese telecommunications market, particularly to internet services. This provision notes that despite several bilateral agreements with Japan regarding its telecommunications market, the Senate remains concerned about Japan's excessive regulation and anti-competitive activity in the telecommunications sector. The provision urges the Administration to continue to pursue aggressively further market opening

<sup>11</sup> Thus, this provision of the conference agreement applies only to payments to Puerto Rico and to payments of the Virgin Islands' portion of tax on rum imported from other countries because the Interior Department erroneously has already paid in full amounts attributable to rum imported from the Virgin Islands.

with Japan as part of the multilateral negotiations that were to be launched at the WTO Ministerial in Seattle (November 30-December 3).

*Conference agreement*

The Senate recedes to the House.

REPORT ON WTO MINISTERIAL

*Present law*

No provision.

*House bill*

No provision.

*Senate amendment*

Section 709 of the Senate amendment expresses the Sense of Congress on the importance of the new round of international trade negotiations that was to be launched at the World Trade Organization (WTO) Ministerial Conference in Seattle, Washington from November 30 to December 3, 1999. Subsection (b) requires that the United States Trade Representative shall submit a report to Congress regarding any discussions on the Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994 (the Antidumping Agreement) and the Agreement on Subsidies and Countervailing Measures during the Seattle Ministerial Conference.

*Conference agreement*

The Senate recedes to the House.

MARKING OF IMPORTED JEWELRY

*Present law*

Section 304 of the Tariff Act of 1930 (19 U.S.C. §1304) requires that all articles of foreign origin imported into the United States "shall be marked in a conspicuous place as legibly, indelibly and permanently as the nature of the article (or container) will permit a manner to indicate to the ultimate purchaser in the United States the English name of the country of origin of the article." The provision authorizes several exceptions to this standard including where "such article is incapable of being marked" and "such article cannot be marked prior to shipment to the United States, except at an expense economically prohibitive of its importation." 19 U.S.C. §1304(3)(A), (C). Part 134, Customs Regulations (19 C.F.R. part 134), implements the country of origin marking requirements and exceptions of 19 U.S.C. 1304.

The Customs Service has not implemented any specific regulation with respect to costume jewelry. In practice, however, the Customs Service has interpreted the statute and its exceptions to permit articles of costume jewelry to be marked with a hang tag, applied tag, or similar labeling where the article is incapable of being marked in a more permanent manner or where it is economically prohibitive to indelibly mark the article.

*House bill*

No provision.

*Senate amendment*

Section 720 of the Senate bill directs the U.S. Department of Treasury to implement regulations, consistent with the existing statutory framework, with respect to the marking of costume jewelry of foreign origin within one year of the date of enactment of this bill. These regulations are intended to clarify the existing statutory standard and are to be modeled after the Customs Service's regulation with respect to Native American jewelry, codified in 19 C.F.R. §134.43(c).

The U.S. jewelry industry continues to report, however, that hang tags and labels on imported costume jewelry that are in place upon entry into the United States often disappear or are removed prior to the jewelry's display or sale. When country-of-origin markings do not appear on imported jewelry

or other items offered to the consumer, it constitutes a violation of federal marking law and prevents purchasers from being informed about the origin of such products.

*Conference agreement*

The Senate recedes to the House.

UNREASONABLE ACTS, POLICIES AND PRACTICES.

*Present law*

Sections 301-310 of the Trade Act of 1974 provides authority to the United States Trade Representative to enforce U.S. rights under international trade agreements. Section 301(a) authorizes the Trade Representative to take action to enforce such rights if the Trade Representative determines that an act, policy, or practice of a foreign country is unreasonable or discriminatory and burdens or restricts United States commerce. Section 301(d)(3)(B)(i) defines unreasonable acts, policies, and practices to include acts which deny fair and equitable market opportunities, including the toleration by a foreign government of systematic anticompetitive activities by enterprises in the foreign country that have the effect of restricting access of U.S. goods or services in that foreign market or a third country market.

*House bill*

No provision.

*Senate amendment*

Section 725 of the Senate amendment adds language to section 301(d)(3)(B)(i) to define unreasonable acts, policies, and practices which deny fair and equitable market opportunities as including predatory pricing, discriminatory pricing, or pricing below the cost of production if such acts, policies or practices are inconsistent with commercial practices. This provision also deletes the existing reference to systematic anticompetitive activities.

*Conference agreement*

The House recedes to the Senate.

From the Committee on International Relations, for consideration of the House bill and the Senate amendment, and modifications committed to conference:

BENJAMIN A. GILMAN,  
EDWARD R. ROYCE,  
SAM GEJDENSON,

From the Committee on Ways and Means, for consideration of the House bill and the Senate amendment, and modifications committed to conference:

BILL ARCHER,  
PHIL CRANE,  
CHARLES B. RANGEL,

As additional conferees, for consideration of the House bill and the Senate amendment, and modifications committed to conference:

AMO HOUGHTON,  
JOE HOEFFEL,

*Managers on the Part of the House.*

W.V. ROTH, Jr.,  
CHUCK GRASSLEY,  
TRENT LOTT,  
DANIEL P. MOYNIHAN,  
MAX BAUCUS,  
JOE BIDEN,

*Managers on the Part of the Senate.*

CONFERENCE REPORT ON H.R. 434  
AVAILABLE ON INTERNET

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

Mr. ROYCE. Mr. Speaker, I want to bring to the attention of the House that the conference report just filed for the Trade and Development Act of 2000, which contains the provisions of the

Africa CBI legislation, is now available on the Internet at [www.waysandmeans.com](http://www.waysandmeans.com).

□ 1015

DEBATE ABOUT CHINA IS  
NATIONAL SECURITY, NOT TRADE

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

Mr. TRAFICANT. Mr. Speaker, China is methodically developing a powerful military presence. China is building and buying missiles, tanks, aircrafts, and submarines. What China has not built, China has stolen from Uncle Sam, no less. To boot, China is doing all of this with our money. Beam me up.

The debate about China is not about trade, Mr. Speaker, it is about national security. I honestly believe our national security has been compromised by turning the Lincoln Bedroom into the Red Roof Inn. Think about that statement.

I yield back over 90 witnesses who took the Fifth Amendment when questioned about Chinese bribe money.

DEPARTMENT OF EDUCATION'S  
GROSS MISMANAGEMENT OF  
MONEY NO LONGER TOLERATED

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

Mr. GIBBONS. Mr. Speaker, earlier this year, the Department of Education notified 39 very fortunate students they had won the prestigious Jacob Javits Fellowship Award, a rather high honor for these students. But, unfortunately, a few days later, the Department called these very same students back to say, "Whoops, sorry, we were wrong. You actually did not win this award."

Well, not surprisingly, Mr. Speaker, this will cost the American taxpayers nearly \$4 million since, by law, the Department of Education now must provide these students with the promised scholarships even if awarded in error.

This mistake is not the first and probably will not be the last costly mistake for the Department of Education. Such mistakes simply highlight the agency's lack of responsibility in managing the Federal dollars appropriated for our children's education.

Gross mismanagement of the American taxpayer dollars can no longer be tolerated.

I yield back the failing and obvious delinquency of the Department of Education.

EDUCATION

(Ms. SCHAKOWSKY asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)