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I

102D CONGRESS
1ST SESSION

H. R. 1792

To amend the Foreign Assistance Act of 1961 to rewrite the authorities of that Act in order to establish more effective assistance programs and eliminate obsolete and inconsistent provisions, to amend the Arms Export Control Act and redesignate that Act as the Defense Trade and Export Control Act, to authorize appropriations for international cooperation programs for fiscal years 1992 and 1993, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 16, 1991

Mr. FASCELL (for himself and Mr. BROOMFIELD) (both by request) introduced the following bill; which was referred to the Committee on Foreign Affairs

A BILL

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

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “International Coopera-
3 tion Act of 1991”.

4 **SEC. 2. TABLE OF CONTENTS FOR THIS ACT.**

5 The table of contents for this Act is as follows:

Sec. 1. Short title.

Sec. 2. Table of contents for this Act.

Sec. 3. Table of contents for amended Foreign Assistance Act.

**TITLE I—STATEMENT OF POLICY; ECONOMIC ASSISTANCE
PROGRAMS**

Sec. 101. Statement of policy.

Sec. 102. Revision of assistance programs.

**TITLE II—MILITARY ASSISTANCE RELATED ASSISTANCE AND
SALES PROGRAMS**

CHAPTER 1—CONSOLIDATION AND REVISION OF ACCOUNTS

Sec. 201. Revision of assistance programs.

Sec. 202. Amendments to Arms Export Control Act.

Sec. 203. Transition rules.

CHAPTER 2—FOREIGN MILITARY SALES PROGRAM

Sec. 221. Arms transfer policy.

Sec. 222. Designation of major non-NATO allies.

Sec. 223. Standardizing congressional review procedures for arms transfers

Sec. 224. Update of certification thresholds.

Sec. 225. Economic impact on United States of arms sales

Sec. 226. Enforcement and processing of arms export licensing requirements.

Sec. 227. Fair pricing

Sec. 228. Presidential authorities

Sec. 229. Amendments to eliminate obsolete and inconsistent provisions.

Sec. 230. Contract administrative service charges for NATO subsidiary bodies.

Sec. 231. Technical corrections.

**TITLE III—OVERSEAS PRIVATE INVESTMENT CORPORATION;
TRADE AND DEVELOPMENT AGENCY**

Sec. 301. Revision of certain private sector programs

**TITLE IV—SPECIAL AUTHORITIES, RESTRICTIONS ON
ASSISTANCE, AND REPORTS**

Sec. 401. Consolidation and revision of special authorities, restrictions, and reporting requirements.

TITLE V—GENERAL PROVISIONS

Sec. 501. Consolidation and revision of administrative authorities and elimination of obsolete provisions.

TITLE VI—TECHNICAL AND CONFORMING PROVISIONS

- Sec. 601. Effective date.
- Sec. 602. Savings provisions.
- Sec. 603. Retention of certain provisions formerly in the Foreign Assistance Act.
- Sec. 604. Conforming amendments.
- Sec. 605. Repeal of obsolete provisions.

TITLE VII—SPECIAL ASSISTANCE INITIATIVES

CHAPTER 1—DEVELOPMENT FUND FOR AFRICA

- Sec. 701. Development assistance for sub-Saharan Africa.
- Sec. 702. Authorization of appropriations for assistance for sub-Saharan Africa.
- Sec. 703. Reports and evaluations.

CHAPTER 2—ASSISTANCE FOR EASTERN EUROPE

- Sec. 711 United States policy regarding Eastern Europe.
- Sec. 712 Basic objectives of assistance.
- Sec. 713 Assistance activities.
- Sec. 714 Enterprise Funds.
- Sec. 715. Program administration.

CHAPTER 3—MULTILATERAL ASSISTANCE INITIATIVE FOR THE PHILIPPINES

- Sec. 721. Findings and statement of policy.
- Sec. 722. Assistance.
- Sec. 723. Report to Congress.
- Sec. 724. Authorization of appropriations; authorities.
- Sec. 725. Appropriations in future years.
- Sec. 726. Donor coordination.

TITLE VIII—PRESIDENTIAL CONTINGENCY FUND

- Sec. 801. Authority.

TITLE IX—AUTHORIZATIONS FOR FISCAL YEAR 1993

- Sec. 901. Authorizations.

1 SEC. 3. TABLE OF CONTENTS FOR AMENDED FOREIGN AS-
2 SISTANCE ACT.

3 The Foreign Assistance Act of 1961 is amended by
4 inserting the following after the enacting clause:

5 "TABLE OF CONTENTS

6 "The table of contents for this Act is as follows:

"Sec. 1. Statement of policy.

"TITLE I—ECONOMIC ASSISTANCE"**"CHAPTER 1—DEVELOPMENT ASSISTANCE"****"Subchapter A—Development Assistance Authorities"****"Sec. 1101. Assistance for development needs.****"Sec. 1102. Authorization of appropriations.****"Subchapter B—Other Development Assistance Programs and Authorities"****"Sec. 1111. Capital and infrastructure assistance.****"Sec. 1112. Development education.****"Sec. 1113. Strengthening the capacity of nongovernmental organizations, including research and educational institutions.****"Subchapter C—Other Authorities and Requirements"****"Sec. 1121. Impact of development assistance on environment and natural resources.****"Sec. 1122. Cost sharing.****"Sec. 1123. Assistance limited to economic programs.****"CHAPTER 2—DEVELOPMENT ASSISTANCE CREDIT PROGRAMS"****"Sec. 1201. Private sector credit program.****"Sec. 1202. Housing and urban credit program.****"CHAPTER 3—ECONOMIC SUPPORT ASSISTANCE"****"Sec. 1301. Assistance under special economic, political, and security conditions.****"Sec. 1302. Authorization of appropriations.****"Sec. 1303. Administration of justice.****"Sec. 1304. Democracy contingency fund.****"CHAPTER 4—INTERNATIONAL NARCOTICS CONTROL"****"Sec. 1401. General****"Sec. 1402. Authority to enter into agreements and provide assistance.****"Sec. 1403. Provisions applicable to assistance under this chapter.****"Sec. 1404. Transfer of funds when countries fail to take adequate steps to halt illicit drug production or trafficking.****"Sec. 1405. Waiver of certain restrictions on assistance.****"Sec. 1406. International narcotics control report****"Sec. 1407. Determining major drug-transit and major illicit drug producing countries****"Sec. 1408. Authorization of appropriations.****"CHAPTER 5—OTHER ECONOMIC ASSISTANCE PROGRAMS"****"Subchapter A—American Schools and Hospitals"****"Sec. 1501. Authority to provide assistance.****"Sec. 1502. Authorization of appropriations.****"Subchapter B—Debt Exchanges for Development"****"Sec. 1511. Debt exchange.**

"Subchapter C—Reimbursable Programs

- "Sec. 1521. Authority to conduct reimbursable programs.
 "Sec. 1522. Use of payments.

"CHAPTER 6—INTERNATIONAL DISASTER ASSISTANCE

- "Sec. 1601. Statement of policies.
 "Sec. 1602. Authority to provide assistance.
 "Sec. 1603. Authorization of appropriations.
 "Sec. 1604. Borrowing authority.

"CHAPTER 7—VOLUNTARY CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS AND PROGRAMS

- "Sec. 1701. Authority to provide assistance.
 "Sec. 1702. Authorization of appropriations.
 "Sec. 1703. Condition on contributions to International Organizations.
 "Sec. 1704. Withholding of United States proportionate share for certain programs of international organizations.
 "Sec. 1705. Contributions to United Nations Relief and Works Agency.
 "Sec. 1706. Auditing of accounts of international organizations.

"CHAPTER 8—ADMINISTRATION OF ECONOMIC ASSISTANCE PROGRAMS

"Subchapter A—Operating Expenses

- "Sec. 1801. Authorizations of appropriations for operating expenses generally.
 "Sec. 1802. Authorizations of appropriations for operating expenses of the Inspector General.
 "Sec. 1803. Availability of funds.

"Subchapter B—Evaluation

- "Sec. 1811. Evaluation and accountability.

"Subchapter C—Cooperation with Nongovernmental Sector

- "Sec. 1821. Voluntary Cooperation in Development.

"TITLE II—MILITARY ASSISTANCE AND RELATED PROGRAMS

"CHAPTER 1—POLICIES REGARDING MILITARY ASSISTANCE

- "Sec. 2101. General.
 "Sec. 2102. Objectives of military assistance.

"CHAPTER 2—FOREIGN MILITARY FINANCING PROGRAM

- "Sec. 2201. Authority to furnish assistance.
 "Sec. 2202. Terms of financing.
 "Sec. 2203. Eligibility.
 "Sec. 2204. Approval of third country transfers.
 "Sec. 2205. Drawdown authority.
 "Sec. 2206. Grant transfers of excess defense articles.
 "Sec. 2207. Considerations in furnishing assistance.
 "Sec. 2208. Civic action in Africa.
 "Sec. 2209. Authorization of appropriations.

"CHAPTER 3—STOCKPILING OF DEFENSE ARTICLES FOR FOREIGN COUNTRIES

- "Sec. 2301. Restrictions on stockpiling.
- "Sec. 2302. Location of stockpiles.
- "Sec. 2303. Additions to war reserve stocks.

"CHAPTER 4—OVERSEAS MANAGEMENT OF ASSISTANCE AND SALES PROGRAMS

- "Sec. 2401. Authorized functions.
- "Sec. 2402. Costs.
- "Sec. 2403. Role of chief of mission.

"CHAPTER 5—INTERNATIONAL MILITARY EDUCATION AND TRAINING

- "Sec. 2501. Authority to furnish assistance.
- "Sec. 2502. Terms of assistance.
- "Sec. 2503. Exchange training.
- "Sec. 2504. Exemptions
- "Sec. 2505. Authorization of appropriations.

"CHAPTER 6—PEACEKEEPING OPERATIONS

- "Sec. 2601. General authority.
- "Sec. 2602. Special transfer and drawdown authorities.
- "Sec. 2603. Administrative authorities.
- "Sec. 2604. Authorization of appropriations.

"CHAPTER 7—INTERNATIONAL TERRORISM

- "Sec. 2701. General.
- "Sec. 2702. Authority to provide antiterrorism assistance.
- "Sec. 2703. Authorities and limitations.
- "Sec. 2704. Congressional presentation documents.
- "Sec. 2705. Administrative authorities.
- "Sec. 2706. Authorization of appropriations.

"TITLE III—OVERSEAS PRIVATE INVESTMENT CORPORATION; TRADE AND DEVELOPMENT AGENCY

"CHAPTER 1—OVERSEAS PRIVATE INVESTMENT CORPORATION

- "Sec. 3101 Purpose and policy.
- "Sec. 3102. Stock of the corporation.
- "Sec. 3103. Organization and management.
- "Sec 3104. Investment insurance, guarantees, financing, and other programs
- "Sec. 3105. Enhancing private political risk insurance industry.
- "Sec. 3106. Guidelines and requirements for OPIC support.
- "Sec. 3107 Issuing authority, direct investment fund, equity fund, and reserves
- "Sec. 3108. Income and revenues.
- "Sec. 3109. General provisions relating to insurance, guaranty, and financing program.
- "Sec. 3110. General provisions and powers.
- "Sec. 3111. Annual report; maintenance of information.
- "Sec. 3112. Definitions

"CHAPTER 2—TRADE AND DEVELOPMENT AGENCY

- "Sec. 3121. Purpose.**
- "Sec. 3122. Authority to provide assistance.**
- "Sec. 3123. Director and personnel.**
- "Sec. 3124. Annual report.**
- "Sec. 3125. Inspector General.**
- "Sec. 3126. Funding.**

"TITLE IV—SPECIAL AUTHORITIES, RESTRICTIONS ON ASSISTANCE, AND REPORTS

"CHAPTER 1—SPECIAL AUTHORITIES

- "Sec. 4101. Authority to transfer between accounts.**
- "Sec. 4102. Special waiver authority.**
- "Sec. 4103. Unanticipated contingencies**
- "Sec. 4104. Emergency assistance**
- "Sec. 4105. Termination expenses**
- "Sec. 4106. Exemption of assistance through nongovernmental organizations from restrictions.**
- "Sec. 4107. Exemption of training activities from prohibitions.**
- "Sec. 4108. Nonapplicability to military assistance of certain Neutrality Act provisions**

"CHAPTER 2—RESTRICTIONS ON ASSISTANCE

- "Sec. 4201. Ineligible countries.**
- "Sec. 4202. Police training.**
- "Sec. 4203. Countries in arrears on assistance repayments.**
- "Sec. 4204. Family planning activities.**
- "Sec. 4205. Competition with United States exports.**
- "Sec. 4206. Nuclear non-proliferation.**
- "Sec. 4207. Major illicit drug producing and drug transit countries.**
- "Sec. 4208. Assistance for elections.**
- "Sec. 4209. Duties of a noncombatant nature.**

"CHAPTER 3—REPORTS AND NOTIFICATIONS TO CONGRESS

- "Sec. 4301. Congressional presentation documents for economic assistance.**
- "Sec. 4302. Human rights policy and reports.**
- "Sec. 4303. Annual allocation report**
- "Sec. 4304. Notification of program changes**

"TITLE V—GENERAL PROVISIONS

"CHAPTER 1—EXERCISE AND COORDINATION OF FUNCTIONS

- "Sec. 5101. Delegations by the President.**
- "Sec. 5102. Designation of administering agency for title I.**
- "Sec. 5103. Authority to establish missions abroad.**
- "Sec. 5104. Presidential findings and determinations.**

"CHAPTER 2—ADMINISTRATIVE AUTHORITIES

- "Sec. 5201. Allocation of funds and reimbursement among agencies.**
- "Sec. 5202. General authorities.**
- "Sec. 5203. Authorized administrative uses of funds.**

**"CHAPTER 3—SPECIAL REQUIREMENTS AND AUTHORITIES RELATING TO
APPROPRIATIONS AND LOCAL CURRENCIES**

"Subchapter A—Provisions Relating to Appropriations

- "Sec. 5301. Requirement for authorization of appropriations.
- "Sec. 5302. Authority for extended period of availability of appropriations.
- "Sec. 5303. Reduction in earmarks.

"Subchapter B—Local Currencies

- "Sec. 5321. Special accounts for and use of host-country owned local currency.
- "Sec. 5322. Use of certain foreign currencies owned by the United States.
- "Sec. 5323. Interest on United States-owned foreign currency proceeds.
- "Sec. 5324. Use of local currencies.
- "Sec. 5325. Interest on local currency accruing to nongovernmental organizations.

**"CHAPTER 4—PROCUREMENT AND DISPOSITION OF COMMODITIES AND
DEFENSE ARTICLES**

- "Sec. 5401. Use of private enterprise.
- "Sec. 5402. Procurement standards and procedures.
- "Sec. 5403. Shipping on United States vessels.
- "Sec. 5404. Excess and other available property.
- "Sec. 5405. Retention and use of certain items and funds.
- "Sec. 5406. Laws relating to contracts and government expenditures.
- "Sec. 5407. Transportation charges incurred by the Red Cross or private voluntary organizations.

"CHAPTER 5—PERSONNEL

- "Sec. 5501. Statutory officers in economic assistance agency.
- "Sec. 5502. Employment of personnel.
- "Sec. 5503. Experts, consultants, and retired officers.
- "Sec. 5504. Detail of personnel to foreign governments and international organizations
- "Sec. 5505. Chief of economic assistance mission abroad.
- "Sec. 5506. Chairman of OECD Development Assistance Committee.
- "Sec. 5507. Assignment of DOD personnel to civil offices.
- "Sec. 5508. Discrimination against United States personnel providing assistance.

"CHAPTER 6—DEFINITIONS AND MISCELLANEOUS PROVISIONS

- "Sec. 5601. Definitions.
- "Sec. 5602. Activities under other laws not affected.

1 **TITLE I—STATEMENT OF POLICY; ECONOMIC**
2 **ASSISTANCE PROGRAMS**

3 **SEC. 101. STATEMENT OF POLICY.**

4 The Foreign Assistance Act of 1961 is amended by
5 inserting after the table of contents as added by section
6 3 of this Act the following:

7 **“SECTION 1. STATEMENT OF POLICY.**

8 “Peace and prosperity depend on the United States
9 remaining at the forefront of a world community increas-
10 ingly receptive to democracy, market economics, and coop-
11 eration against aggression.

12 “To this end, the United States has in the past
13 helped strengthen the capacity of other nations to develop
14 their economies, improve security and build responsible
15 democratic government.

16 “For over forty years the spectre of international
17 communism weighed heavily on the structures and prior-
18 ities of United States economic and security assistance.
19 This global threat to world freedom has finally collapsed.
20 In its wake is the spreading worldwide recognition that
21 freedom can only be sustained by governments whose legit-
22 imacy rests firmly on the expressed consent of the gov-
23 erned; that are themselves agents and protectors of indi-
24 vidual rights; and that are capable of sustaining an envi-

1 ronment conducive to equal economic and political oppor-
2 tunity for all citizens.

3 “The pathway to a more universally democratic world
4 order is fraught with uncertainty, and will be marked by
5 a volatile mix of sharply rising demands for political and
6 cultural self-determination, deepening economic interde-
7 pendence, and the rapid spread of powerful new technol-
8 ogies. The President must therefore be able to deal with
9 many sudden and unforeseen threats and opportunities to
10 the spread and consolidation of democratic values and
11 American leadership and interests.

12 “Familiar lines between North and South, East and
13 West, are blurred. Conventional boundaries between for-
14 eign and domestic affairs, along with traditional defini-
15 tions of what constitutes political, economic, and security
16 interests are shifting in the transition to a new world
17 order. Traditional arrangements and institutional policy
18 instruments—including those covered by this Act—must
19 be adaptable in a world in flux.

20 “Fostering economic, military and other forms of co-
21 operation is vital to the success of United States foreign
22 policy and a necessary complement to skillful diplomacy.
23 Humanitarian and related forms of development assist-
24 ance also will continue to satisfy deep and abiding commit-
25 ments of the American people to building a more just and

1 compassionate international community. For success in all
2 categories, regional and global strategies and priorities
3 must respond to and shape changing realities.

4 “To meet major new opportunities and challenges
5 abroad requires substantial improvements in the coherence
6 of foreign assistance programs, administrative simplicity,
7 flexibility and, above all, clarity of purpose. Within our
8 grasp are major opportunities to assist transitions to de-
9 mocracy and economic development, to effect the peaceful
10 resolution of regional conflicts, and to lead important new
11 multilateral initiatives. The United States looks forward
12 to expanding partnerships with those who share our values
13 and interests in building a new and more democratic world
14 order.

15 “To guide this process it should be the policy of the
16 United States that the financial, material and human re-
17 sources authorized by this Act should serve five mutually
18 reinforcing goals:

19 “(1) PROMOTING AND CONSOLIDATING DEMO-
20 CRATIC VALUES.—This is the first and preeminent
21 foreign policy challenge of the United States, affect-
22 ing our long-term national security, economic pros-
23 perity and social well-being. Encouraging those who
24 seek to embrace and institutionalize democratic val-
25 ues will be the overarching purpose and criterion

1 producing greater coherence among programs under
2 this Act. Genuine transitions toward democracy,
3 however difficult, cannot be accomplished in isolation
4 from the rest of the world, and there will be rising
5 expectations and justification for some form of Unit-
6 ed States support. Congress recognizes that human
7 rights have no frontiers and are indivisible. The es-
8 sential ingredients of democracy—political pluralism
9 confirmed through free and fair elections, an open,
10 accessible, fair, and predictable rule of law, an open
11 and independent media, economic opportunity for
12 all, and respect for internationally recognized human
13 rights—are the basic building blocks of the new
14 world order.

15 “(2) PROMOTING MARKET PRINCIPLES AND
16 STRENGTHENING COMPETITIVENESS.—Sustainable
17 economic growth and development depend on the
18 pursuit of sound, growth-oriented, and environmen-
19 tally responsible market based policies which, in
20 turn, will benefit United States economic interests
21 abroad. Helping expand United States business pres-
22 ence in democratizing countries strengthens the local
23 private sector, broadens demand for United States
24 goods and services, opens the way for expanded
25 trade, and raises worldwide living standards. By en-

1 **couraging market forces through deregulation, pri-**
2 **vatzation, appropriate labor market reforms, and**
3 **promotion of free trade and investment, reform-**
4 **minded countries can establish an appropriate com-**
5 **plement to building and securing democracy.**

6 **“Timely United States financial and technical assist-**
7 **ance will seek to accelerate and consolidate market-orient-**
8 **ed reforms, while complementary educational and capacity**
9 **building programs will help build the human capital that**
10 **is so crucial for modern economies. Continued assistance**
11 **to strong, adequately funded, multilateral economic insti-**
12 **tutions also will foster more open and productive local and**
13 **world markets. A fundamental long-run policy objective is**
14 **to have countries move from foreign assistance relation-**
15 **ships toward mutually beneficial trade and investment**
16 **partnerships with the United States.**

17 **“(3) PROMOTING PEACE.—Security assistance**
18 **and economic assistance, backed by skillful diplo-**
19 **macy, will continue to be a key tool of American for-**
20 **ign policy. Peace, above all, is a pre-condition for**
21 **political and economic development. And sustained**
22 **political and economic development sustains peace.**
23 **International and regional security is necessary for**
24 **democracy and free enterprise to flourish.**

1 “United States military assistance remains essential
2 to deterring regional aggression. Substantial and timely
3 financial and material assistance will also be required to
4 enhance United Nations peacekeeping capabilities, to en-
5 sure rapid reconstruction and recovery following the reso-
6 lution of regional conflicts, and to discourage the prolifera-
7 tion of nuclear, chemical, and biological weapons and the
8 spread of advanced missile delivery systems. Economic as-
9 sistance linked to strategies for broad-based economic
10 growth will contribute to stability within borders and
11 peaceful relationships with neighbors.

12 “Violent conflicts occurring within—not among—na-
13 tions, pose new challenges for effectively assisting efforts
14 to resolve local disputes through peaceful means and to
15 achieve national reconciliation. In addition, the unpredict-
16 able dangers of new and resurgent tensions that often ac-
17 company rising political pluralism—racial, religious, and
18 ethnic conflicts and the denial of human rights—point to
19 the need of allowing the President greater flexibility for
20 using foreign military and economic assistance to advance
21 the cause of peace.

22 “(4) PROTECTING AGAINST TRANSNATIONAL
23 THREATS.—Environmental degradation, narcotics
24 trafficking, terrorism and other transnational
25 threats, jeopardize the security and economic well

1 being of individuals, nations and the global commu-
2 nity in new and invidious ways. Providing timely and
3 substantial assistance for initiatives to overcome
4 these dangers within and among nations is a rising
5 priority. The United States has a special interest in
6 devising and supporting new response strategies with
7 the necessary domestic and international cooperation
8 to render them effective.

9 “(5) MEETING HUMANITARIAN NEEDS.—Pro-
10 grams of effective humanitarian assistance respond
11 to a wide variety of foreign needs and deeply held
12 American values. Many important United States-
13 sponsored health, child survival, population, and
14 other activities contribute to long-term development
15 by alleviating the suffering of the world’s poorest
16 peoples and reflect the humanitarian concerns of the
17 American people. The United States will continue to
18 maintain its unequaled record in responding quickly
19 and substantially to alleviate suffering and the plight
20 of refugees caused by natural or man made disas-
21 ters. Famine, environmental crises, epidemics, and
22 the flow of refugees caused by civil wars, repression,
23 and unwise economic policies will not be easily eradi-
24 cated.

1 “Strategies to advance democratization, economic
2 policy reform, security enhancement, and strategies in re-
3 sponse to humanitarian imperatives, should be mutually
4 reinforcing to the maximum extent possible. Country and
5 regional priorities should be set and revised on the basis
6 of progress toward the attainment of one or more of the
7 policy goals, with the advancement of democracy the over-
8 all long-term measure of success.

9 “Bilateral economic, technical, military, and other
10 material assistance, and support for international organi-
11 zations as provided under this Act will in complementary
12 and coherent fashion advance these five policy goals. And
13 assistance authorized by this Act should be coordinated
14 with the other relevant international activities of the
15 United States Government so as to achieve the goals of
16 this Act.

17 “All other countries able to contribute will be urged
18 to join in a common undertaking to meet the goals stated
19 in this part. Such cooperation will be essential to sustain-
20 ing and expanding the revitalization of the United Nations
21 and other international mechanisms. Central to this proc-
22 ess must be creative responsibility sharing with the United
23 States’ main global partners. Strong and effective
24 multilateralism, particularly among the growing communi-

1 ty of democratic nations, will improve the prospects for
2 peace and prosperity regionally and globally.

3 “Restructuring and reintegrating economic, security
4 and humanitarian assistance to advance the goals outlined
5 in this section will require a transition period. Any new—
6 or changes in existing—bilateral and multilateral partner-
7 ships must be based upon sound plans and programs. The
8 interaction of political, social, and economic aspects of na-
9 tion building are complex and conditioned by local history
10 and cultural traditions. The United States must also con-
11 tinue to be responsive to the efforts of recipient countries
12 to mobilize their own resources and help themselves, as
13 well as to the external and internal pressures which con-
14 strain this process. But above all, and to an increasing
15 extent, United States foreign assistance policy will empha-
16 size the strengthening of shared democratic values.

17 “Adapting the assistance instruments and programs
18 authorized by this Act to support more effectively the poli-
19 cy goals outlined in this section, will require close consul-
20 tation and cooperation between Congress and the execu-
21 tive branch. This process will allow the United States to
22 assess and then to influence the long-term impact of major
23 international changes underway or on the horizon, at this
24 defining moment of history.

1 **SEC. 102. REVISION OF ASSISTANCE PROGRAMS.**

2 The Foreign Assistance Act of 1961 is amended by
3 striking out part I and inserting in lieu thereof the
4 following:

5 "TITLE I—ECONOMIC ASSISTANCE

6 "CHAPTER 1—DEVELOPMENT ASSISTANCE

7 "SUBCHAPTER A—DEVELOPMENT ASSISTANCE

8 AUTHORITIES

9 "SEC. 1101. ASSISTANCE FOR DEVELOPMENT NEEDS.

10 "(a) STATEMENT OF POLICY.—The Congress finds
11 that by addressing the interrelated issues of social and
12 human progress, economic growth, and political reform,
13 long-term development provides the foundation on which
14 peace and the promotion of democratic values can flourish.
15 The Congress further finds that, consistent with the goals
16 described in section 1 of this Act, development assistance
17 provided under this Act should—

18 "(1) recognize that the developing countries
19 themselves hold the key to their own progress;

20 "(2) promote sustainable growth and develop-
21 ment which fosters the participation of individuals in
22 the economic and political processes of their coun-
23 tries and, in particular, recognize and foster the ex-
24 panded participation of women in the development
25 process; and

1 “(3) encourage and implement new cooperative
2 relationships with developing countries based upon
3 shared interests of political and economic freedom
4 through, among other things—

5 “(A) emphasizing sound economic policies
6 and improved governance as a basis for broad-
7 based growth;

8 “(B) encouraging income-generating op-
9 portunities by training people in necessary
10 skills, and expanding the availability of jobs
11 through, for example, the increased participa-
12 tion of the United States and local private sec-
13 tors in trade and investment;

14 “(C) encouraging responsible environmen-
15 tal policies and prudent management of natural
16 resources, ensuring also that economic growth
17 occurs in an environmentally sustainable man-
18 ner; and

19 “(D) improving the capacity of individuals
20 and families to better their economic and social
21 well being by mobilizing their resources to stim-
22 ulate growth and social development.

23 “(4) be tailored for individual countries to rec-
24 ognize that the needs and problems of each country
25 vary because of their history and differences in their

1 political, economic, and legal systems, their natural
2 and human resources; and their current stage of eco-
3 nomic development.

4 “(b) ALLOCATION OF RESOURCES.—It is the sense
5 of the Congress that the United States, taking into consid-
6 eration the goals set forth in section 1, should—

7 “(1) concentrate development assistance in
8 countries which will make the most effective use of
9 that assistance;

10 “(2) focus its development assistance on those
11 types of assistance activities which the United States
12 can provide most effectively, and which meet the
13 particular economic assistance requirements of a
14 country; and

15 “(3) not provide development assistance for a
16 program or project in a country if the relevant sec-
17 tor or national economic policies of that country are
18 clearly unfavorable to the sustainability or broadest
19 possible impact of the assisted program or project.

20 “(c) AUTHORIZATION.—The President shall use the
21 authorities of this section to provide assistance, in further-
22 ance of the goals set forth in section 1, to meet develop-
23 ment needs in developing countries.

1 “(d) GENERAL AUTHORITIES.—The President is au-
2 thORIZED to provide development assistance for the follow-
3 ing purposes:

4 “(1) SUPPORT FOR ECONOMIC GROWTH AND
5 DEMOCRATIC DEVELOPMENT.—

6 “(A) RATIONALE.—

7 “(i) Broad based, sustainable econom-
8 ic growth is in the interest of the United
9 States because it improves the living
10 standards and quality of life of their citi-
11 zens, develops international markets to the
12 mutual benefit of United States and devel-
13 oping countries, reduces the dependence of
14 countries on external assistance, and con-
15 tributes to a stable, peaceful world. Such
16 growth, led by the private sector, is neces-
17 sary to create the economic base in devel-
18 oping countries that enables the poor to in-
19 crease their incomes and gain access to
20 productive resources and services. Appro-
21 priate government policies, laws, and regu-
22 lations are required for balanced and sus-
23 tained growth as well as to ensure fairness
24 and to address the worst aspects of poverty
25 in developing countries.

1 “(ii) The promotion of democracy
2 throughout the world is in the basic inter-
3 est of the United States. Democratic devel-
4 opment, political pluralism, and respect for
5 internationally recognized human rights
6 are intrinsically linked to economic and so-
7 cial progress. It is in the United States in-
8 terest and in keeping with our democratic
9 traditions to foster the spread of
10 democratic values, aspirations and univer-
11 sal respect for civil and political liberties.

12 “(B) USES OF ASSISTANCE.—Assistance
13 may be furnished to—

14 “(i) enhance the capacity to achieve
15 equitable, broad-based and sustainable eco-
16 nomic growth through, among other
17 things, trade, investment, environmental
18 enhancement, agricultural development,
19 commodity imports, and infrastructure ac-
20 tivities (including the transportation, ener-
21 gy, and telecommunications sectors), sup-
22 port for the private sector, and support for
23 sectoral and national level reforms to stabi-
24 lize economies and support structural ad-
25 justments designed to improve the effi-

1 ciency with which resources are allocated
2 thus promoting growth and equality of op-
3 portunity in the participation in the bene-
4 fits of growth.

5 “(ii) promote the increased adherence
6 to internationally recognized human rights
7 and to develop and strengthen democratic
8 values, practices, and institutions through
9 such activities as modernization of national
10 justice systems; strengthening electoral
11 processes; development of the institutional
12 capacity of legislatures; professionalization
13 of the media; strengthening legal codes and
14 training; development of organizational
15 and managerial skills in community
16 groups, labor unions and local government;
17 and improving access of the poor to land
18 and other resources through support for
19 legal reforms to secure land titles.

20 “(2) ADDRESS HUMANITARIAN ASSISTANCE
21 NEEDS AND GLOBAL PROBLEMS.—

22 “(A) RATIONALE.—

23 “(i) It is in the United States interest
24 to assist countries to achieve patterns of
25 growth and development which will reduce

1 poverty and allow all people, especially
2 those with low incomes, to lead economical-
3 ly and socially productive lives. Further,
4 peace and stability in the world cannot be
5 achieved without economic development
6 that also addresses the worst manifesta-
7 tions of poverty.

8 “(ii) The economic and social well-
9 being and the security of the United States
10 and other countries is affected by the ef-
11 fectiveness with which the world communi-
12 ty addresses transnational problems. Re-
13 sponsible management of physical environ-
14 mental and natural resources is necessary
15 to insure the availability of resources for
16 future generations and to assure that the
17 burdens of improved resource management
18 do not fall disproportionately on the poor.
19 The impact of malaria, acquired immune
20 deficiency syndrome (AIDS), and other
21 communicable diseases threatens devasta-
22 tion to whole populations. Similarly, the
23 cultivation of illicit narcotics is both a
24 product and cause of poverty, and a devel-

1 opment problem which must be addressed
2 on a transnational basis.

3 “(B) USES OF ASSISTANCE.—Assistance
4 may be furnished to support the increased ca-
5 pacity of people to participate in the develop-
6 ment process and to address transnational
7 problems. Such assistance may include, among
8 other things, activities to enhance food security,
9 support for the implementation of market ori-
10 ented policies, primary and adult education,
11 child survival activities, environmentally sound
12 resource management (including environmental-
13 ly sustainable agriculture), improvements in
14 health and sanitation, support for family plan-
15 ning activities, support for micro and small pri-
16 vate enterprises, support for low-income shelter
17 solutions, and development programs (including
18 narcotics awareness programs) that are coordi-
19 nated with international narcotics control as-
20 sistance and would help reduce illicit cultivation
21 of narcotic and psychotropic drugs and other
22 controlled substances.

23 “(e) RELATIONSHIP TO OTHER PROVISIONS OF
24 LAW.—Funds authorized to be appropriated by this sec-
25 tion which are used to carry out the activities identified

1 in subsection (d)(2)(B) and subsection (d)(1)(B)(ii) of this
2 section may be made available notwithstanding any provi-
3 sion of law which restricts assistance to foreign countries.

4 **"SEC. 1102. AUTHORIZATION OF APPROPRIATIONS.**

5 "There are authorized to be appropriated to the
6 President to carry out this subchapter \$1,277,000,000 for
7 fiscal year 1992.

8 **"SUBCHAPTER B—OTHER DEVELOPMENT**
9 **ASSISTANCE PROGRAMS AND AUTHORITIES**

10 **"SEC. 1111. CAPITAL AND INFRASTRUCTURE ASSISTANCE.**

11 "In order to achieve sustained economic growth and
12 development, it is crucial that the physical and economic
13 infrastructure requirements of developing countries be
14 met. The President should ensure the developmental value
15 of capital assistance, monitor the provision of that assist-
16 ance so as to ensure that these developmental criteria are
17 satisfied, and consider related trade and commercial op-
18 portunities for continued United States involvement and
19 participation that furthers the national interests of the
20 United States. In order to support developmentally-sound
21 trade and investment opportunities in the form of capital
22 and infrastructure assistance (including related services),
23 the President may use funds made available for economic
24 assistance under this title for activities consistent with this
25 section.

1 **“SEC. 1112. DEVELOPMENT EDUCATION.**

2 “The President may use funds made available for
3 economic assistance under this title to support develop-
4 ment education programs, with emphasis on those con-
5 ducted by private voluntary organizations and coopera-
6 tives, in order to assist in the education of United States
7 citizens about developing countries, the development proc-
8 ess, and the importance to the United States of developing
9 countries.

10 **“SEC. 1113. STRENGTHENING THE CAPACITY OF NONGOV-**
11 **ERNMENTAL ORGANIZATIONS, INCLUDING**
12 **RESEARCH AND EDUCATIONAL INSTITU-**
13 **TIONS.**

14 “The President may use funds made available for
15 economic assistance under this title to furnish assistance
16 to nongovernmental organizations, including research and
17 educational institutions, in the United States and abroad
18 for the purpose of strengthening their capacity to develop
19 and carry out programs concerned with the economic and
20 social development of developing countries.

21 **“SUBCHAPTER C—OTHER AUTHORITIES AND**
22 **REQUIREMENTS**

23 **“SEC. 1121. IMPACT OF DEVELOPMENT ASSISTANCE ON EN-**
24 **VIRONMENT AND NATURAL RESOURCES.**

25 “(a) **STATEMENT OF POLICY.**—It is the sense of the
26 Congress that—

1 “(1) the economic and social well-being and the
2 security of the United States and other countries is
3 affected by how the world’s environment and physi-
4 cal resource base are managed, and that consump-
5 tion patterns, systems of industrial and agricultural
6 production, and the manner of use of natural re-
7 sources all have an impact on the opportunities for
8 long-term development and growth and survival for
9 all countries;

10 “(2) environmentally responsible management
11 of physical resources is necessary by both developed
12 and developing countries to insure their availability
13 for future generations and to assure that the bur-
14 dens of improved resource management do not fall
15 disproportionately on the poor;

16 “(3) sustainable development is development
17 that meets the needs of the present without compro-
18 mising the ability of future generations to meet their
19 own needs; and

20 “(4) economic assistance programs authorized
21 by this title should assist countries to adopt policies
22 and to carry out programs that promote economic
23 growth that is environmentally sound.

24 “(b) **IMPACT ASSESSMENT.**—The President, in imple-
25 menting programs and projects under this chapter and

1 chapter 3 of this title, should take fully into account the
2 impact of such programs and projects upon the environ-
3 ment and natural resources of developing countries. Sub-
4 ject to such procedures as the President considers appro-
5 priate, the President should—

6 “(1) prepare and take fully into account an ini-
7 tial environmental examination of every program or
8 project to determine whether it significantly affects
9 the environment;

10 “(2) prepare and take fully into account an en-
11 vironmental impact statement for any program or
12 project significantly affecting the environment of the
13 global commons outside the jurisdiction of any coun-
14 try, the environment of the United States, or other
15 aspects of the environment which the President may
16 specify; and

17 “(3) prepare and take fully into account an en-
18 vironmental assessment of any proposed program or
19 project significantly affecting the environment of any
20 foreign country.

21 Where appropriate, local technical resources should be
22 used in preparing environmental impact statements and
23 environmental assessments pursuant to this section.

24 “(c) EXCEPTIONS.—The President should establish
25 exceptions for emergency conditions and for cases in which

1 implementation of procedures described in subsection (b)
2 would be seriously detrimental to the foreign policy inter-
3 ests of the United States.

4 “(d) RELATIONSHIP TO OTHER PROVISIONS OF
5 LAW.—Funds authorized to be appropriated by this Act
6 which are used to support activities in the environment
7 and energy sectors may be made available notwithstanding
8 any provision of law which restricts assistance to foreign
9 countries.

10 **“SEC. 1122. COST SHARING.**

11 “To ensure its commitment to, and the sustainability
12 of development assistance provided under this chapter
13 through the government of a country, such government
14 should bear an appropriate share of the costs of the entire
15 program or project with respect to which the assistance
16 is to be furnished. Such costs may be borne on an ‘in kind’
17 basis.

18 **“SEC. 1123. ASSISTANCE LIMITED TO ECONOMIC PRO-**
19 **GRAMS.**

20 “(a) IN GENERAL.—Economic assistance provided
21 under this title shall be available for economic programs
22 and may not be used for military or paramilitary purposes.

23 “(b) EXCEPTION FOR CERTAIN TRAINING.—The pro-
24 visions of subsection (a) of this section shall not apply to
25 economic assistance involving the participation of military

1 personnel in training activities and conferences consistent
2 with the purposes of section 1101.

3 **“CHAPTER 2—DEVELOPMENT ASSISTANCE**

4 **CREDIT PROGRAMS**

5 **“SEC. 1201. PRIVATE SECTOR CREDIT PROGRAM.**

6 **“(a) FINDINGS AND POLICY.—**The Congress finds
7 and declares that—

8 **“(1) the development of private enterprise, in-**
9 **cluding cooperatives, is a vital factor in the stable**
10 **growth of developing countries and in the develop-**
11 **ment and stability of a free, open, and equitable**
12 **international economic system; and**

13 **“(2) it is, therefore, in the best interests of the**
14 **United States to assist the development of the pri-**
15 **rate sector in developing countries and to engage the**
16 **United States private sector in that process.**

17 **“(b) AUTHORITY.—**

18 **“(1) AUTHORITY.—**To carry out the policy ex-
19 **pressed in subsection (a), the President is**
20 **authorized—**

21 **“(A) to make investments in projects that**
22 **meet the criteria established pursuant to this**
23 **subsection; and**

24 **“(B) to make loans to, and to issue guar-**
25 **antees assuring against losses incurred in con-**

1 nection with investments in, loans to and guar-
2 antees for, projects that meet the criteria estab-
3 lished pursuant to this subsection.

4 “(2) FULL FAITH AND CREDIT.—The full faith
5 and credit of the United States is hereby pledged for
6 the full payment and performance of guarantees is-
7 sued pursuant to this section.

8 “(3) TERMS AND CONDITIONS.—

9 “(A) Unless the President determines oth-
10 otherwise, the authority of this section may not be
11 exercised to extend credit assistance to individ-
12 ual borrowers when the credit subsidy associat-
13 ed with that borrower would exceed 25 per cen-
14 tum, using normal criteria for calculating subsi-
15 dies under the Budget Enforcement Act of
16 1990.

17 “(B) The President may issue regulations
18 from time to time with regard to—

19 “(i) the terms and conditions on
20 which loans and investments will be made
21 and guarantees issued under this section;
22 and

23 “(ii) the eligibility of beneficiaries.

24 “(4) ENFORCEABILITY.—Any guarantee issued
25 under the authority of this section shall be conclu-

1 sive evidence that such guarantee has been properly
2 obtained, and that the underlying obligation as con-
3 tracted qualifies for such guarantee. Except for
4 fraud or material misrepresentation for which the
5 parties seeking payment under such guarantee are
6 responsible, such guarantee shall be presumed to be
7 valid, legal, and enforceable.

8 “(5) DENOMINATION OF LIABILITY.—The
9 losses guaranteed under this subsection may be in
10 dollars or in other currencies. In the case of losses
11 guaranteed in currencies other than dollars, the
12 guarantees issued shall be subject to an overall pay-
13 ment limitation expressed in dollars.

14 “(6) APPLICABILITY OF CERTAIN PROVI-
15 SIONS.—The authority of this section may be exer-
16 cised notwithstanding section 5402 of this Act.

17 “(c) APPROPRIATIONS REQUIREMENT.—New direct
18 loan obligations may be entered into and new guarantee
19 commitments may be issued only to the extent that appro-
20 priations of budget authority to cover their costs are made
21 in advance.

22 “(d) AUTHORIZATION OF APPROPRIATIONS.—There
23 are authorized to be appropriated to the President,
24 \$1,367,000, for fiscal year 1992 for administrative ex-
25 penses necessary to carry out this section, which amount

1 may be transferred to and merged with amounts appropri-
2 ated pursuant to section 1801.

3 **"SEC. 1202. HOUSING AND URBAN CREDIT PROGRAM.**

4 “(a) FINDINGS AND POLICY.—The Congress finds
5 that—

6 “(1) shelter and other essential urban develop-
7 ment services and facilities are among the most fun-
8 damental of human needs and a sound urban envi-
9 ronment is essential to all societies;

10 “(2) while most financing for urban develop-
11 ment must come from domestic resources, carefully
12 designed programs involving United States capital
13 and expertise can increase the availability of domes-
14 tic financing for improved shelter and related serv-
15 ices for low-income people by demonstrating to local
16 entrepreneurs and institutions that providing urban
17 services can be financially viable;

18 “(3) particular attention should be given to pro-
19 grams which will support pilot projects for low-cost
20 shelter and other urban services or which will have
21 a maximum demonstration impact on local institu-
22 tions, including local government, and national poli-
23 cy; and

24 “(4) the long run goal of all such programs
25 should be to develop domestic capabilities and to

1 stimulate local credit institutions to make available
2 domestic capital and other management and techno-
3 logical resources required for effective programs and
4 policies relating to low-cost shelter and other urban
5 services.

6 “(b) CREDIT AUTHORITY.—To carry out the policies
7 expressed in subsection (a), the President is authorized
8 to make loans and to issue guarantees assuring against
9 losses incurred in connection with loans or other invest-
10 ments made for projects that meet the criteria set forth
11 in subsection (a) and that promote the goals set forth in
12 section 1.

13 “(c) TERMS AND CONDITIONS.—

14 “(1) Unless the President determines otherwise,
15 the authority of this section may not be exercised to
16 extend credit assistance to individual borrowers
17 when the credit subsidy associated with that bor-
18 rower would exceed 25 per centum, using normal
19 criteria for calculating subsidies under the Budget
20 Enforcement Act of 1990.

21 “(2) The President may issue regulations from
22 time to time with regard to—

23 “(A) the terms and conditions on which
24 loans and guarantees will be issued under this
25 section; and

1 “(B) the eligibility of beneficiaries.

2 “(d) FOCUS OF ACTIVITIES.—Activities carried out
3 under this section shall be directed primarily to the shelter
4 and urban services needs of the poor, including—

5 “(1) projects which provide improved home
6 sites to poor families on which to build shelter, and
7 expandable core shelter units on serviced sites;

8 “(2) slum upgrading projects designed to con-
9 serve and improve existing shelter;

10 “(3) shelter and urban projects for low income
11 people designed for demonstration or institution
12 building purposes focussing on the mobilization of
13 capital and the improvement of urban management
14 and local government;

15 “(4) community facilities and services in sup-
16 port of projects authorized under this section; and

17 “(5) other urban services and infrastructure of
18 particular importance to urban environment or the
19 needs of the poor.

20 “(e) FULL FAITH AND CREDIT.—All guarantees is-
21 sued under this section (or under the former guarantee
22 authorities of section 222 or 222A of this Act or predeces-
23 sor guarantee authorities) shall constitute obligations, in
24 accordance with the terms of such guarantees, of the Unit-
25 ed States of America and the full faith and credit of the

1 United States of America is hereby pledged for the full
2 payment and performance of such obligations.

3 “(f) GUARANTEES UNDER FORMER AUTHORITIES.—
4 Guarantees committed, authorized, or outstanding under
5 the guarantee authorities formerly contained in section
6 222 or 222A of this Act (or predecessor guarantee au-
7 thorities) shall continue subject to provisions of law origi-
8 nally applicable to those guarantees.

9 “(g) APPROPRIATIONS REQUIREMENT.—New direct
10 loan obligations may be entered into and new guarantee
11 commitments may be issued only to the extent that appro-
12 priations of budget authority to cover their costs are made
13 in advance.

14 “(h) AUTHORIZATION OF APPROPRIATIONS.—

15 “(1) There are authorized to be appropriated to
16 the President, \$2,500,000, for fiscal year 1992 to
17 pay the cost of guarantees and direct loan obliga-
18 tions authorized by this section.

19 “(2) There are authorized to be appropriated to
20 the President, \$7,000,000, for fiscal year 1992 for
21 administrative expenses necessary to carry out this
22 section, which amount may be transferred to and
23 merged with amounts appropriated pursuant to sec-
24 tion 1801.

1 **“CHAPTER 3—ECONOMIC SUPPORT ASSISTANCE**

2 **“SEC. 1301. ASSISTANCE UNDER SPECIAL ECONOMIC, PO-**
3 **LITICAL, AND SECURITY CONDITIONS.**

4 “Under special economic, political, or security condi-
5 tions, the national interest of the United States may re-
6 quire economic support for countries in amounts which
7 could not be justified only under chapter 1 of this title.
8 In such cases, the President is authorized to furnish as-
9 sistance to countries and organizations in order to pro-
10 mote economic or political stability. Such assistance shall
11 be furnished consistent with the goals set forth in section
12 1 and, to the maximum extent feasible, the purpose and
13 authorities specified in section 1101.

14 **“SEC. 1302. AUTHORIZATION OF APPROPRIATIONS.**

15 “There are authorized to be appropriated to the
16 President to carry out section 1301 \$3,228,000,000 for
17 the fiscal year 1992.

18 **“SEC. 1303. ADMINISTRATION OF JUSTICE.**

19 “(a) **AUTHORITY.**—The President may furnish assist-
20 ance from funds made available to carry out section 1301
21 to countries and organizations, including national, region-
22 al, and international institutions, in order to strengthen
23 the administration of justice in developing countries and
24 emerging democracies.

25 “(b) **PROVISION OF ASSISTANCE.**—Assistance under
26 this section may include—

1. “(1) programs to enhance professional capabilities to carry out investigative and forensic functions conducted under judicial or prosecutorial control;

2 “(2) programs to assist in the development of academic instruction and curricula for training law enforcement personnel;

3 “(3) programs to improve the administrative and management capabilities of law enforcement agencies, especially their capabilities relating to career development, personnel evaluation, and internal discipline procedures;

4 “(4) programs to improve penal institutions and the rehabilitation of offenders; and

5 “(5) such other programs to support the administration of justice in developing countries and emerging democracies as the President determines to be appropriate.

6 “(c) **RELATIONSHIP TO OTHER LAWS.**—Assistance furnished under this section may be made available notwithstanding section 4202 of this Act.

7 **“SEC. 1304. DEMOCRACY CONTINGENCY FUND.**

8 “(a) **AUTHORITY TO PROVIDE ASSISTANCE.**—The President is authorized to use funds made available to carry out this section to provide assistance for a foreign country if the President determines that a country—

1 “(1) has recently emerged or is in the process
2 of emerging as a democracy; or

3 “(2) has recently emerged or is emerging from
4 civil strife and either has a democratically elected
5 government or is making substantial progress to-
6 ward a democratic form of government.

7 “(b) PURPOSES OF ASSISTANCE.—Assistance under
8 this section shall be provided—

9 “(1) in the case of a country described in sub-
10 section (a)(1), to encourage and facilitate the proc-
11 ess of creating and institutionalizing democracy and
12 to meet economic and political needs; and

13 “(2) in the case of a country described in sub-
14 section (a)(2), to meet the immediate economic and
15 human needs resulting from the civil strife.

16 “(c) AUTHORITIES FOR ASSISTANCE.—Assistance
17 under this section may be provided under the authorities
18 of this chapter or any other provision of this Act.

19 “(d) NONAPPLICABILITY OF OTHER PROVISIONS OF
20 LAW.—Assistance may be provided under this section not-
21 withstanding any other provision of law upon notification
22 by the President of the Speaker of the House of Repre-
23 sentatives and the Committee on Foreign Relations of the
24 Senate.

1 “(e) **AUTHORIZATION OF APPROPRIATIONS.**—There
2 are authorized to be appropriated to the President to carry
3 out this section such sums as may be necessary.

4 “(f) **TRANSFER AUTHORITY.**—

5 “(1) The President may use the authority of
6 section 4101 of this Act to transfer funds for use
7 under this section without regard to the 20 per cen-
8 tum increase limitation contained in that section.

9 “(2) The authority of paragraph (1) may not be
10 used if it would cause the amount of unobligated
11 funds available for use under this section to exceed
12 \$100,000,000.

13 **“CHAPTER 4—INTERNATIONAL NARCOTICS**

14 **CONTROL**

15 **“SEC. 1401. GENERAL.**

16 “(a) **STATEMENT OF POLICY**—

17 “(1) International narcotics trafficking poses an
18 unparalleled transnational threat in today’s world,
19 and its suppression is among the most important
20 foreign policy objectives of the United States.

21 “(2) Under the Single Convention on Narcotic
22 Drugs, 1961, and under the United Nations Conven-
23 tion Against Illicit Traffic in Narcotic Drugs and
24 Psychotropic Substances, 1988, the parties are re-
25 quired to criminalize certain drug related activities,

1 provide appropriately severe penalties, and cooperate
2 in the extradition of accused offenders.

3 “(3) International narcotics control programs
4 should include, as priority goals, the suppression of
5 the illicit manufacture of and trafficking in narcotic
6 and psychotropic drugs, and the progressive elimina-
7 tion of the illicit cultivation of the crops from which
8 narcotic and psychotropic drugs are derived.

9 “(4) The international community should pro-
10 vide assistance, where appropriate, to those producer
11 and transit countries which require assistance in dis-
12 charging these primary obligations.

13 “(5) Effective international cooperation is nec-
14 essary to control the illicit cultivation, production,
15 and smuggling of, trafficking in, and abuse of nar-
16 cotic and psychotropic drugs.

17 “(b) MULTILATERAL DEVELOPMENT BANKS.—In
18 order to promote international cooperation in combatting
19 international trafficking in illicit narcotics, the United
20 States should use its voice and vote in multilateral devel-
21 opment banks to promote the development and implemen-
22 tation in the major illicit drug producing countries of pro-
23 grams for the reduction and eventual eradication of nar-
24 cotic drugs and other controlled substances, including ap-

1 appropriate assistance in conjunction with effective pro-
2 grams of illicit crop eradication.

3 **"SEC. 1402. AUTHORITY TO ENTER INTO AGREEMENTS AND**
4 **PROVIDE ASSISTANCE.**

5 **"(a) AUTHORITY TO ENTER INTO AGREEMENTS.—**

6 In order to promote effective international cooperation,
7 the President is authorized to conclude agreements, in-
8 cluding reciprocal maritime agreements, with other coun-
9 tries to facilitate control of the production, processing,
10 transportation, and distribution of narcotics analgesics,
11 including opium and its derivatives, other narcotic and
12 psychotropic drugs, and other controlled substances.

13 **"(b) AUTHORITY TO FURNISH ASSISTANCE.—**The
14 President is authorized to furnish assistance under this
15 chapter for the purposes of controlling narcotic and psy-
16 chotropic drugs and other controlled substances notwith-
17 standing any other provision of law, and is authorized to
18 furnish narcotics-related assistance under other chapters
19 of this title notwithstanding any provision of law that re-
20 stricts assistance to foreign countries (except section
21 4201(a)(7)).

22 **"SEC. 1403. PROVISIONS APPLICABLE TO ASSISTANCE**
23 **UNDER THIS CHAPTER.**

24 **"(a) CONTRIBUTION BY RECIPIENT COUNTRY.—**To
25 ensure local commitment to the activities assisted under

1 this chapter, the government of a country receiving assist-
2 ance under this chapter should bear an appropriate share
3 of the costs of any narcotics control program, project, or
4 activity for which such assistance is to be provided. The
5 government of a country may bear such costs on an 'in
6 kind' basis.

7 “(b) USE OF HERBICIDES FOR AERIAL ERADICA-
8 TION.—The President, with the assistance of appropriate
9 Federal agencies, shall monitor the use of any herbicides
10 provided under this chapter for aerial eradication in order
11 to determine the impact of such use on the environment
12 and on the health of individuals.

13 “(c) PERMISSIBLE USES OF AIRCRAFT AND OTHER
14 EQUIPMENT.—

15 “(1) IN GENERAL.—The President shall take all
16 reasonable steps to ensure that aircraft and other
17 equipment made available to foreign countries under
18 this chapter are used only in ways that are consist-
19 ent with the purposes for which such equipment was
20 made available.

21 “(2) REPORTS.—In the reports submitted pur-
22 suant to section 1406, the President shall discuss
23 any evidence indicating misuse by a foreign country
24 of aircraft or other equipment made available under
25 this chapter, and the actions taken by the United

1 States Government to prevent future misuse of such
2 equipment by that foreign country.

3 “(d) LEASE OR LOAN.—Any commodity that is made
4 available for narcotics-related assistance under this Act
5 may be provided to a foreign country on a lease or loan
6 basis.

7 “(e) PROHIBITION ON ASSISTANCE TO DRUG TRAF-
8 FICKERS.—The President shall take all reasonable steps
9 to ensure that, except in such circumstances as the Presi-
10 dent deems appropriate, assistance under this Act is not
11 provided to or through any individual or entity that has
12 been convicted or indicted of a violation of, or a conspiracy
13 to violate, any law or regulation of the United States, a
14 State or the District of Columbia, or a foreign country,
15 relating to narcotic or psychotropic drugs or other con-
16 trolled substances.

17 **“SEC. 1404. TRANSFER OF FUNDS WHEN COUNTRIES FAIL**
18 **TO TAKE ADEQUATE STEPS TO HALT ILLICIT**
19 **DRUG PRODUCTION OR TRAFFICKING.**

20 “Funds allocated under the report required by section
21 4303 for a country for economic support assistance, for-
22 eign military financing, or international military education
23 and training, may be transferred to, and consolidated
24 with, funds made available to carry out this chapter if—

1 “(1) such assistance is withheld from the coun-
2 try for which it was allocated because of the require-
3 ments of section 4201(a)(7) or any other provision
4 of law requiring the withholding of assistance for
5 countries that have not cooperated with the United
6 States or otherwise taken adequate steps to halt il-
7 licit drug production and trafficking; and

8 “(2) such funds are used for assistance for
9 countries that have taken significant steps to halt il-
10 licit drug production or trafficking.

11 **“SEC. 1405. WAIVER OF CERTAIN RESTRICTIONS ON ASSIST-**
12 **ANCE.**

13 “Section 4203 of this Act and any similar provisions
14 of law that prohibit providing assistance to countries in
15 default on obligations owed to the United States shall not
16 apply to the provision of narcotics-related assistance, in-
17 cluding narcotics control assistance under this chapter.

18 **“SEC. 1406. INTERNATIONAL NARCOTICS CONTROL RE-**
19 **PORT.**

20 “Not later than March 1 of each year, the President
21 shall transmit to the Speaker of the House of Representa-
22 tives, and to the Committee on Foreign Relations of the
23 Senate, a comprehensive report on the state of interna-
24 tional narcotics production and trafficking, and on United
25 States efforts to prevent the illicit cultivation and manu-

1 facture of and trafficking in narcotic and psychotropic
2 drugs and other controlled substances.

3 **“SEC. 1407. DETERMINING MAJOR DRUG-TRANSIT AND**
4 **MAJOR ILLICIT DRUG PRODUCING COUN-**
5 **TRIES.**

6 “Not later than October 1 of each year, the President
7 shall notify the appropriate committees of the Congress
8 of which countries have been determined to be major illicit
9 drug producing or major drug transit countries for that
10 year.

11 **“SEC. 1408. AUTHORIZATION OF APPROPRIATIONS.**

12 “There are authorized to be appropriated to the
13 President to carry out this chapter \$171,500,000 for the
14 fiscal year 1992 .

15 **“CHAPTER 5—OTHER ECONOMIC ASSISTANCE**
16 **PROGRAMS**

17 **“SUBCHAPTER A—AMERICAN SCHOOLS AND**
18 **HOSPITALS**

19 **“SEC. 1501. AUTHORITY TO PROVIDE ASSISTANCE.**

20 “(a) **GENERAL AUTHORITY.**—In order to promote
21 the goals set forth in section 1, the President is authorized
22 to furnish assistance to—

23 “(1) schools and libraries, outside the United
24 States, that are founded or sponsored by United
25 States citizens and serve as study and demonstration

1 centers for ideas and practices of the United States,
2 and

3 “(2) hospital centers for medical education and
4 research, outside the United States, that are found-
5 ed or sponsored by United States citizens.

6 “(b) DEFINITION OF SCHOOL.—For purposes of sub-
7 section (a)(1), the term ‘school’ includes any institution
8 which provides activities of daily life training, vocational
9 education, and related services to the mentally retarded.

10 **“SEC. 1502. AUTHORIZATION OF APPROPRIATIONS.**

11 “To carry out section 1501, there are authorized to
12 be appropriated to the President \$30,000,000 for fiscal
13 year 1992.

14 **“SUBCHAPTER B—DEBT EXCHANGES FOR**
15 **DEVELOPMENT**

16 **“SEC. 1511. DEBT EXCHANGE.**

17 “(a) AUTHORITY.—In order to promote the goals set
18 forth in section 1, the President may use funds made
19 available under this title for grants to, or contracts with,
20 nongovernmental organizations to enable those organiza-
21 tions to—

22 “(1) purchase debt obligations owed by a devel-
23 oping country to any commercial lending institution,
24 foreign government, or other party; and

1 “(2) cancel such debt obligation, subject to the
2 approval of the President, to the extent that such
3 country makes available assets or policy commit-
4 ments to promote any of the goals set forth in sec-
5 tion 1.

6 “(b) INTEREST RETENTION.—A grantee or contrac-
7 tor (or any subgrantee or subcontractor) of the grants or
8 contracts referred to in subsection (a) may retain, not-
9 withstanding any other provision of law, without deposit
10 in the Treasury of the United States and without further
11 appropriation by Congress, interest earned on the pro-
12 ceeds of any resulting debt-for-development or debt-for-en-
13 vironment purchase or exchange pending the disbursement
14 of such proceeds and interest for the purposes for which
15 assistance was provided to such party, which may include
16 the establishment of an endowment, the income of which
17 is used for such purposes.

18 “(c) DEBT OBLIGATIONS OWED TO AGENCIES OF
19 THE UNITED STATES GOVERNMENT.—The purchase or
20 cancellation pursuant to this section of any debt obligation
21 owed to any agency of the United States Government shall
22 be approved by the President.

1 "SUBCHAPTER C—REIMBURSABLE PROGRAMS

2 "SEC. 1521. AUTHORITY TO CONDUCT REIMBURSABLE PRO-
3 GRAMS.

4 "(a) GENERAL AUTHORITY.—Whenever the Presi-
5 dent considers it consistent with and within the limitations
6 of this Act, any agency of the United States Government
7 is authorized to furnish services and commodities on an
8 advance-of-funds or reimbursement basis to friendly coun-
9 tries, international organizations, and nongovernmental
10 organizations.

11 "(b) PERSONAL SERVICE CONTRACTS.—When any
12 agency of the United States Government provides services
13 on an advance-of-funds or reimbursable basis under this
14 section, such agency may contract with individuals for per-
15 sonal service abroad or in the United States to perform
16 such services or to replace officers or employees of the
17 United States Government in a manner otherwise permit-
18 ted by law (or Office of Management and Budget Circular
19 A-76 or any successor circular) who are assigned by the
20 agency to provide such services. Such individuals shall not
21 be regarded as employees of the United States Govern-
22 ment for the purpose of any law administered by the Of-
23 fice of Personnel Management.

1 **“SEC. 1602. AUTHORITY TO PROVIDE ASSISTANCE.**

2 “(a) **IN GENERAL.**—The President is authorized to
3 furnish assistance for international disaster relief and re-
4 habilitation. Such assistance may include assistance relat-
5 ing to disaster preparedness, prevention, and mitigation,
6 and to the prediction of, and contingency planning for,
7 natural disasters abroad.

8 “(b) **NONAPPLICABILITY OF OTHER PROVISIONS.**—
9 Assistance may be furnished under this chapter notwith-
10 standing any other provision of this or any other Act.

11 **“SEC. 1603. AUTHORIZATION OF APPROPRIATIONS.**

12 “There are authorized to be appropriated to the
13 President to carry out this chapter, \$40,000,000 for fiscal
14 year 1992.

15 **“SEC. 1604. BORROWING AUTHORITY.**

16 “(a) **AUTHORITY.**—In addition to amounts otherwise
17 available to carry out this chapter, up to \$50,000,000 in
18 any fiscal year may be obligated against appropriations
19 available to carry out this title for use in providing assist-
20 ance in accordance with the authorities and general poli-
21 cies of this chapter.

22 “(b) **REIMBURSEMENT.**—Amounts subsequently ap-
23 propriated to carry out this chapter with respect to a dis-
24 aster may be used to reimburse any appropriation account
25 against which obligations were incurred under this section
26 with respect to that disaster.

1 **“CHAPTER 7—VOLUNTARY CONTRIBUTIONS TO**
2 **INTERNATIONAL ORGANIZATIONS AND PRO-**
3 **GRAMS**

4 **“SEC. 1701. AUTHORITY TO PROVIDE ASSISTANCE.**

5 “Funds appropriated to carry out this chapter may
6 be made available for voluntary contributions on a grant
7 basis to international organizations. Funds appropriated
8 for an international organization may also be made avail-
9 able to undertake activities to support such organizations
10 and their programs.

11 **“SEC. 1702. AUTHORIZATION OF APPROPRIATIONS.**

12 “There are authorized to be appropriated to the
13 President to carry out this chapter, in addition to funds
14 otherwise available for such purposes, \$250,212,000 for
15 fiscal year 1992.

16 **“SEC. 1703. CONDITION ON CONTRIBUTIONS TO INTERNA-**
17 **TIONAL ORGANIZATIONS.**

18 “The President is authorized to withhold contribu-
19 tions of funds appropriated to carry out this chapter to
20 any international organization if the President determines
21 that Israel, or such other countries as the President may
22 designate, are being denied their rights to participate in
23 the activities of that organization.

1 **“SEC. 1704. WITHHOLDING OF UNITED STATES PROPOR-**
2 **TIONATE SHARE FOR CERTAIN PROGRAMS**
3 **OF INTERNATIONAL ORGANIZATIONS.**

4 **“(a) REQUIREMENT TO WITHHOLD.—**Funds author-
5 ized to be appropriated by this chapter shall not be avail-
6 able for the United States proportionate share for pro-
7 grams for countries, organizations or projects described
8 in subsection (d).

9 **“(b) USE OF FUNDS WITHHELD.—**Funds returned
10 or not made available for programs or projects pursuant
11 to subsection (a) shall remain available until expended for
12 use under this chapter.

13 **“(c) OBLIGATIONS.—**The President—

14 **“(1) shall review, at least annually, the budgets**
15 **and accounts of all international organizations re-**
16 **ceiving payments of any funds authorized to be ap-**
17 **propriated by this chapter; and**

18 **“(2) shall report to the appropriate committees**
19 **of the Congress the amounts of funds expended by**
20 **each such organization for the purposes described in**
21 **subsection (a) and the amount contributed by the**
22 **United States to each such organization.**

23 **“(d) DESIGNATION OF COUNTRIES.—**The President
24 may designate, or remove the designation of, such coun-
25 tries, organizations, and projects as he deems appropriate
26 for purposes of subsection (a), and shall so notify Con-

1 gress: The following countries, organizations, and projects
2 shall be deemed to have been designated by the President
3 upon the date of enactment of this Act: Libya, Iran, Cuba,
4 the Palestine Liberation Organization, and projects whose
5 purpose is to provide benefits to the Palestine Liberation
6 Organization or entities associated with it.

7 **"SEC. 1705. CONTRIBUTIONS TO UNITED NATIONS RELIEF**
8 **AND WORKS AGENCY.**

9 "The President is authorized to withhold any contri-
10 butions to the United Nations Relief and Works Agency
11 for Palestine Refugees in the Near East if that Agency
12 does not take all possible measures to assure that no part
13 of the United States contribution is used to furnish assist-
14 ance to any refugee—

15 "(1) who is receiving military training as a
16 member of the Palestine Liberation Organization or
17 any other guerrilla type organization; or

18 "(2) who has engaged in any act of terrorism.

19 **"SEC. 1706. AUDITING OF ACCOUNTS OF INTERNATIONAL**
20 **ORGANIZATIONS.**

21 "(a) UNITED NATIONS ORGANIZATIONS.—In the
22 case of the United Nations and its affiliated organizations,
23 including the International Atomic Energy Agency, the
24 President should (acting through the United States repre-
25 sentatives to such organizations), propose and actively

1 seek the establishment by the governing authorities of
2 such organizations of external, professionally qualified
3 groups of appropriate size for the purpose of providing
4 an independent and continuous program of selective ex-
5 aminations, review, evaluation, and audits of the programs
6 and activities of such organizations.

7 “(b) MULTILATERAL DEVELOPMENT BANKS.—(1) In
8 the case of each of the organizations specified in para-
9 graph (2), the President should, acting through the Unit-
10 ed States representative to such organization, propose and
11 actively seek the establishment by the governing authori-
12 ties of that organization professionally qualified groups of
13 appropriate size for the purpose of providing an independ-
14 ent and continuous program of selective examination, re-
15 view, evaluation, and audits of the programs and activities
16 of that organization.

17 “(2) The organizations to which paragraph (1) ap-
18 plies are the International Bank for Reconstruction and
19 Development, the International Development Association,
20 the International Finance Corporation, the Multilateral
21 Investment Guarantee Agency, the Inter-American Devel-
22 opment Bank, the Inter-American Investment Corpora-
23 tion, the African Development Bank, the African Develop-
24 ment Fund, the Asian Development Fund, and the Asian
25 Development Bank.

1 **"CHAPTER 8—ADMINISTRATION OF ECONOMIC**
2 **ASSISTANCE PROGRAMS**

3 **"SUBCHAPTER A—OPERATING EXPENSES**

4 **"SEC. 1801. AUTHORIZATIONS OF APPROPRIATIONS FOR**
5 **OPERATING EXPENSES GENERALLY.**

6 "“There are authorized to be appropriated to the
7 President, in addition to funds otherwise available for such
8 purposes—

9 “(1) \$483,300,000 for fiscal year 1992 for nec-
10 essary operating expenses of the agency designated
11 under section 5102; and

12 “(2) such additional amounts as may be neces-
13 sary for increases in salary, pay, retirement, and
14 other employee benefits authorized by law, and for
15 other nondiscretionary costs of such agency.

16 **"SEC. 1802. AUTHORIZATIONS OF APPROPRIATIONS FOR**
17 **OPERATING EXPENSES OF THE INSPECTOR**
18 **GENERAL.**

19 "“There are authorized to be appropriated to the
20 President, in addition to funds otherwise available for such
21 purposes—

22 “(1) \$37,739,000 for fiscal year 1992 for nec-
23 essary operating expenses of the Office of the In-
24 spector General of the agency designated under sec-
25 tion 5102; and

1 “(2) such additional amounts as may be necessary
2 for increases in salary, pay, retirement, and other employ-
3 ee benefits authorized by law, and for other nondiscretion-
4 ary costs of such office.

5 **“SEC. 1803. AVAILABILITY OF FUNDS.**

6 “Notwithstanding any other provision of law, the
7 agency designated under section 5102 may obligate and
8 expend funds in advance of appropriations in an amount
9 sufficient to maintain operations at posts abroad for up
10 to three days.

11 **“SUBCHAPTER B—EVALUATION**

12 **“SEC. 1811. EVALUATION AND ACCOUNTABILITY.**

13 “(a) **NEED FOR EVALUATION.**—In order to effective-
14 ly and responsibly manage the resources with which it is
15 provided, the agency designated under section 5102 must
16 have a capacity to evaluate objectively the extent of its
17 progress in achieving development results and to derive
18 lessons from its development experience.

19 “(b) **ACTIONS TO BE TAKEN.**—In furtherance of
20 subsection (a), the President should establish a program
21 performance evaluation capacity with the following
22 functions—

23 “(1) to develop a program performance infor-
24 mation system to afford agency managers a means

1 for monitoring achievement of impact and interim
2 performance of the agency's major programs;

3 "(2) to prepare and disseminate objective and
4 periodic reports on the agency's progress in meeting
5 stated development objectives for major assistance
6 categories and recipient countries, regions, sectors,
7 and policies;

8 "(3) to strengthen, through training and other
9 means, the use of evaluation as a management tool,
10 by both the agency and its counterparts in countries
11 receiving assistance, in the planning, designing, and
12 implementation of foreign assistance projects and
13 programs; and

14 "(4) to coordinate with the Inspector General of
15 the such agency so as to ensure appropriate
16 complementarity of efforts, recognizing that—

17 "(A) it is the responsibility of the agency
18 to direct a program of independent evaluation
19 of its programs and policies, and the operation-
20 al and management systems which affect the
21 development impact of those programs and poli-
22 cies; and

23 "(B) it is the responsibility of the Inspec-
24 tor General to conduct regular and comprehen-
25 sive assessments and audit of financial manage-

1 ment and administrative systems, including the
2 adequacy of the systems for monitoring and
3 evaluating agency projects and programs.

4 “(c) **ROLE OF EVALUATION.**—In recognition of the
5 importance of evaluation in determining, among other
6 things, the extent to which programs are fostering the
7 goals set forth in section 1, the President should take such
8 steps as the President deems appropriate to ensure that
9 the agency is—

10 “(1) planning, implementing, and disseminating
11 programmatic evaluations of the economic assistance
12 programs under this title that are administered by
13 the agency;

14 “(2) designing and managing technical assist-
15 ance and support programs to enhance the integrity
16 and quality of all project and program evaluation
17 work done by such agency;

18 “(3) maintaining and making accessible the
19 agency’s data base on project and program experi-
20 ence, including both the historical record and meas-
21 ures of impact and performance;

22 “(4) coordinating information exchange on eval-
23 uation priorities, findings, and methods with other
24 donor countries and organizations; and

1 “(5) ensuring the quality, objectivity and inde-
2 pendence of the Center’s work by such measures as
3 external review of findings, use of outside govern-
4 mental and nongovernmental expertise, and other
5 measures to protect against potential conflict of in-
6 terest.

7 “SUBCHAPTER C—COOPERATION WITH
8 NONGOVERNMENTAL SECTOR

9 “SEC. 1821. VOLUNTARY COOPERATION IN DEVELOPMENT.

10 “(a) STATEMENT OF POLICY.—It is the sense of the
11 Congress that—

12 “(1) the sustained participation of United
13 States private voluntary organizations, cooperatives,
14 and credit unions that are engaged in activities that
15 are relevant to the development needs of developing
16 countries serves as an important means of improving
17 the lives of the poor in developing countries and en-
18 hances the likelihood that the goals set forth in sec-
19 tion 1 will be attained;

20 “(2) similarly, sustained participation of United
21 States colleges and universities in the economic de-
22 velopment programs of the developing countries and
23 the building of indigenous university systems that
24 support the educational, research, and service needs
25 of their societies is vital to their achieving sustain-

1 able economic growth and open democratic political
2 systems and, at the same time, supports the interna-
3 tionalization of United States educational institu-
4 tions by strengthening their faculty and the pro-
5 grams available to their students; and

6 “(3) such sustained participation would be en-
7 hanced through provisions within the agency desig-
8 nated under section 5102 to provide such organiza-
9 tions and institutions with the opportunity to par-
10 ticipate in the planning, development and implemen-
11 tation of programs that involve those organizations
12 and institutions.

13 “(b) PARTNERSHIP RELATIONSHIP.—The President
14 is encouraged to establish a formal, effective, and continu-
15 ing partnership relationship with private voluntary organi-
16 zations, cooperatives, and credit unions which have experi-
17 ence in working in developing countries, and with United
18 States colleges and universities, with the objective of en-
19 hancing attainment of the goals set forth in section 1. In-
20 dividuals who are from such organizations and institutions
21 and who have expertise and administrative experience in
22 programs relevant to the development needs of developing
23 countries should be consulted on a regular basis so as to
24 bring their expertise to bear on those objectives.

1 **TITLE II—MILITARY ASSISTANCE AND**
2 **RELATED ASSISTANCE AND SALES PROGRAMS**
3 **CHAPTER 1—CONSOLIDATION AND REVISION OF**
4 **ACCOUNTS**

5 **SEC. 201. REVISION OF ASSISTANCE PROGRAMS.**

6 The Foreign Assistance Act of 1961 is amended by
7 striking out part II and inserting in lieu thereof the
8 following:

9 **“TITLE II—MILITARY ASSISTANCE AND**
10 **RELATED PROGRAMS**
11 **“CHAPTER 1—POLICIES REGARDING MILITARY**
12 **ASSISTANCE**

13 **“SEC. 2101. GENERAL.**

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

15 **“(1) to advance our principal foreign policy ob-**
16 **jectives—the promotion of democratic values, the**
17 **promotion of peace, the fostering of economic**
18 **progress through the encouragement of market**
19 **forces, and international cooperation in countering**
20 **transnational dangers such as terrorism and narcot-**
21 **ics trafficking—the United States must foster a cli-**
22 **mate in which all nations can live in security and**
23 **stability;**

24 **“(2) where threats to such a climate arise,**
25 **through the persistence of regional conflicts, the**

1 threat of aggression fostered by military imbalances
2 among neighboring nations, the proliferation of
3 weapons of mass destruction, or through the persist-
4 ent attempts by armed groups violently to overthrow
5 democratically elected governments, it is in the inter-
6 est of the United States to address those threats;

7 “(3) so long as foreign countries lack the re-
8 sources to meet their security needs without external
9 assistance, military assistance provided by the Unit-
10 ed States will remain one of the principal instru-
11 ments available to us to advance our principal for-
12 eign policy goals; and therefore

13 “(4) the provision of military assistance to for-
14 eign countries and international organizations under
15 chapter 2, chapter 5 and chapter 6 of this title is
16 an integral element of United States foreign policy.

17 “(b) The authorities to furnish military assistance
18 that are provided under this title should be exercised to
19 achieve the following objectives:

20 “(1) To promote democratic values, including
21 support for the consolidation of democracy through
22 the rule of law, free and fair elections, respect for
23 human rights, and the establishment of a relation-
24 ship between civilian and military sectors appropri-
25 ate to a democratic system of government.

1 “(2) To promote peace, by deterring aggression
2 and enhancing the military capability of foreign
3 countries to meet their legitimate security needs, by
4 fostering efforts both to assure the nonproliferation
5 of weapons of mass destruction, and by supporting
6 peacekeeping operations and activities, in particular
7 those sponsored by the United Nations or other
8 international organizations.

9 “(3) To provide support to foreign countries to
10 meet transnational threats, in particular to combat
11 the flow of illicit narcotics and to combat interna-
12 tional terrorism.

13 “(4) To meet urgent humanitarian needs by en-
14 couraging civic action by improving the capability of
15 the armed forces of foreign countries to carry out
16 activities such as planning and implementing eco-
17 nomic development projects that benefit the civilian
18 population and providing health care for the people
19 of the country.

20 “(5) To promote self-defense and defense coop-
21 eration by financing the acquisition by friendly coun-
22 tries of United States major defense equipment and
23 other defense articles and defense services, including
24 acquisition through licensed production and
25 coproduction where appropriate.

1 “(6) To promote the effectiveness of military
2 forces of foreign countries with respect to command,
3 control, communications, intelligence, mobility, train-
4 ing, and logistical support.

5 “(7) To promote rationalization, standardiza-
6 tion, and interoperability of the military forces of
7 foreign countries with the Armed Forces of the
8 United States.

9 **“SEC. 2102. OBJECTIVES OF MILITARY ASSISTANCE.**

10 “The authorities to furnish military assistance that
11 are provided in chapter 2, chapter 5, and chapter 6 of
12 this title should be exercised to achieve the following
13 objectives:

14 “(1) Promoting self-defense and defense coop-
15 eration by financing the acquisition by friendly coun-
16 tries of United States major defense equipment and
17 other defense articles and defense services, including
18 acquisition through licensed production and
19 coproduction.

20 “(2) Promoting the effectiveness of military
21 forces of friendly countries with respect to command,
22 control, communications, intelligence, mobility, train-
23 ing, and logistical support.

24 “(3) Promoting rationalization, standardization,
25 and interoperability of the military forces of friendly

1 countries with the Armed Forces of the United
2 States.

3 “(4) Supporting peacekeeping operations and
4 activities, in particular those sponsored by the Unit-
5 ed Nations or other international organizations.

6 “(5) Increasing the awareness of nationals of
7 friendly countries of basic issues involving democrat-
8 ic values and institutions, especially respect for
9 internationally recognized human rights.

10 “(6) Supporting the establishment in friendly
11 countries of a relationship between civilian and mili-
12 tary sectors appropriate to a democratic system of
13 government.

14 “(7) Providing support for friendly countries to
15 combat the flow of illicit narcotics and to combat
16 international terrorism.

17 “(8) Enhancing the military capability of
18 friendly countries to meet their security needs.

19 “(9) Encouraging civic action by improving the
20 capability of the armed forces of friendly countries
21 to carry out activities such as planning and imple-
22 menting economic development projects that benefit
23 the civilian population and providing health care for
24 the people of the country.

1 **“CHAPTER 2—FOREIGN MILITARY FINANCING**
2 **PROGRAM**

3 **“SEC. 2201. AUTHORITY TO FURNISH ASSISTANCE.**

4 **“(a) GENERAL AUTHORITY.—**The President is au-
5 thORIZED to furnish military assistance to any friendly
6 country or international organization by—

7 **“(1) acquiring from any source and providing**
8 by loan or grant any defense article or defense serv-
9 ice; and

10 **“(2) financing the sale of defense articles or de-**
11 fense services, or providing financing under subsec-
12 tion (b).

13 **“(b) FINANCING PROCUREMENT BY COMMERCIAL**
14 **LEASING.—**Financing may be provided under this section
15 to any country that is a member of the North Atlantic
16 Treaty Organization (NATO) or is a major non-NATO
17 ally for the procurement of defense articles by leasing (in-
18 cluding leasing with an option to purchase) from United
19 States commercial suppliers if the President determines
20 that there are foreign policy or national security reasons
21 for those defense articles being provided by commercial
22 lease rather than by government-to-government sale under
23 the Defense Trade and Export Control Act.

24 **“(c) EXCLUSION OF CERTAIN COSTS FROM CERTAIN**
25 **SALES.—**Sales under the Defense Trade and Export Con-
26 trol Act which are wholly paid from funds—

1 “(1) which are made available on a grant basis
2 under this chapter, or

3 “(2) which, prior to the effective date of title II
4 of the International Cooperation Act of 1991, were
5 transferred under the former authority of section
6 503(a)(3) of this Act or were made available on a
7 nonrepayable or grant basis under the former au-
8 thority of section 23 of the Defense Trade and
9 Export Control Act,

10 shall be priced to exclude the costs of salaries of members
11 of the Armed Forces of the United States (other than the
12 Coast Guard) and unfunded estimated costs of civilian re-
13 tirement and other benefits.

14 “(d) OBLIGATION OF FUNDS.—

15 “(1) OBLIGATION UPON APPORTIONMENT.—
16 Funds appropriated to carry out this chapter on a
17 grant basis may be obligated upon apportionment in
18 accordance with paragraph (5)(C) of title 31, United
19 States Code, section 1501(a).

20 “(2) EXCEPTION.—Funds appropriated to carry
21 out this chapter shall be available to finance the pro-
22 curement of defense articles and defense services
23 that are not sold by the United States Government
24 only if the country or international organization pro-
25 posing to make such procurements has first signed

1 a grant agreement with the United States Govern-
2 ment specifying the conditions under which such
3 procurements may be financed with such funds.

4 “(3) DEOBLIGATION OF FUNDS AFTER THREE
5 YEARS.—Any agreement to provide financing under
6 this section should include a provision expressly
7 granting the United States Government the right to
8 deobligate any funds furnished under the agreement
9 that have not been committed for an approved use
10 no later than the end of the three-year period begin-
11 ning on the date on which that agreement is entered
12 into.

13 “(e) LOANS.—

14 “(1) LIMITATION.—Defense articles may be
15 loaned under this chapter only if—

16 “(A) there is a bona fide reason for provid-
17 ing such articles on a loan basis rather than a
18 grant basis;

19 “(B) there is a reasonable expectation that
20 such articles will be returned to the agency
21 making the loan at the end of the loan period
22 unless the loan is then renewed;

23 “(C) the loan period is of fixed duration
24 not exceeding five years, during which period

1 such article may be recalled for any reason by
2 the United States;

3 “(D) the agency making the loan is reim-
4 bursed for the loan based on any amount that
5 is charged to the appropriation for military as-
6 sistance under paragraph (2); and

7 “(E) arrangements are made with the
8 agency making the loan to be reimbursed in the
9 event the article is lost or destroyed while on
10 loan (which arrangements may include reim-
11 bursement from funds available to carry out
12 this chapter), based on the depreciated value of
13 the article at the time of loss or destruction.

14 “(2) CHARGE TO APPROPRIATION ACCOUNT.—
15 In the case of any loan of a defense article made
16 under this chapter, there shall be a charge to the ap-
17 propriation for military assistance while the defense
18 article is on loan in an amount based on—

19 “(A) the out-of-pocket expenses authorized
20 to be incurred in connection with such loan; and

21 “(B) the depreciation that occurs while
22 such article is on loan.

23 The provisions of this paragraph shall not apply to
24 any defense article, or portion thereof, acquired with
25 funds available to carry out this chapter, or that is

1 made available under a section of this chapter to
2 which section 5201(d) does not apply. For the pur-
3 poses of the preceding sentence, the value of the de-
4 fense articles (in terms of their replacement cost less
5 any depreciation in their value) shall be counted
6 against applicable limitations, such as those con-
7 tained in section 2205.

8 **“SEC. 2202. TERMS OF FINANCING.**

9 “(a) **GRANTS OR CREDITS.**—Financing under section
10 2201(a)(2) may be provided on a grant basis or credit
11 basis, or by providing guarantees.

12 “(b) **CRITERIA FOR DETERMINING TERMS OF AS-**
13 **SISTANCE.**—In determining whether such financing will be
14 provided to a foreign country on a grant, credit or guaran-
15 tee basis, the President shall take into account the
16 following:

17 “(1) The national security and foreign policy
18 interests of the United States in furnishing such as-
19 sistance to that country.

20 “(2) The legitimate national security and self-
21 defense needs of that country, taking into account
22 regional and other threats to its security.

23 “(3) The economic conditions and circum-
24 stances of that country, including its per capita

1 gross national product, debt service ratio, and exter-
2 nal debt and rescheduled external debt.

3 “(c) TERMS AND CONDITIONS.—The President may
4 issue regulations from time to time with regard to the
5 terms and conditions on which financing will be provided
6 under this chapter.

7 “(d) FINANCING ASSISTANCE.—Funds used to fi-
8 nance the procurement of defense articles and defense
9 services under section 2201(a)(2) shall be disbursed—

10 “(1) to suppliers (including the United States
11 military departments) on behalf of the recipient
12 country or organization; or

13 “(2) to the recipient country or organization as
14 reimbursement upon submission of satisfactory proof
15 of payments to suppliers.

16 “(e) GUARANTIES.—Any guaranties issued under this
17 chapter shall be backed by the full faith and credit of the
18 United States.

19 “(f) DEBT REPAYMENT.—Funds appropriated to
20 carry out this chapter may be made available to a foreign
21 country to make payments of principal and interest that
22 it owes to the United States in connection with sales of
23 defense articles or defense services on account of credits
24 previously extended to it, or loans previously guaranteed,
25 under this Act or the Defense Trade and Export Control

1 Act (or under any predecessor military sales or foreign as-
2 sistance legislation).

3 **"SEC. 2203. ELIGIBILITY.**

4 “(a) **CONDITIONS.**—Financing may not be furnished
5 under this chapter for the procurement of defense articles
6 or defense services by a foreign country, and defense arti-
7 cles or defense services may not otherwise be furnished
8 under this chapter to a foreign country, unless that coun-
9 try has agreed to the following (in addition to such other
10 provisions as the President may require):

11 “(1) The country will not, without the consent
12 of the President—

13 “(A) transfer title to, or possession of, any
14 defense articles or defense services so furnished
15 to it to anyone not an officer, employee, or
16 agent of that country,

17 “(B) use or permit the use of such articles
18 or services for purposes other than those for
19 which furnished.

20 “(2) The country will maintain the security of
21 such articles or services, and will provide substan-
22 tially the same degree of security protection afforded
23 to such articles or services by the United States
24 Government.

25 “(b) **INELIGIBILITY.**—

1 “(1) **TERMINATION OF ASSISTANCE FOR SUB-**
2 **STANTIAL VIOLATIONS.**—Assistance and deliveries of
3 assistance under section 2201(a)(1) to any country
4 shall be terminated, and new commitments to pro-
5 vide financing under section 2201(a)(2) to that
6 country shall not be made, as hereinafter provided if
7 such country uses defense articles or defense services
8 described in paragraph (2) in substantial violation
9 (either in terms of quantities or in terms of the
10 gravity of the consequences regardless of the quanti-
11 ties involved) of any agreement pursuant to which
12 those defense articles or defense services were
13 furnished—

14 “(A) by using such articles or services for
15 a purpose not specified in paragraph (3) or, if
16 such agreement provides that such articles or
17 services may only be used for purposes more
18 limited than those specified, for a purpose not
19 authorized under such agreement;

20 “(B) by transferring such articles or serv-
21 ices to, or permitting any use of such articles
22 or services by, anyone not an officer, employee,
23 or agent of the recipient country; or

24 “(C) by failing to maintain the security of
25 such articles or services.

1 “(2) DEFENSE ARTICLES AND DEFENSE SERV-
2 ICES SUBJECT TO REQUIREMENTS.—Paragraph (1)
3 applies with respect to any defense articles or de-
4 fense services furnished (through financing or other-
5 wise) under this Act, sold or leased under the De-
6 fense Trade and Export Control Act, or furnished
7 under any predecessor foreign assistance or military
8 sales legislation.

9 “(3) USES PERMITTED.—The purposes referred
10 to in paragraph (1) are:

11 “(A) Internal security.

12 “(B) Legitimate self-defense.

13 “(C) Participation in regional or collective
14 arrangements or measures consistent with the
15 Charter of the United Nations, or participation
16 in collective measures requested by the United
17 Nations for the purpose of maintaining or re-
18 storing international peace and security.

19 “(D) Construction of public works or other
20 activities which contribute to the economic and
21 social development of the recipient country.

22 “(E) Such other purposes as may be pro-
23 vided for in particular provisions of law.

24 “(4) ACTIONS REQUIRED FOR TERMINATION.—
25 Assistance and deliveries of assistance under section

1 2201(a)(1) shall be terminated, and new commit-
2 ments to provide financing under section 2201(a)(2)
3 shall not be made, pursuant to paragraph (1) if—

4 “(A) the President so determines and re-
5 ports in writing to the Congress, or

6 “(B) the Congress so determines by joint
7 resolution.

8 “(5) REPORTS TO CONGRESS.—The President
9 shall report to the Congress promptly upon the re-
10 ceipt of information that a violation described in
11 paragraph (1) is likely to have occurred.

12 “(6) PERIOD OF TERMINATION.—Paragraph (1)
13 shall apply until such time as—

14 “(A)(i) the President determines that the
15 violation has ceased; and

16 “(ii) the country concerned has given as-
17 surances satisfactory to the President that such
18 violation will not recur; or

19 “(B) the President determines that contin-
20 ued application of this paragraph would have
21 significant adverse impact on United States
22 security.

23 **“SEC. 2204. APPROVAL OF THIRD COUNTRY TRANSFERS.**

24 “(a) IN GENERAL.—In considering a request for ap-
25 proval of any transfer of any weapon, weapons system, air-

1 craft, military vessel, or other implement of war to another
2 country, the President shall not give his consent under
3 section 2203(a)(1) to the transfer unless the United
4 States itself would transfer the defense article under con-
5 sideration to that country.

6 “(b) SIGNIFICANT MILITARY EQUIPMENT.—In addi-
7 tion, the President shall not give his consent under section
8 2203(a)(1) to the transfer of any significant military
9 equipment on the United States Munitions List unless the
10 foreign country requesting consent to transfer agrees to
11 demilitarize such equipment prior to transfer, or the pro-
12 posed recipient provides a commitment in writing to the
13 United States Government that it will not transfer such
14 equipment if not demilitarized to any other foreign coun-
15 try or person without first obtaining the consent of the
16 President.

17 **“SEC. 2205. DRAWDOWN AUTHORITY.**

18 “(a) UNFORESEEN EMERGENCIES.—If the President
19 determines that—

20 “(1) an unforeseen emergency exists which re-
21 quires immediate military assistance to a foreign
22 country or international organization, and

23 “(2) the emergency requirement cannot be met
24 under the authority of the Defense Trade and Ex-

1 port Control Act or any other law except this
2 section,

3 the President may direct, for the purposes of this
4 title, the drawdown of defense articles from the stocks of
5 the Department of Defense or defense services of the De-
6 partment of Defense of an aggregate value not to exceed
7 \$100,000,000 in any fiscal year.

8 “(b) SPECIAL CIRCUMSTANCES.—If the President de-
9 termines that it is in the national interest of the United
10 States to do so, the President may direct the drawdown
11 of defense articles from the stocks of the Department of
12 Defense or of defense services of the Department of De-
13 fense, of an aggregate value not to exceed \$75,000,000
14 in any fiscal year, for the purposes and under the authori-
15 ties of—

16 “(1) chapter 4 of title I of this Act;

17 “(2) chapter 6 of title I of this Act; or

18 “(3) the Migration and Refugee Assistance Act
19 of 1962.

20 “(c)(1) The President may exercise the authority of
21 this section upon providing notification to the Committees
22 on Foreign Affairs and Appropriations of the House of
23 Representatives and the Committees on Foreign Relations
24 and Appropriations of the Senate. In the case of
25 drawdowns authorized under paragraphs (1) and (3) of

1 subsection (b), notification shall be provided fifteen days
2 in advance, in accordance with procedures applicable to
3 reprogrammings under section 4304.

4 “(2) CONTINUING INFORMATION.—The President
5 shall keep the Congress fully and currently informed of
6 all defense articles and defense services provided under
7 this section.

8 “(d) NONAPPLICABILITY OF REQUIREMENT FOR RE-
9 IMBURSEMENT FROM EXISTING ASSISTANCE FUNDS.—
10 Section 5201(d) does not apply with respect to defense
11 articles and defense services made available under this sec-
12 tion.

13 “(e) AUTHORIZATION OF APPROPRIATIONS.—There
14 are authorized to be appropriated to the President such
15 sums as may be necessary to reimburse the applicable ap-
16 propriation, fund, or account for defense articles and de-
17 fense services provided under this section.

18 **“SEC. 2206. GRANT TRANSFERS OF EXCESS DEFENSE ARTI-**
19 **CLES.**

20 “(a) AUTHORITY.—Notwithstanding any other provi-
21 sion of law, the President may—

22 “(1) transfer to countries for which a foreign
23 military financing program was justified in the fiscal
24 year in which the transfer is authorized such excess

1 defense articles as may be necessary to help modern-
2 ize the defense capabilities of such country;

3 “(2) in coordination with other narcotics-related
4 assistance, transfer excess defense articles to the
5 military or law enforcement forces of a country—

6 “(A) which is in Latin America or the Car-
7ibbean,

8 “(B) which has a democratic government,
9 and

10 “(C) whose armed forces do not engage in
11 a consistent pattern of gross violations of inter-
12 nationally recognized human rights,

13 for the purpose of enhancing the ability of such forces to
14 participate in a comprehensive national antinarcotics pro-
15 gram by conducting activities within that country and on
16 the high seas to prevent the production, processing, traf-
17 ficking, transportation, and consumption of illicit narcotic
18 or psychotropic drugs or other controlled substances;

19 “(3) transfer nonlethal excess defense articles
20 and small arms to friendly countries and to interna-
21 tional organizations and private and voluntary orga-
22 nizations for the purpose of protecting and main-
23 taining wildlife habitats and in developing sound
24 wildlife management and plant conservation pro-
25 grams; and

1 “(4) transfer excess property of the Coast
2 Guard on the same basis as excess defense articles
3 may be transferred under this section.

4 “(b) PROVISIONS APPLICABLE TO TRANSFERS FOR
5 ANTINARCOTICS PURPOSES.—

6 “(1) USE OF ARTICLES.—Excess defense arti-
7 cles may be furnished to a country under subsection
8 (a)(2) only if the recipient country ensures that
9 those excess defense articles will be used primarily
10 in support of antinarcotics activities.

11 “(2) LIMITATION.—The aggregate value of ex-
12 cess defense articles transferred to any country
13 under subsection (a)(2) in any fiscal year may not
14 exceed \$10,000,000.

15 “(c) GENERALLY APPLICABLE PROVISIONS.—

16 “(1) TERMS OF TRANSFERS.—Excess defense
17 articles may be transferred under this section with-
18 out cost to the recipient country.

19 “(2) LIMITATIONS ON TRANSFERS.—The Presi-
20 dent may transfer excess defense articles under this
21 section only if—

22 “(A) they are drawn from existing stocks
23 of the Department of Defense (or the Coast
24 Guard);

1 “(B) funds available to the Department of
2 Defense (or the Coast Guard) for the procure-
3 ment of defense equipment are not expended in
4 connection with the transfer;

5 “(C) the transfer of the excess defense ar-
6 ticles will not have an adverse impact on the
7 military readiness of the United States; and

8 “(D) transferring the articles under the
9 authority of those sections is preferable to sell-
10 ing them, after taking into account the poten-
11 tial proceeds from, and likelihood of, such sales,
12 and the comparative foreign policy benefits that
13 may accrue to the United States as the result
14 of either a transfer or sale.

15 “(3) NOTIFICATION TO CONGRESS.—

16 “(A) ADVANCE NOTICE.—The President
17 may not transfer excess defense articles under
18 this section until fifteen days after the Presi-
19 dent has provided notice of the proposed trans-
20 fer to the committees specified in subparagraph
21 (B). This notification shall include—

22 “(i) a discussion of the need for the trans-
23 fer;

1 “(ii) an assessment of the impact of the
2 transfer on the military readiness of the United
3 States; and

4 “(iii) the value of the excess defense arti-
5 cles to be transferred.

6 “(B) COMMITTEES TO BE NOTIFIED.—No-
7 tice shall be provided pursuant to subparagraph
8 (A) to the Committee on Armed Services, the
9 Committee on Foreign Affairs, and the Com-
10 mittee on Appropriations of the House of Rep-
11 resentatives and the Committee on Armed Serv-
12 ices, the Committee on Foreign Relations, and
13 the Committee on Appropriations of the Senate.

14 “(4) WAIVER OF REQUIREMENT FOR REIM-
15 BURSEMENT OF DOD EXPENSES.—Section 5201(d)
16 does not apply with respect to transfers of excess de-
17 fense articles under this section.

18 “(5) TRANSPORTATION AND RELATED COSTS.—

19 “(A) Except as provided in subparagraph
20 (B), funds available to the Department of De-
21 fense (or the Coast Guard) shall not be expend-
22 ed for crating, packing, handling and transpor-
23 tation of excess defense articles transferred
24 under the authority of this section.

1 “(B) Notwithstanding section 5201(d) or
2 any other provision of law—

3 “(i) the President may direct the crat-
4 ing, packing, handling and transport of ex-
5 cess defense articles without charge to a
6 country if—

7 “(I) that country has an agree-
8 ment providing the United States with
9 base rights in that country;

10 “(II) that country is eligible for
11 assistance from the International De-
12 velopment Association; and

13 “(III) the excess defense articles
14 are being provided to that country
15 under the authority of this section;
16 and

17 “(ii) the President is authorized to
18 transport nonlethal excess defense articles
19 and small arms under subsection (a)(3)
20 without charge on a space available basis.

21 **“SEC. 2207. CONSIDERATIONS IN FURNISHING ASSISTANCE.**

22 “Decisions to furnish assistance under this chapter
23 should take into account whether such assistance will—

24 “(1) contribute to an arms race;

1 “(2) increase the possibility of outbreak or esca-
2 lation of conflict; or

3 “(3) prejudice the development of bilateral or
4 multilateral arms control arrangements.

5 **“SEC. 2208. CIVIC ACTION IN AFRICA.**

6 “Funds appropriated to carry out this chapter may
7 be used for civic action in Africa, notwithstanding section
8 4203 of this Act and any similar provisions of law that
9 prohibit providing assistance to countries in default on ob-
10 ligations owed to the United States.

11 **“SEC. 2209. AUTHORIZATION OF APPROPRIATIONS.**

12 “There are authorized to be appropriated to the
13 President to carry out this chapter \$4,640,000,000 for the
14 fiscal year 1992.

15 **“CHAPTER 3—STOCKPILING OF DEFENSE**
16 **ARTICLES FOR FOREIGN COUNTRIES**

17 **“SEC. 2301. RESTRICTIONS ON STOCKPILING.**

18 “(a) REMOVAL FROM STOCKPILING.—Defense arti-
19 cles in the inventory of the Department of Defense which
20 are set aside, reserved, or in any way earmarked or intend-
21 ed for future use by any foreign country may not be made
22 available to or for use by any foreign country unless—

23 “(1) such transfer is authorized under this Act
24 or the Defense Trade and Export Control Act; and

1 “(2) the value of such transfer is charged
2 against funds authorized under this Act or against
3 any limitations specified in such legislation, as ap-
4 propriate, for the fiscal period in which the defense
5 articles are transferred.

6 “(b) VALUE.—

7 “(1) DEFINITION.—For purposes of subsection
8 (a), ‘value’ means acquisition cost plus crating,
9 packing, handling, and transportation costs incurred
10 in carrying out this section.

11 “(2) LIMITATION.—A defense article trans-
12 ferred from any stockpile which is made available to
13 or for use by any foreign country may not be consid-
14 ered an excess defense article for the purpose of de-
15 termining the value of that defense article.

16 “SEC. 2302. LOCATION OF STOCKPILES.

17 “Except for stockpiles located in the Republic of
18 Korea, Thailand, a country which is a member of the
19 North Atlantic Treaty Organization, a country which is
20 a major non-NATO ally, or such other countries as the
21 President may designate, no stockpile may be located out-
22 side the boundaries of a United States military base or
23 a military base used primarily by the United States.

1 **“SEC. 2303. ADDITIONS TO WAR RESERVE STOCKS.**

2 “(a) **LIMITATION.**—The value of defense articles to
3 be added to those set aside, earmarked, reserved, or in-
4 tended for use as war reserve stocks for allied or other
5 foreign countries (other than for purposes of the North
6 Atlantic Treaty Organization) in stockpiles located in for-
7 eign countries may not exceed in any fiscal year an
8 amount specified in legislation authorizing military assist-
9 ance programs for that fiscal year.

10 “(b) **AUTHORIZATION OF ADDITIONS.**—The value of
11 such additions to stockpiles in foreign countries shall not
12 exceed \$129,000,000 for fiscal year 1992.

13 **“CHAPTER 4—OVERSEAS MANAGEMENT OF**
14 **ASSISTANCE AND SALES PROGRAMS**

15 **“SEC. 2401. AUTHORIZED FUNCTIONS.**

16 “(a) **IN GENERAL.**—In order to carry out responsibil-
17 ities for the management of international security assist-
18 ance and sales programs conducted under chapter 2 and
19 chapter 5 and under the Defense Trade and Export Con-
20 trol Act, the President may assign members of the Armed
21 Forces to a foreign country to perform one or more of
22 the following functions:

23 “(1) **Equipment and services case management.**

24 “(2) **Training management.**

25 “(3) **Program monitoring.**

1 “(4) Evaluation and planning of the host gov-
2 ernment’s military capabilities and requirements.

3 “(5) Administrative support.

4 “(6) Promoting rationalization, standardization,
5 interoperability, and other defense cooperation meas-
6 ures.

7 “(7) Liaison functions exclusive of advisory and
8 training assistance.

9 “(b) **ADVISORY AND TRAINING ASSISTANCE.**—Advi-
10 sory and training assistance conducted by members of the
11 Armed Forces assigned under this chapter shall be kept
12 to an absolute minimum. Advising and training assistance
13 in countries to which members of the Armed Forces are
14 assigned under this chapter should be provided primarily
15 by other personnel who are not assigned under this chap-
16 ter and who are detailed for limited periods to perform
17 specific tasks.

18 **“SEC. 2402. COSTS.**

19 “The entire costs (excluding salaries of members of
20 the Armed Forces other than the Coast Guard) of overseas
21 management of international security assistance and sales
22 programs under this chapter shall be charged to or reim-
23 bursed from funds made available to carry out chapter 2,
24 other than any such costs which are either—

1 “(1) paid directly for such defense services
2 under section 21(a) of the Defense Trade and Ex-
3 port Control Act, or

4 “(2) reimbursed from charges for services col-
5 lected from foreign governments pursuant to section
6 21(e) and section 43(b) of that Act.

7 **“SEC. 2403. ROLE OF CHIEF OF MISSION.**

8 “Members of the Armed Forces assigned to a foreign
9 country under this chapter shall serve under the direction
10 and supervision of the Chief of the United States Diplo-
11 matic Mission to that country.

12 **“CHAPTER 5—INTERNATIONAL MILITARY**
13 **EDUCATION AND TRAINING**

14 **“SEC. 2501. AUTHORITY TO FURNISH ASSISTANCE.**

15 “(a) **GENERAL AUTHORITY.**—The President is au-
16 thorized to furnish military education and training to mili-
17 tary and related civilian personnel of foreign countries.
18 Such civilian personnel may include foreign governmental
19 personnel of ministries other than ministries of defense if
20 the military education and training would

21 “(1) contribute to responsible defense resource
22 management;

23 “(2) foster greater respect for and understand-
24 ing of the principle of civilian control of the military;

1 “(3) improve military justice systems and pro-
2 cedures in accordance with internationally recog-
3 nized human rights; or

4 “(4) contribute to cooperation between military
5 and law enforcement personnel in respect of counter-
6 narcotics law enforcement efforts.

7 “(b) FURNISHING OF ASSISTANCE.—Training and
8 education under this chapter may be provided through—

9 “(1) attendance at military educational and
10 training facilities in the United States (other than
11 Service academies) and abroad;

12 “(2) attendance in special courses of instruction
13 at schools and institutions of learning or research in
14 the United States and abroad; and

15 “(3) observation and orientation visits to mili-
16 tary facilities and related activities in the United
17 States and abroad.

18 **“SEC. 2502. TERMS OF ASSISTANCE.**

19 “(a) GRANT ASSISTANCE.—Military education and
20 training under this chapter shall be furnished on a grant
21 basis.

22 “(b) ASSISTANCE ON CREDIT TERMS.—Whenever
23 feasible military education and training shall be provided
24 on credit terms under chapter 2.

1 **“SEC. 2503. EXCHANGE TRAINING.**

2 **“In carrying out this chapter, the President is au-**
3 **thorized to provide for attendance of foreign military per-**
4 **sonnel at professional military education institutions in**
5 **the United States (other than service academies) without**
6 **charge, and without charge to funds available to carry out**
7 **this chapter (notwithstanding section 5201(d)), if such at-**
8 **tendance is pursuant to an agreement providing for the**
9 **exchange of students on a one-for-one, reciprocal basis**
10 **each fiscal year between those United States professional**
11 **military education institutions and comparable institutions**
12 **of foreign countries and international organizations.**

13 **“SEC. 2504. EXEMPTIONS.**

14 **“Funds appropriated to carry out this chapter may**
15 **be made available notwithstanding—**

16 **“(1) section 4203 of this Act and any similar**
17 **provisions of law that prohibit providing assistance**
18 **to countries in default on obligations owed to the**
19 **United States; and**

20 **“(2) section 4202 of this Act, to train (A) sen-**
21 **ior civilian law enforcement leadership personnel,**
22 **and (B) law enforcement personnel of any country**
23 **that has a freely elected democratic government and**
24 **does not engage in a consistent pattern of gross vio-**
25 **lations of internationally recognized human rights.**

1 **“SEC. 2505. AUTHORIZATION OF APPROPRIATIONS.**

2 “There are authorized to be appropriated to the
3 President to carry out this chapter \$52,500,000 for the
4 fiscal year 1992.

5 **“CHAPTER 6—PEACEKEEPING OPERATIONS**

6 **“SEC. 2601. GENERAL AUTHORITY.**

7 “(a) **IN GENERAL.**—The President is authorized to
8 furnish assistance to foreign countries and international
9 organizations for peacekeeping operations and other pro-
10 grams carried out in furtherance of the national interest
11 of the United States.

12 “(b) **REIMBURSEMENT OF DOD.**—Assistance under
13 this chapter may include reimbursement to the Depart-
14 ment of Defense for expenses incurred pursuant to section
15 7 of the United Nations Participation Act of 1945. Such
16 reimbursements may not exceed \$5,000,000 in any fiscal
17 year unless a greater amount is specified in authorizing
18 legislation.

19 “(c) **RELATION TO OTHER PROVISIONS.**—The au-
20 thority provided by this chapter to furnish assistance for
21 peacekeeping operations and activities is in addition to any
22 other authority which may be available for that purpose,
23 and assistance provided under this chapter may be made
24 available notwithstanding any provisions of law that re-
25 strict assistance to foreign countries.

1 **"SEC. 2602. SPECIAL TRANSFER AND DRAWDOWN AUTHORI-**
2 **TIES.**

3 **"(a) UNFORESEEN EMERGENCIES.—**If the President
4 determines that, as the result of an unforeseen emergency,
5 the provision of assistance under this chapter in amounts
6 in excess of funds otherwise available for such assistance
7 is important to the national interests of the United States,
8 the President may—

9 **"(1)** exercise the authority of section 4101 of
10 this Act to transfer funds available to carry out
11 chapter 3 of part I (relating to economic support as-
12 sistance) for use under this chapter without regard
13 to the 20 per centum increase limitation contained
14 in such section, except that the total amount so
15 transferred in any fiscal year may not exceed
16 \$15,000,000; and

17 **"(2)** in the event the President also determines
18 that such unforeseen emergency requires the imme-
19 mediate provision of assistance under this chapter, and
20 so notifies in writing the Speaker of the House of
21 Representatives and the Committee on Foreign Re-
22 lations of the Senate, direct the drawdown of com-
23 modities and services, of an aggregate value not to
24 exceed \$25,000,000 in any fiscal year, from the in-
25 ventory and resources of any agency of the United
26 States Government.

1 “(b) REIMBURSEMENT.—There are authorized to be
2 appropriated to the President such sums as may be neces-
3 sary to reimburse the applicable appropriation, fund, or
4 account for commodities and services provided under this
5 section.

6 **“SEC. 2603. ADMINISTRATIVE AUTHORITIES.**

7 “Except where expressly provided to the contrary,
8 any reference in any law to title I of this Act shall be
9 deemed to include reference to this chapter and any refer-
10 ence in any law to title II of this Act shall be deemed
11 to exclude reference to this chapter.

12 **“SEC. 2604. AUTHORIZATION OF APPROPRIATIONS.**

13 “There are authorized to be appropriated to the
14 President to carry out this chapter \$28,000,000 for the
15 fiscal year 1992.

16 **“CHAPTER 7—INTERNATIONAL TERRORISM**

17 **“SEC. 2701. GENERAL.**

18 “(a) TRANSNATIONAL THREAT OF TERRORISM.—
19 Terrorism continues to pose a danger to a stable world
20 order, and to endanger the ability of the people of the
21 United States and the world to live and travel in peace
22 and safety.

23 “(b) CONSIDERATIONS.—In providing assistance
24 under this Act, the President should take into account the
25 cooperation provided by other countries in connection with

1 matters related to international terrorism, including such
2 matters as whether a country grants sanctuary from pros-
3 ecution to individuals or groups that have engaged in
4 international terrorism.

5 “(c) **PURPOSES OF ANTITERRORISM ASSISTANCE.**—
6 In helping meet the transnational threat posed by terror-
7 ism, activities conducted under this chapter should be
8 designed—

9 “(1) to enhance the antiterrorism skills of
10 friendly countries by providing training and equip-
11 ment to deter and counter terrorism;

12 “(2) to strengthen the bilateral ties of the Unit-
13 ed States with friendly governments by offering con-
14 crete assistance in this area of great mutual con-
15 cern; and

16 “(3) to increase respect for human rights by
17 sharing with foreign civil authorities modern, hu-
18 mane, and effective antiterrorism techniques.

19 **“SEC. 2702. AUTHORITY TO PROVIDE ANTITERRORISM AS-**
20 **SISTANCE.**

21 “Subject to the provisions of this chapter, the Presi-
22 dent is authorized to furnish assistance to foreign coun-
23 tries in order to enhance the ability of their law enforce-
24 ment personnel to deter terrorists and terrorist groups
25 from engaging in international terrorist acts such as

1 bombing, kidnaping, assassination, hostage taking, and hi-
2 jacking. Such assistance may include advice, training serv-
3 ices and the provision of equipment and other commodities
4 related to bomb detection and disposal, management of
5 hostage situations, physical security, and other matters re-
6 lating to the detection, deterrence, and prevention of acts
7 of terrorism, the resolution of terrorist incidents, and the
8 apprehension of those involved in such acts.

9 **"SEC. 2703. AUTHORITIES AND LIMITATIONS.**

10 “(a) **GRANT ASSISTANCE.**—Services and commodities
11 may be granted for the purposes of this chapter to eligible
12 foreign countries, subject to reimbursement of the value
13 thereof (within the meaning of section 5601(d)(9)) pursu-
14 ant to section 5201 of this Act from funds available to
15 carry out this chapter.

16 “(b) **REIMBURSED ASSISTANCE.**—

17 “(1) **AUTHORIZATION.**—Whenever the Presi-
18 dent considers it to be consistent with and in fur-
19 therance of the purposes of this chapter, any agency
20 of the United States Government is authorized to
21 furnish services and commodities, without charge to
22 funds available to carry out this chapter, to an eligi-
23 ble foreign country, subject to payment in advance
24 of the value thereof (within the meaning of section

1 5601(d)(9)) in United States dollars by the foreign
2 country.

3 “(2) PROHIBITION ON USE OF FOREIGN MILI-
4 TARY FINANCING FOR PAYMENT.—Foreign military
5 financing may not be used for payments under para-
6 graph (1).

7 “(3) CREDITING OF COLLECTIONS.—Collections
8 under this chapter shall be credited to the currently
9 applicable appropriation, account, or fund of the
10 agency providing such services and commodities and
11 shall be available for the purposes for which such
12 appropriation, account, or fund is authorized to be
13 used.

14 “(c) HUMAN RIGHTS.—Plans for the development
15 and implementation of the antiterrorism assistance pro-
16 gram under this chapter, including determinations of the
17 foreign countries that will be furnished assistance under
18 this chapter and determinations of the nature of assist-
19 ance to be furnished to each such country, should take
20 into account the effect such plans are likely to have on
21 respect for internationally recognized human rights.

22 “(d) LIMITATIONS.—

23 “(1) TRAINING BY STATE DEPARTMENT PER-
24 SONNEL.—(A) Except as provided in subparagraph
25 (B), employees of the Department of State shall not

1 engage in the training of law enforcement
2 personnel—

3 “(B) Subparagraph (A) does not apply to
4 training (including short term refresher train-
5 ing) or services provided to law enforcement
6 personnel by employees of the Bureau of Diplo-
7 matic Security with regard to crisis manage-
8 ment, facility security, or VIP protection.

9 “(2) MUNITIONS ITEMS.—(A) Articles on the
10 United States Munitions List may be made available
11 under this chapter only if—

12 “(i) they are directly related to
13 antiterrorism training under this chapter; and

14 “(ii) the recipient country is not prohibited
15 by law from receiving foreign military financing
16 or international military education and training.

17 “(B) No shock batons or similar devices may be
18 provided under this chapter.

19 “(3) EQUIPMENT TRANSFERS.—(A) Except as
20 provided in subparagraph (B), the value (in terms of
21 original acquisition cost) of all equipment and com-
22 modities provided under subsection (a) in any fiscal
23 year may not exceed 25 per centum of the funds
24 made available to carry out this chapter for that fis-
25 cal year.

1 “(B) The President may provide equipment and
2 commodities notwithstanding subparagraph (A) if
3 the President determines that doing so is important
4 for the purposes of carrying out this chapter.

5 “(4) ASSISTANCE RELATING TO INTELLIGENCE
6 ACTIVITIES.—Assistance under this chapter shall not
7 include activities authorized by the National Security
8 Act of 1947 (50 U.S.C. 401 and following), the
9 Central Intelligence Agency Act of 1949 (50 U.S.C.
10 403a and following), and Executive Order 12333,
11 other than limited training in the organization of in-
12 telligence for antiterrorism purposes under the provi-
13 sions of this chapter.

14 “(5) PERSONNEL COMPENSATION OR BENE-
15 FITS.—Funds made available to carry out this chap-
16 ter may not be used for personnel compensation or
17 benefits.

18 “(e) INFORMATION EXCHANGE ACTIVITIES.—This
19 chapter does not apply to information exchange activities
20 conducted by agencies of the United States Government
21 under other authority for such purposes.

22 “SEC. 2704. CONGRESSIONAL PRESENTATION DOCUMENTS.

23 “The annual congressional presentation documents
24 shall include—

1 “(a) a list of the countries which received as-
2 sistance under this chapter for the preceding fiscal
3 year, a list of the countries which are programmed
4 to receive assistance under this chapter for the cur-
5 rent fiscal year, and a list of the countries which are
6 proposed as recipients of assistance under this chap-
7 ter for the next fiscal year;

8 “(b) with respect to each country listed pursu-
9 ant to subsection (a) and for each such fiscal year,
10 a description of the assistance under this chapter
11 furnished, programmed, or proposed, including—

12 “(1) the place where training or other
13 services under this chapter were or will be fur-
14 nished, the duration of such training or other
15 services, and the number of personnel from that
16 country which were or will receive training
17 under this chapter;

18 “(2) the types of equipment or other com-
19 modities which were or will be furnished under
20 this chapter; and

21 “(3) whether the assistance was furnished
22 on a grant basis, on an advance payment basis,
23 or on some other basis; and

24 “(c) a description of the ways in which the pro-
25 vision of such assistance has furthered the objective

1 of enhancing the ability of foreign law enforcement
2 authorities to deter acts of terrorism.

3 **"SEC. 2705. ADMINISTRATIVE AUTHORITIES.**

4 "Except where expressly provided to the contrary,
5 any reference in any law to title I of this Act shall be
6 deemed to include reference to this chapter and any refer-
7 ence in any law to title II of this Act shall be deemed
8 to exclude reference to this chapter.

9 **"SEC. 2706. AUTHORIZATION OF APPROPRIATIONS.**

10 "There are authorized to be appropriated to the
11 President to carry out this chapter \$15,000,000 for fiscal
12 year 1992."

13 **SEC. 202. AMENDMENTS TO ARMS EXPORT CONTROL ACT.**

14 The Arms Export Control Act is amended as follows:

15 (1) Section 2(b) is amended by striking out—

16 (A) "or financing for" in paragraph (1);

17 (B) "financing," both other places it ap-
18 pears.

19 (2) Section 3(c) is amended—

20 (A) in paragraph (1), by striking out
21 "(1)(A) No" and all that follows through "(B)
22 No" and inserting in lieu thereof "(1) No";

23 (B) in paragraph (1), as amended by sub-
24 paragraph (A), by striking out "under this Act,
25 or any predecessor Act," and inserting in lieu

1 thereof “, through sale, financing or otherwise,
2 under this Act or the Foreign Assistance Act of
3 1961 (or under any predecessor military sales
4 or foreign assistance legislation)”;

5 (C) in paragraph (2), by striking out
6 “may” and inserting in lieu thereof “is likely
7 to”;

8 (D) in paragraph (3)(A), by striking out
9 “subparagraph (A)” and all that follows
10 through “such paragraphs,” and inserting in
11 lieu thereof “paragraph (1)”; and

12 (E) in paragraph (3)(B), by striking out
13 “subparagraph (B) of”.

14 (3) Section 3 is amended—

15 (A) in subsection (d), by striking out “sec-
16 tion 505(a)(1) or 505(a)(4)” and inserting in
17 lieu thereof “section 2203(a)(1)”; and

18 (B) in subsection (e), by striking out “sec-
19 tion 505” and inserting in lieu thereof “section
20 2203(a)(1)”.

21 (4) Section 5(a) is amended by striking out “,
22 and no credits (including participations in credits) or
23 guaranties extended to or for” and inserting in lieu
24 thereof “to”.

25 (5) Section 6 is amended—

1 (A) by striking out “, no credits or guaran-
2 tees may be extended,“; and

3 (B) by inserting “and no foreign military
4 financing may be furnished under the Foreign
5 Assistance Act of 1961” after “this Act”.

6 (6) Section 21 is amended—

7 (A) by amending subsection (c)(1) to read
8 as follows:

9 “(A) Members of the Armed Forces as-
10 signed or detailed to provide defense services
11 under this Act may not perform duties of a
12 combatant nature, including any duty related to
13 training and advising that may engage United
14 States Armed Forces personnel in combat ac-
15 tivities, outside the United States in connection
16 with the performance of those defense services.

17 “(B) Subparagraph (A) shall not apply if
18 the President determines, and reports to the
19 Congress, that its application would not be in
20 the national interest of the United States.”; and

21 (B) in subsection (e)(1)(B)—

22 (i) by striking out “either from” and
23 all that follows through “nonrepayable
24 basis under”; and

1 (ii) by inserting in lieu thereof “from
2 either (i) funds made available on a grant
3 basis under chapter 2 of title II of the
4 Foreign Assistance Act of 1961, or (ii)
5 funds which, prior to the effective date of
6 title II of the International Cooperation
7 Act of 1991, were transferred under the
8 former authority of section 503(a)(3) of
9 the Foreign Assistance Act of 1961 or
10 were made available on a nonrepayable
11 basis under the former authority of”.

12 (7) Section 23 is repealed.

13 (8) Section 24 is amended—

14 (A) by amending the section caption to
15 read “Provisions Relating to Former Credit and
16 Guaranty Authorities”;

17 (B) in subsection (a), by striking out
18 “The” in the first sentence and inserting in lieu
19 thereof “To the extent necessary to carry out
20 the provisions under the heading “Foreign Mili-
21 tary Sales Debt Reform” in title III of the For-
22 eign Operations, Export Financing, and Related
23 Programs Appropriations Act, 1988 (as con-
24 tained in section 101(e) of Public Law 100-
25 202), the”;

1 (C) in subsection (b) by inserting “before
2 the effective date of title II of the International
3 Cooperation Act of 1991” after “section 23”;
4 and

5 (D) by striking out subsection (c) and in-
6 serting in lieu thereof the following:

7 “(c) The single reserve established under this section
8 for the payment of claims under guaranties issued under
9 the authority of this section may be referred to as the
10 ‘Foreign Military Loan Liquidating Account’.

11 “(d) Any guaranties issued under the authority of
12 this section are backed by the full faith and credit of the
13 United States.”.

14 (9) Section 25(a) is amended—

15 (A) in paragraph (5)(A) by striking out
16 “military education” and all that follows
17 through “guarantees,” and inserting in lieu
18 thereof “and assistance under chapter 2 or
19 chapter 5 of title II of the Foreign Assistance
20 Act of 1961,”;

21 (B) in paragraph (5)(B) by striking out
22 “credits or guaranties under this Act” and in-
23 serting in lieu thereof “financing under chapter
24 2 of title II of the Foreign Assistance Act of
25 1961”; and

1 (C) in paragraph (11)—

2 (i) by striking out “the Arms Export
3 Control Act” and inserting in lieu thereof
4 “section 23 or 24 of this Act”; and

5 (ii) by inserting before the semicolon
6 at the end of the paragraph the following:
7 “, and the status of each extension of cred-
8 it for the procurement of defense articles
9 or defense services under chapter 2 of title
10 II of the Foreign Assistance Act of 1961
11 with respect to which there remains out-
12 standing any unpaid obligation or potential
13 liability”.

14 (10) Section 25(d), as added by 112(b) of the
15 International Security and Development Cooperation
16 Act of 1985, is amended by striking out “under this
17 Act or under section 503(a)(3)” and inserting in lieu
18 thereof “chapter 2 of title II”.

19 (11) Section 31 is repealed.

20 (12) Section 36(a) is amended—

21 (A) in paragraph (7), by striking out “8 of
22 part II” and inserting in lieu thereof “or 7 of
23 title II”; and

1 (B) in paragraph (10), by striking out
2 “section 505(a)(1)(B)” and inserting in lieu
3 thereof “section 2203(a)(1)(A)”.

4 (13) Section 37 is amended—

5 (A) in the section caption by striking out
6 “Relating to Foreign Military Sales Credits”;

7 (B) in subsection (a), by striking out “sec-
8 tion 23” and inserting in lieu thereof “the
9 former authority of section 23 or under the au-
10 thority of chapter 2 of title II of the Foreign
11 Assistance Act of 1961”; and

12 (C) in subsection (b), by inserting “the
13 former authority of” after “extended pursuant
14 to”.

15 (14) Section 42 is amended—

16 (A) in subsection (a) by striking out “, but
17 subject to subsection (b) of this section,” in the
18 first sentence and inserting in lieu thereof “;”;

19 (B) by repealing subsections (b) and (c)
20 and redesignating subsections (d) through (f)
21 as subsections (b) through (d), respectively; and

22 (C) in subsection (b)(1), as so redesignat-
23 ed, by striking out “and guaranties under sec-
24 tions 21, 22, 23, 24,” and inserting in lieu
25 thereof “under sections 21, 22,”.

1 **SEC. 203. TRANSITION RULES.**

2 (a) **DISPOSITION OF CERTAIN PREVIOUSLY PROVID-**
3 **ED MILITARY EQUIPMENT.**—The President may waive re-
4 quirements imposed pursuant to sections 505 (a)(4) and
5 (f) of the Foreign Assistance Act of 1961, as in effect be-
6 fore the effective date of this title, with respect to defense
7 articles or related training or other defense services fur-
8 nished before that date.

9 (b) **COMMITMENT OF PRIOR YEAR MILITARY ASSIST-**
10 **ANCE.**—If the President at any time notifies Congress
11 that no further sales will be made pursuant to the Defense
12 Trade and Export Control Act after the date of such noti-
13 fication to a specified country under circumstances then
14 prevailing, any uncommitted funds allocated for such
15 country that, prior to the effective date of title II of the
16 International Cooperation Act of 1991, were transferred
17 under the former authority of section 503(a)(3) of the
18 Foreign Assistance Act of 1961 for the purpose of financ-
19 ing such sales may be committed to finance such sales to
20 other eligible countries subject to advance notification to
21 the Committees on Appropriations and Foreign Relations
22 of the Senate and the Committees on Appropriations and
23 Foreign Affairs of the House of Representatives.

1 **CHAPTER 2—FOREIGN MILITARY SALES**
2 **PROGRAM**

3 **SEC. 221. ARMS TRANSFER POLICY.**

4 (a) **ESTABLISHMENT OF NEW POLICY.**—The Arms
5 Export Control Act is amended by striking out the first
6 section and section 1 and inserting in lieu of section 1
7 the following:

8 **“SECTION 1. SHORT TITLE AND STATEMENT OF UNITED**
9 **STATES ARMS TRANSFER POLICY.**

10 “(a) **SHORT TITLE.**—This Act may be cited as the
11 ‘Defense Trade and Export Control Act’.

12 “(b) **POLICY OBJECTIVES.**—The policy of the United
13 States in implementing the authorities of this Act relating
14 to sales and other transfers of defense articles, defense
15 services, and design and construction services should be
16 based upon the following objectives:

17 “(1) Ensuring that such transfers are fully con-
18 sistent with the foreign and national security policies
19 of the United States.

20 “(2) Ensuring that such transfers directly en-
21 hance or achieve specific national defense require-
22 ments of the recipient country or objectives of mutu-
23 al concern and contribute to the common defense.

24 “(3) Promoting defense cooperation through the
25 transfer of United States major defense equipment
26 and other defense articles and defense services, in-

1 cluding through licensed production and
2 coproduction.

3 “(4) Promoting rationalization, standardization,
4 and interoperability of foreign military forces with
5 the Armed Forces of the United States.

6 “(5) Contributing to the deterrence of aggres-
7 sion and promoting regional security by enabling re-
8 cipient countries to negotiate peaceful solutions to
9 conflicts with confidence.

10 “(6) Enabling recipient countries to participate
11 in regional or collective arrangements or other meas-
12 ures consistent with the Charter of the United
13 Nations.

14 “(7) Enabling recipient countries to participate
15 in collective measures requested by the United
16 Nations.

17 “(8) Complementing United States efforts to
18 restrain and control the international transfer of de-
19 fense articles and defense services and to encourage
20 international conventional arms control arrange-
21 ments.

22 “(9) Sustaining and enhancing the viability of
23 the defense industrial base of the United States, by
24 such means as lengthening production runs, reduc-

1 ing unit costs and providing continued employment
2 for defense industry workers.

3 “(c) MULTILATERAL CONTROLS ON TRANSFERS OF
4 DEFENSE ARTICLES AND DEFENSE SERVICES.—The
5 President should continue to seek, through negotiations
6 with the Soviet Union and other countries that supply or
7 receive defense articles and defense services, the establish-
8 ment of effective multilateral controls on the transfer of
9 defense articles and defense services.”.

10 (b) CONFORMING AMENDMENTS RELATING TO PUR-
11 POSSES FOR WHICH DEFENSE ARTICLES MAY BE USED.—

12 (1) REPEAL OF EXISTING PURPOSE SECTION.—

13 Section 4 of that Act is repealed.

14 (2) INELIGIBILITY.—Section 3(c) of that Act is
15 amended—

16 (A) in paragraph (1), as amended by sec-
17 tion 202 of this Act, by striking out “author-
18 ized under section 4” both times that it appears
19 and inserting in lieu thereof “specified in para-
20 graph (5)”; and

21 (B) by adding at the end the following:

22 “(5) The purposes referred to in paragraph (1)
23 are the following:

24 “(A) Internal security.

25 “(B) Legitimate self-defense.

1 “(C) Participation in regional or collective
2 arrangements or measures consistent with the
3 Charter of the United Nations, or participation
4 in collective measures requested by the United
5 Nations for the purpose of maintaining or re-
6 storing international peace and security.

7 “(D) Construction of public works, or
8 other activities which contribute to the econom-
9 ic and social development of the recipient coun-
10 try.

11 “(E) Such other purposes as may be pro-
12 vided for in particular provisions of law.”.

13 (c) **CONFORMING REFERENCES TO ACT.**—Any refer-
14 ence to the Arms Export Control Act shall be deemed to
15 be a reference to the Defense Trade and Export Control
16 Act.

17 **SEC. 222. DESIGNATION OF MAJOR NON-NATO ALLIES.**

18 (a) **DESIGNATION.**—

19 (1) **NOTICE TO CONGRESS.**—Chapter 4 of the
20 Defense Trade and Export Control Act is amended
21 by adding at the end the following:

22 **“SEC. 48. DESIGNATION OF MAJOR NON-NATO ALLIES.**

23 “(a) **NOTICE TO CONGRESS.**—The President may—

1 “(1) designate a country as a major non-NATO
2 ally for purposes of this Act, the Foreign Assistance
3 Act of 1961, or any other provision of law, or

4 “(2) terminate such a designation,
5 by notifying the Congress in writing.

6 “(b) INITIAL DESIGNATIONS.—Australia, Egypt, Is-
7 rael, Japan, and the Republic of Korea shall be deemed
8 to have been so designated by the President as of the ef-
9 fective date of this section, and the President is not re-
10 quired to notify the Congress of such designation of those
11 countries.

12 “(c) The President is authorized to limit the applica-
13 bility of a designation or termination under subsection (a)
14 to particular provisions of law if he provides an explana-
15 tion for doing so in connection with the notification to
16 Congress of such designation or termination.”.

17 (2) DEFINITION.—Section 47 of that Act is
18 amended—

19 (A) by striking out “and” at the end of
20 paragraph (7);

21 (B) by striking out the period at the end
22 of paragraph (8) and inserting in lieu thereof
23 “; and”; and

24 (C) by adding at the end the following:

1 “(9) ‘major non-NATO ally’ means a country
2 which is designated in accordance with section 48 as
3 a major non-NATO ally for purposes of this Act, the
4 Foreign Assistance Act of 1961, or any other provi-
5 sion of law.”.

6 (3) **EXISTING DEFINITIONS.**—(A) The last sen-
7 tence of section 21(g) of that Act is repealed.

8 (B) Section 65(d) of that Act is amended—

9 (i) by striking out “or major non-NATO”,

10 and

11 (ii) by striking out “or a” and all that fol-

12 lows through “2767a”).

13 (b) **COOPERATIVE TRAINING AGREEMENTS.**—Section
14 21(g) of that Act is amended in the first sentence by strik-
15 ing out “similar agreements” and all that follows through
16 “allies” and inserting in lieu thereof “similar agreements
17 with countries”.

18 **SEC. 223. STANDARDIZING CONGRESSIONAL REVIEW PRO-**
19 **CEDURES FOR ARMS TRANSFERS.**

20 (a) **STANDARDIZED PROCEDURES.**—The Defense
21 Trade and Export Control Act is further amended by add-
22 ing at the end of chapter 4 the following:

1 **"SEC. 49. STANDARDIZED CONGRESSIONAL NOTIFICATION**
2 **PROCEDURES.**

3 "(a) **NOTIFICATION REQUIREMENT.**—In any case in
4 which the President is required to submit a certification
5 to the Speaker of the House of Representatives and the
6 chairman of the Committee on Foreign Relations of the
7 Senate before—

8 "(1) under section 3(d), giving his consent to a
9 transfer to a country or international organization;

10 "(2) under section 36(b), issuing a letter of
11 offer to a country or international organization;

12 "(3) under section 36(c), issuing a license for
13 the export to a country or international organiza-
14 tion;

15 "(4) under section 36(d), issuing an approval of
16 a commercial technical assistance or manufacturing
17 licensing agreement for or in a country or interna-
18 tional organization; and

19 "(5) under section 62, entering into or renew-
20 ing an agreement involving the lease under chapter
21 6, or the loan under chapter 2 of title II of the For-
22 eign Assistance Act to a country or organization, but
23 only if the defense articles to be leased or loaned are
24 either—

1 “(A) major defense equipment valued (in
2 terms of its replacement cost less any deprecia-
3 tion in value) at \$25,000,000 or more, or

4 “(B) otherwise valued (in terms of its re-
5 placement cost less any depreciation in value)
6 at \$75,000,000 or more;

7 the President's consent to a transfer shall not become ef-
8 fective, the letter of offer, license or approval shall not be
9 issued, or the agreement to lease or loan shall not become
10 effective, as the case may be, except as provided in this
11 section.

12 “(b) REVIEW PERIOD.—In any case covered by sub-
13 section (a), the President's consent to a transfer may not
14 become effective, the letter of offer, license or approval
15 may not be issued, or the agreement to lease or loan may
16 not become effective if—

17 “(1) in cases in which the recipient country or
18 international organization is the North Atlantic
19 Treaty Organization, any member country of such
20 organization, or any major non-NATO ally, within
21 fifteen days after the certification is submitted; and

22 “(2) in other cases, within thirty days after the
23 certification is submitted;

24 a joint resolution is enacted prohibiting it from becoming
25 effective.

1 “(c) Any joint resolution under subsection (b) shall
2 be considered in the Senate in accordance with the provi-
3 sions of section 601(b) of the International Security As-
4 sistance and Arms Export Control Act of 1976. For the
5 purpose of expediting the consideration and enactment of
6 joint resolutions under subsection (b) of this section, a mo-
7 tion to proceed to the consideration of any such joint reso-
8 lution after it has been reported by the appropriate com-
9 mittee shall be treated as highly privileged in the House
10 of Representatives.

11 “(d) The President may waive the application of sub-
12 section (b) if the certification states that an emergency
13 exists that requires the transfer, sale, export, agreement,
14 loan or lease in the national security interests of the Unit-
15 ed States. In such cases, the President shall set forth in
16 the certification a detailed justification for the waiver, in-
17 cluding a description of the emergency circumstances that
18 necessitate it and a discussion of the national security in-
19 terests involved.”

20 (b) **CONFORMING AMENDMENTS.**—That Act is fur-
21 ther amended—

22 (1) by striking out paragraph (2) of section
23 3(d), and redesignating paragraphs (3) and (4) as
24 paragraphs (2) and (3), respectively;

1 (2) in section 3(d)(2), as redesignated by para-
2 graph (1)—

3 (A) in the first sentence—

4 (i) by striking out “at least 30 calen-
5 dar days”;

6 (ii) by striking out “report” and in-
7 serting in lieu thereof “certification”;

8 (3) by striking out the last sentence;

9 (4) in section 36(b)—

10 (A) by striking the last two sentences of
11 paragraph (1);

12 (B) by striking paragraphs (2) and (3);
13 and

14 (C) by redesignating paragraphs (4) and
15 (5) as paragraphs (2) and (3), respectively;

16 (5) in section 36(c)—

17 (A) by striking out “(1)”; and

18 (B) by striking out paragraphs (2) and
19 (3);

20 (6) in section 36(d)—

21 (A) by striking out “for or in a country
22 not a member of the North Atlantic Treaty Or-
23 ganization”; and

24 (B) by striking out “(c)(1)” and inserting
25 in lieu thereof “(c)”; and

1 (7) in chapter 6—

2 (A) in section 62—

3 (i) by striking out “(a) Not less than
4 30 days before” and inserting in lieu there-
5 of “Before”;

6 (ii) by striking out subsection (b); and

7 (B) by striking out section 63.

8 (c) **EFFECTIVE DATE.**—The amendments made by
9 this section apply with respect to certifications submitted
10 on or after the effective date specified in section 601.

11 **SEC. 224. UPDATE OF CERTIFICATION THRESHOLDS.**

12 The Defense Trade and Export Control Act is further
13 amended—

14 (1) by striking out “14,000,000” each place it
15 appears in sections 3 and 36, and replacing it with
16 “\$25,000,000”;

17 (2) by striking out “50,000,000” each place it
18 appears in sections 3 and 36, and replacing it with
19 “\$75,000,000”; and

20 (3) by striking out “200,000,000” each place it
21 appears in section 36, and replacing it with
22 “\$300,000,000”.

23 The amendments made by this section apply with respect
24 to certifications submitted on or after the effective date
25 specified in section 601.

1 **SEC. 225. ECONOMIC IMPACT ON UNITED STATES OF ARMS**
2 **SALES.**

3 (a) **CONGRESSIONAL PRESENTATION MATERIALS.—**

4 Section 25(a) of the Defense Trade and Export Control
5 Act is amended—

6 (1) by redesignating paragraphs (11) and (12)
7 as paragraphs (12) and (13), respectively; and

8 (2) by inserting the following new paragraph
9 (11) after paragraph (10):

10 “(11) an analysis of the economic benefits or
11 disadvantages to the United States of sales and li-
12 censed commercial exports under this Act during the
13 preceding fiscal year;”.

14 (b) **ARMS SALE NOTIFICATIONS.—**Section 36(b)(1)
15 of that Act is amended—

16 (1) by striking out “and” at the end of sub-
17 paragraph (O);

18 (2) by striking out the period at the end of sub-
19 paragraph (P) and inserting in lieu thereof “; and”;
20 and

21 (3) by inserting after subparagraph (P) the fol-
22 lowing:

23 “(Q) an analysis of the economic benefits or
24 disadvantages to the United States of the proposed
25 sale.”.

1 **SEC. 226. ENFORCEMENT AND PROCESSING OF ARMS EX-**
2 **PORT LICENSING REQUIREMENTS.**

3 (a) **DEFENSE ARTICLES AND SERVICES.**—Section
4 38(a)(1) of the Defense Trade and Export Control Act
5 is amended—

6 (1) by striking out “(a)(1)” and inserting in
7 lieu thereof “(a)(1)(A); and

8 (2) by inserting at the end thereof the fol-
9 lowing:

10 “(B) Notwithstanding any other provision of
11 law—

12 “(i) an article or service shall be designat-
13 ed or determined to be a defense article or de-
14 fense service for purposes of this section if—

15 “(I) it is specially designed, developed,
16 configured, adapted, or modified for a mili-
17 tary or intelligence application, or

18 “(II) in accordance with regulations
19 promulgated in accordance with this sec-
20 tion, the President determines that an arti-
21 cle or service has substantial military or
22 intelligence applicability such that it is nec-
23 essary to control the export of the article
24 or service to all destinations to protect sig-
25 nificant national security or foreign policy
26 interests of the United States.

1 “(ii) Defense articles and defense services
2 controlled pursuant to this section that have
3 been determined in accordance with regulations
4 promulgated in accordance with this section to
5 have gained a predominant civil application and
6 that do not need to be controlled to all destina-
7 tions to protect significant national security in-
8 terests of the United States shall be removed
9 from the United States Munitions List.”.

10 (b) VIOLATIONS OF INTERNATIONAL TRAFFIC IN
11 ARMS REGULATIONS.—

12 (1) DISQUALIFICATION AND FORFEITURE.—

13 Section 38 of that Act is further amended by insert-
14 ing after subsection (c) the following:

15 “(d)(1) No contract between a foreign govern-
16 ment and a person convicted or debarred for a viola-
17 tion of this section or section 39, or any rule or reg-
18 ulation issued under either section, may be approved
19 for financing under chapter 2 of title II of the For-
20 eign Assistance Act of 1961 during the twelve
21 months following the date of such conviction or de-
22 barment.

23 “(2)(A) Any person who is convicted for a violation
24 of this section or section 39, or any rule or regulation is-

1 sued under either section, shall (in addition to any other
2 penalty) forfeit to the United States—

3 “(i) any of that person’s interest in, security of,
4 claim against, or property or contractual rights of
5 any kind in any defense article or other tangible
6 item that was the subject of the violation;

7 “(ii) any of that person’s interest in, security
8 of, claim against, or property or contractual rights
9 of any kind in any defense article or other tangible
10 item that was used in—

11 “(I) the export or import or attempt to ex-
12 port or import, or

13 “(II) the contribution, gift, commission, or
14 fee that was paid or offered or agreed to be
15 paid, that was the subject of the violation; and

16 “(iii) any of that person’s property constituting,
17 or derived from, any proceed obtained directly or in-
18 directly as a result of the violation.

19 “(B) The procedures in any forfeiture under this
20 paragraph, and the duties and authorities of the courts
21 of the United States and the Attorney General with re-
22 spect to any forfeiture action under this paragraph or with
23 respect to any property that may be subject to forfeiture
24 under this paragraph, shall be governed by section 1963
25 of title 18, United States Code.”.

1 (2) **EFFECTIVE DATE.**—Subsection (d) of sec-
2 tion 38 of that Act, as enacted by paragraph (1) of
3 this subsection, shall take effect on the date of en-
4 actment of this Act or October 1, 1991 (whichever
5 is later), and applies—

6 (A) in the case of paragraph (1) of subsec-
7 tion (d), with respect to convictions or
8 debarments occurring on or after the effective
9 date of that subsection; and

10 (B) in the case of paragraph (2) of subsec-
11 tion (d), with respect to convictions based on
12 conduct occurring on or after the effective date
13 of that subsection.

14 (3) **CONFORMING AMENDMENT.**—(A) Section
15 38(e) of that Act is amended by striking out “(e),
16 and (g)” and inserting in lieu thereof “and (e)”.

17 (B) The amendment made by subpara-
18 graph (A) does not apply with respect to convic-
19 tions based on conduct occurring before the
20 date specified in paragraph (2)(B).

21 (c) **MUNITIONS CONTROL ENFORCEMENT PROCE-**
22 **DURES.**—Section 38(g) of that Act is amended—

23 (1) in paragraph (3), by striking out “may dis-
24 approve the application” and inserting in lieu there-
25 of “should disapprove the application if doing so is

1 necessary to further law enforcement objectives or
2 otherwise will serve the national interest”.

3 (2) in paragraph (4), by inserting before the pe-
4 riod at the end “or that foreign policy or national
5 security considerations justify the issuance of a par-
6 ticular license”;

7 (3) in paragraph (5), by inserting “or interna-
8 tional organization” after “foreign government”; and

9 (4) in paragraph (8)—

10 (A) by striking out “initial screening” and
11 all that follows through “enforcement con-
12 cerns”; and

13 (B) inserting in lieu thereof “implementa-
14 tion of such functions”.

15 (d) OTHER PROLIFERATION CONTROLS.—Section 38
16 of that Act is further amended by inserting after subsec-
17 tion (h) the following:

18 “(i) Notwithstanding any other provision of law, the
19 President may, by regulation, impose controls to prevent
20 the proliferation of nuclear-capable missiles and chemical,
21 biological and related weapons. Such controls may cover
22 any action or service, including financial services, know-
23 ingly performed by a United States person, or any person
24 subject to United States jurisdiction, that would facilitate
25 the acquisition, production or development of such missiles

1 or weapons. The controls imposed under this subsection
2 shall be in addition to the controls imposed pursuant to
3 any other provision of law.”.

4 **SEC. 227. FAIR PRICING.**

5 Section 21(e) of the Defense Trade and Export Con-
6 trol Act is amended by adding at the end the following:

7 “(4) Effective with respect to defense articles
8 sold after September 30, 1991, charges for defense
9 articles that are not major defense equipment that
10 are sold under this Act or licensed or approved for
11 export under section 38 of this Act may exclude any
12 nonrecurring costs of research on or development or
13 production of those articles.”.

14 **SEC. 228. PRESIDENTIAL AUTHORITIES.**

15 The Defense Trade and Export Control Act is
16 amended as follows:

17 (a) Section 2 is amended—

18 (1) in subsection (a), by striking out “Secretary
19 of State” and inserting in lieu thereof “President”;
20 and

21 (2) in subsection (b), by striking out “Under
22 the direction of the President, the Secretary of
23 State” and inserting in lieu thereof “The Presi-
24 dent”.

25 (b) Section 21 is amended—

1 (1) in subsection (a)(2), by striking out “Secretary of Defense” and inserting in lieu thereof
2 “President”;
3

4 (2) in subsection (d), by striking out “Secretary of the Treasury” and inserting in lieu thereof
5 “President”; and
6

7 (3) in subsection (e)(3), by striking out “Secretary of Defense” and inserting in lieu thereof
8 “President”.
9

10 (c) Section 22(a) is amended by striking out “Secretary of the Treasury” and inserting in lieu thereof “President”.
11
12

13 (d) Section 27(i) is amended by striking out “Secretary of State and the Secretary of Defense” and inserting
14 in lieu thereof “the President”.
15

16 (e) Section 30A is amended—

17 (1) in subsection (a), by striking out “a Secretary of”; and
18

19 (2) in subsection (b), by striking out “the Secretary of”.
20

21 (f) Section 36 is amended—

22 (1) in subsection (a)(8), by striking out “to the Secretary of State”;
23

24 (2) in subsection (b)(1)(D), by striking out “,
25 prepared by the Director of the Arms Control and

1 Disarmament Agency in consultation with the Secre-
2 tary of State and the Secretary of Defense,”; and
3 (3) in subsection (c)(1), by striking out “, pre-
4 pared in consultation with the Secretary of De-
5 fense”.

6 (g) Section 38 is amended—

7 (1) in subsection (a)(2), by striking out “shall
8 be made in coordination with the Director of the
9 Arms Control and Disarmament Agency and” and
10 “the Director’s opinion as to”;

11 (2) by repealing subsection (b)(1)(B), as added
12 by section 1255(b) of the Foreign Relations Author-
13 ization Act, Fiscal Years 1988 and 1989;

14 (3) in subsection (g)(3), by striking out the last
15 sentence.

16 (4) in subsection (g)(4), by striking out “after
17 consultation with the Secretary of the Treasury,”;

18 (5) in subsection (g)(8), by striking out “the
19 Secretary of State, the Secretary of Defense and the
20 Secretary of the Treasury” and inserting in lieu
21 thereof “the Department of State, the Department
22 of Defense and the Department of the Treasury”.

23 (h) Section 39 and section 40 are each amended by
24 striking out “Secretary of State” each place it appears
25 and inserting in lieu thereof “President”.

1 (i) Section 42 is amended—

2 (1) in subsection (a), by striking out “in consul-
3 tation with the Director of the Arms Control and
4 Disarmament Agency, the Director’s opinion as to”;

5 (2) in subsection (b), as redesignated by section
6 202(14) of this Act, by striking out “Secretary of
7 Defense shall, under the direction of the President,
8 have primary” and inserting in lieu thereof “Presi-
9 dent shall have”; and by striking out “, under the
10 direction of the President, be determined by the Sec-
11 retary of Defense” and inserting in lieu thereof “be
12 determined by the President”; and

13 (3) in subsection (c), as redesignated by section
14 202(14) of this Act, by striking out “Secretary” and
15 “Secretary of State” and inserting in lieu thereof
16 “President” in each case.

17 (j) Section 51 is amended—

18 (1) in subsection (a)(1), by striking out “and in
19 consultation with the Secretary of State, the Secre-
20 tary of Defense shall establish” and inserting in lieu
21 thereof “, there is established”;

22 (2) in subsection (a)(2), by striking out “the
23 Secretary of State or the Secretary of Defense” and
24 inserting in lieu thereof “the President”.

1 (k) Section 52(a) is amended by striking out “by the
2 Secretary of Defense”.

3 (l) Section 65 is amended by striking out “Secretary
4 of Defense” and “Secretary” each place it appears and
5 inserting in lieu thereof “President” in each case.

6 (m) Section 71 is amended—

7 (1) in subsection (a), by striking out “Secretary
8 of State, in consultation with the Secretary of De-
9 fense and the heads of other appropriate depart-
10 ments and agencies,” and inserting in lieu thereof
11 “President”.

12 (2) by striking out subsection (b) and redesignig-
13 nating subsection (c) as subsection (b); and

14 (3) in subsection (b)(2), as so redesignated, by
15 striking out “Secretary of State” and “Director of
16 Central Intelligence” and inserting in lieu thereof
17 “President” in each case.

18 (n) Section 73(d) is amended by striking out “Secre-
19 tary of State, in consultation with the Secretary of De-
20 fense and the Secretary of Commerce,” and inserting in
21 lieu thereof “President”.

22 **SEC. 229. AMENDMENTS TO ELIMINATE OBSOLETE AND IN-**
23 **CONSISTENT PROVISIONS.**

24 The Defense Trade and Export Control Act is
25 amended as follows:

1 (1) Section 5(d) is repealed.

2 (2) Section 25 is amended—

3 (A) in subsection (a), by striking out “Ex-
4 cept as provided in subsection (d), no” and in-
5 serting in lieu thereof “No”;

6 (B) in paragraph (1) of subsection (a) by
7 striking out “\$7,000,000” and “\$25,000,000”
8 and inserting in lieu thereof “\$25,000,000” and
9 “\$75,000,000”, respectively;

10 (C) in subsection (a), as amended by sec-
11 tion 225(a) of this Act, by repealing paragraphs
12 (4), (7) and (9); by redesignating paragraphs
13 (5) and (6) as paragraphs (4) and (5), respec-
14 tively; by redesignating paragraph (8) as para-
15 graph (6); and by redesignating paragraphs
16 (10) through (13) as paragraphs (7) through
17 (10), respectively; and

18 (D) by repealing subsection (d), as added
19 by section 113 of the International Security and
20 Development Cooperation Act of 1985.

21 (3) Sections 28, 33, 34, 35, 38(b)(3), 41, 44
22 and 46 are repealed.

23 (4) Section 36 is amended—

24 (A) in the text preceding paragraph (1), by
25 striking out “an unclassified report” and all

1 that follows through “containing” and inserting
2 in lieu thereof “a report, which shall be unclas-
3 sified to the maximum extent possible, contain-
4 ing”;

5 (B) in subsection (a), by striking out para-
6 graphs (3), (5), and (6), by redesignating para-
7 graph (4) as paragraph (3), and by redesignat-
8 ing paragraphs (7) through (11) as paragraphs
9 (4) through (8), respectively; and

10 (C) in subsection (b)(1), by striking out
11 “(9)” and “(8)” and inserting in lieu thereof
12 “(6)” and “(5)”, respectively.

13 (5) Section 45 is amended—

14 (A) by amending the section caption to
15 read “Statutory Construction”; and

16 (B)(i) by striking out “(a) Sections 521”
17 and all that follows through “in section 44,
18 no”; and

19 (ii) inserting in lieu thereof “No provision
20 of this Act shall be construed as modifying in
21 any way the provisions of the Atomic Energy
22 Act of 1954, as amended, or section 7307 of
23 title 10 of the United States Code. No”.

1 **SEC. 230. CONTRACT ADMINISTRATIVE SERVICE CHARGES**
2 **FOR NATO SUBSIDIARY BODIES.**

3 Section 21(h)(1)(A) of the Defense Trade and Export
4 Control Act is amended by inserting “, or by a North At-
5 lantic Treaty Organization Body on behalf of such foreign
6 government” after “North Atlantic Treaty Organization”.

7 **SEC. 231. TECHNICAL CORRECTIONS.**

8 The Defense Trade and Export Control Act is
9 amended as follows:

10 (1) **CORRECTION OF CROSS REFERENCES TO**
11 **INTERNATIONAL TRAFFIC IN ARMS REGULATIONS.—**

12 (A) Section 3(a) is amended in the second
13 sentence following paragraph (4)—

14 (i) by striking out “significant defense
15 articles” and inserting in lieu thereof “sig-
16 nificant military equipment”; and

17 (ii) by striking “such defense articles”
18 both places it appears and inserting in lieu
19 “such significant military equipment”.

20 (B) Section 36(d) is amended by striking
21 out “combat” and inserting in lieu thereof
22 “military”.

23 (2) **CLERICAL ERROR IN 1985 AUTHORIZATION**
24 **ACT.—**Subsection (d) of section 25, as added by sec-
25 tion 112(b) of the International Security and Devel-
26 opment Cooperation Act of 1985, is amended by

1 striking out the semicolon at the end and inserting
2 in lieu thereof a period.

3 **TITLE III—OVERSEAS PRIVATE INVESTMENT**
4 **CORPORATION; TRADE AND DEVELOPMENT**
5 **AGENCY**

6 **SEC. 301. REVISION OF CERTAIN PRIVATE SECTOR PRO-**
7 **GRAMS.**

8 The Foreign Assistance Act of 1961 is amended by
9 adding the following new title III after new title II (as
10 enacted by title II of this Act):

11 **“TITLE III—OVERSEAS PRIVATE INVESTMENT**
12 **CORPORATION; TRADE AND DEVELOPMENT**
13 **AGENCY**

14 **“CHAPTER 1—OVERSEAS PRIVATE INVESTMENT**
15 **CORPORATION**

16 **“SEC. 3101. PURPOSE AND POLICY.**

17 **“(a) PURPOSE.—**The Overseas Private Investment
18 Corporation shall be an agency of the United States under
19 the foreign policy guidance of the Secretary of State. The
20 purpose of the Corporation is to mobilize and facilitate
21 the participation of United States private capital and skills
22 in the economic and social development of emerging de-
23 mocracies, economies in transformation and less developed
24 friendly countries and areas, thereby complementing the
25 development assistance objectives of the United States.

1 “(b) **DEVELOPMENT AND PER CAPITA INCOME CRI-**
2 **TERIA.**—The Corporation, in determining whether to pro-
3 vide insurance, reinsurance, guarantees, or financing for
4 a project, shall especially—

5 “(1) be guided by the economic and social de-
6 velopment impact and benefits of such a project and
7 the ways in which such a project complements, or is
8 compatible with, other development assistance pro-
9 grams or projects of the United States or other do-
10 nors; and

11 “(2) give preferential consideration to invest-
12 ment projects in countries that have per capita in-
13 comes of \$1,091 or less in 1989 United States dol-
14 lars.

15 “(c) **GUIDELINES FOR ACTIVITIES OF OPIC.**—In
16 carrying out its purpose, the Corporation, utilizing broad
17 criteria, shall undertake—

18 “(1) to conduct insurance, reinsurance, guaran-
19 tee, and financing operations on a self-sustaining
20 basis, taking into account in its guarantee and fi-
21 nancing operations the economic and financial
22 soundness of projects;

23 “(2) to utilize private credit and investment in-
24 stitutions and the Corporation’s guarantee authority

1 as the principal means of mobilizing capital invest-
2 ment funds;

3 “(3) to broaden private participation and
4 revolve its funds through selling its direct invest-
5 ments to private investors whenever it can appropri-
6 ately do so on satisfactory terms;

7 “(4) to conduct its insurance operations with
8 due regard to principles of risk management, includ-
9 ing efforts to share its insurance risks and reinsur-
10 ance risks;

11 “(5) to consider in the conduct of its operations
12 the extent to which the governments of less devel-
13 oped countries are receptive to private enterprise,
14 domestic and foreign, and their willingness and abili-
15 ty to maintain conditions which enable private enter-
16 prise to make its full contribution to the develop-
17 ment process;

18 “(6) to foster private initiative and competition
19 and discourage monopolistic practices;

20 “(7) to further to the greatest degree possible,
21 in a manner consistent with its goals, the balance-
22 of-payments and employment objectives of the Unit-
23 ed States;

24 “(8) to conduct its activities in consonance with
25 the activities of the agency designated under section

1 5102 and the international trade, investment, and fi-
2 nancial policies of the United States Government,
3 and to seek to support those developmental projects
4 having positive trade benefits for the United States;
5 and

6 “(9) to advise and assist, within its field of
7 competence, interested agencies of the United States
8 and other organizations, both public and private, na-
9 tional and international, with respect to projects and
10 programs relating to the development of private en-
11 terprise in less developed countries and areas.

12 **“SEC. 3102. STOCK OF THE CORPORATION.**

13 “The Secretary of the Treasury shall hold the capital
14 stock of the Corporation.

15 **“SEC. 3103. ORGANIZATION AND MANAGEMENT.**

16 “(a) **STRUCTURE OF THE CORPORATION.**—The Cor-
17 poration shall have a Board of Directors, a President, an
18 Executive Vice President, and such other officers and staff
19 as the Board of Directors may determine.

20 “(b) **BOARD OF DIRECTORS.**—

21 “(1) **IN GENERAL.**—All powers of the Corpora-
22 tion shall vest in and be exercised by or under the
23 authority of its Board of Directors (hereafter in this
24 chapter referred to as the ‘Board’) which shall con-
25 sist of fifteen Directors (including the Chair, Vice

1 Chair, and the President of the Corporation), with
2 eight Directors constituting a quorum for the trans-
3 action of business.

4 “(2) COMPOSITION OF THE BOARD.—

5 “(A) CHAIR.—The Chair of the Board
6 shall be the head of the agency designated
7 under section 5102, *ex officio*.

8 “(B) VICE CHAIR.—The Vice Chair of the
9 Board shall be the United States Trade Repre-
10 sentative, *ex officio*, or, if so designated by the
11 United States Trade Representative, a Deputy
12 United States Trade Representative.

13 “(C) PRESIDENT OF THE CORPORATION.—
14 The President of the Corporation shall serve as
15 a Director, *ex officio*.

16 “(D) PUBLIC SECTOR DIRECTORS.—(i) In
17 addition to the directors provided for in sub-
18 paragraphs (A), (B), and (C), four Directors
19 who are officers or employees of the Govern-
20 ment of the United States shall be designated
21 by the President of the United States.

22 “(ii) The Directors designated under
23 this subparagraph shall receive no addi-
24 tional compensation by virtue of their serv-
25 ice as such a Director.

1 “(E) PRIVATE SECTOR DIRECTORS.—(i)
2 Eight Directors who are not officers or employ-
3 ees of the Government of the United States
4 shall be appointed by the President of the Unit-
5 ed States, by and with the advice and consent
6 of the Senate. It is the sense of the Congress
7 that, of these, at least—

8 “(I) two should be experienced in
9 small business,

10 “(II) one should be experienced in or-
11 ganized labor, and

12 “(III) one should be experienced in
13 cooperatives.

14 “(ii) Each Director appointed under this
15 subparagraph should be appointed for a term of
16 not more than three years. The terms of not
17 more than three such Directors should expire in
18 any one year. Such Directors should serve until
19 their successors are appointed and qualified and
20 may be reappointed to subsequent terms.

21 “(iii) Each Director appointed under this
22 subparagraph shall be compensated at the daily
23 equivalent of the annual rate of pay in effect
24 for level IV of the Executive Schedule under
25 section 5315 of title 5, United States Code, for

1 each day (including travel time) during which
2 such Director is actually engaged in the busi-
3 ness of the Corporation, and may be paid travel
4 or transportation expenses to the extent author-
5 ized for employees serving intermittently in the
6 Government service under section 5703 of title
7 5, United States Code. Any Director may waive
8 any such compensation.

9 “(c) APPOINTMENT OF THE PRESIDENT.—The Presi-
10 dent of the Corporation shall be appointed by the Presi-
11 dent of the United States, by and with the advice and con-
12 sent of the Senate. In making such appointment, the
13 President should take into account the private business
14 experience of the appointee. The President of the Corpora-
15 tion shall be its Chief Executive Officer and shall be re-
16 sponsible for the operations and management of the Cor-
17 poration, subject to bylaws and policies established by the
18 Board.

19 “(d) OFFICERS AND STAFF.—

20 “(1) EXECUTIVE VICE PRESIDENT.—The Exec-
21 utive Vice President of the Corporation shall be ap-
22 pointed by the President of the United States, by
23 and with the advice and consent of the Senate.

24 “(2) OTHER OFFICERS AND STAFF.—(A) The
25 Corporation may appoint such other officers and

1 such employees (including attorneys) and agents as
2 the Corporation considers appropriate—

3 “(B) The officers, employees, and agents
4 appointed under this subsection shall have such
5 functions as the Corporation may determine.

6 “(C) Of the officers, employees, and agents
7 appointed under this paragraph, 20 may be ap-
8 pointed, compensated or removed without re-
9 gard to civil service laws and regulations.

10 “(D) Under such regulations as the Presi-
11 dent may prescribe, any individual appointed
12 under subparagraph (C) may be entitled, upon
13 removal (except for cause) from the position to
14 which the appointment was made, to reinstate-
15 ment to the position occupied by that individual
16 at the time of appointment or to a position of
17 comparable grade and pay.

18 **“SEC. 3104. INVESTMENT INSURANCE, GUARANTEES, FI-**
19 **NANCING, AND OTHER PROGRAMS.**

20 **“(a) INVESTMENT INSURANCE.—**

21 **“(1) RISKS FOR WHICH INSURANCE ISSUED.—**

22 The Corporation is authorized to issue insurance,
23 upon such terms and conditions as the Corporation
24 may determine, to eligible investors assuring protec-
25 tion in whole or in part against any or all of the fol-

1 lowing risks with respect to projects which the Cor-
2 poration has approved:

3 “(A) Inability to convert into United
4 States dollars other currencies, or credits in
5 such currencies, received as earnings or profits
6 from the approved project, as repayment or re-
7 turn of the investment in the project, in whole
8 or in part, or as compensation for the sale or
9 disposition of all or any part of the investment.

10 “(B) Loss of investment, in whole or in
11 part, in the approved project due to expropria-
12 tion or confiscation by action of a foreign gov-
13 ernment.

14 “(C) Loss due to war, revolution, insurrec-
15 tion, or civil strife.

16 “(D) Loss due to business interruption
17 caused by any of the risks set forth in subpara-
18 graphs (A), (B), and (C).

19 “(2) RISK SHARING ARRANGEMENTS WITH FOR-
20 EIGN GOVERNMENTS AND MULTILATERAL ORGANIZA-
21 TIONS.—Recognizing that major private investments
22 in emerging democracies, economies in transforma-
23 tion and less developed friendly countries or areas
24 are often made by enterprises in which there is mul-
25 tinationaI participation, including significant United

1 States private participation, the Corporation may
2 make arrangements with foreign governments (in-
3 cluding agencies, instrumentalities, and political sub-
4 divisions thereof) and with multilateral organizations
5 and institutions for sharing liabilities assumed under
6 investment insurance for such investments and may,
7 in connection with such arrangements, issue insur-
8 ance to investors not otherwise eligible for insurance
9 under this chapter, except that—

10 “(A) liabilities assumed by the Corporation
11 under the authority of this paragraph shall be
12 consistent with the purposes of this chapter,
13 and

14 “(B) the maximum share of liabilities so
15 assumed shall not exceed the proportionate par-
16 ticipation by eligible investors in the project.

17 “(3) MAXIMUM CONTINGENT LIABILITY WITH
18 RESPECT TO SINGLE INVESTOR.—Not more than 10
19 per centum of the maximum contingent liability for
20 investment insurance which the Corporation is per-
21 mitted to have outstanding under section 3107(a)(1)
22 shall be issued to a single investor.

23 “(4) OTHER INSURANCE FUNCTIONS.—

24 “(A) IN GENERAL.—The Corporation is
25 authorized—

1 “(i) to make and carry out contracts
2 of insurance or reinsurance, or agreements
3 to associate or share risks, with insurance
4 companies, financial institutions, any other
5 persons, or groups thereof, and

6 “(ii) to employ such insurance compa-
7 nies, financial institutions, other persons,
8 or groups, where appropriate, as its agent,
9 or to act as their agent, in the issuance
10 and servicing of insurance, the adjustment
11 of claims, the exercise of subrogation
12 rights, the ceding and accepting of reinsur-
13 ance, and in any other matter incident to
14 an insurance business, except that such
15 agreements and contracts shall be consist-
16 ent with the purposes of the Corporation
17 set forth in section 3101 and shall be on
18 equitable terms.

19 “(B) RISK-SHARING AGREEMENTS.—The
20 Corporation is authorized to enter into pooling
21 or other risk-sharing agreements with multilat-
22 eral insurance or financing agencies or groups
23 of such agencies.

24 “(C) OWNERSHIP INTEREST IN RISK-SHAR-
25 ING ENTITIES.—The Corporation is authorized

1 to hold an ownership interest in any association
2 or other entity established for the purposes of
3 sharing risks under investment insurance.

4 “(D) REINSURANCE OF CERTAIN LIABIL-
5 ITIES.—The Corporation is authorized to issue,
6 upon such terms and conditions as it may de-
7 termine, reinsurance of liabilities assumed by
8 other insurers or groups thereof in respect of
9 risks referred to in subsection (a)(1).

10 “(E) LIMITATION ON REINSURANCE.—The
11 amount of reinsurance of liabilities under this
12 chapter which the Corporation may issue shall
13 not in the aggregate exceed at any one time an
14 amount equal to the amount authorized for the
15 maximum contingent liability outstanding at
16 any one time under section 3107(a)(1). All rein-
17 surance issued by the Corporation under this
18 subsection shall require that the reinsured party
19 retain for his or her own account specified por-
20 tions of liability, whether first loss or otherwise.

21 “(b) INVESTMENT GUARANTEES.—

22 “(1) AUTHORITY.—The Corporation is author-
23 ized to issue to eligible investors guarantees of loans
24 and other investments made by such investors assur-
25 ing against loss due to such risks and upon such

1 terms and conditions as the Corporation may deter-
2 mine, subject to paragraphs (2), (3), and (4).

3 “(2) GUARANTEES ON OTHER THAN LOAN IN-
4 VESTMENTS.—A guarantee issued under paragraph
5 (1) on other than a loan investment may not exceed
6 75 per centum of such investment.

7 “(3) LIMIT ON AMOUNT OF INVESTMENT GUAR-
8 ANTEED.—Except for loan investments for credit
9 unions made by eligible credit unions or credit union
10 associations, the aggregate amount of investment
11 (exclusive of interest and earnings) for which guar-
12 antees are issued under paragraph (1) with respect
13 to any project shall not exceed, at the time of issu-
14 ance of any such guarantee, 75 per centum of the
15 total investment committed to any such project as
16 determined by the Corporation. Such determination
17 by the Corporation shall be conclusive for purposes
18 of the Corporation’s authority to issue any such
19 guarantæe.

20 “(4) MAXIMUM CONTINGENT LIABILITY WITH
21 RESPECT TO SINGLE INVESTOR.—Not more than 15
22 per centum of the maximum contingent liability for
23 investment guarantees which the Corporation is per-
24 mitted to have outstanding under section 3107(a)(2)
25 may be issued to a single investor.

1 “(c) DIRECT INVESTMENT.—

2 “(1) IN GENERAL.—The Corporation is author-
3 ized to make loans in United States dollars, repay-
4 able in dollars, and to make loans in foreign curren-
5 cies, to firms privately owned or of mixed private
6 and public ownership, upon such terms and condi-
7 tions as the Corporation may determine. Loans may
8 be made under this subsection only for projects that
9 are sponsored by or significantly involve United
10 States small business or cooperatives.

11 “(2) USE OF LOAN FOR NEW TECHNOLOGIES,
12 PRODUCTS, OR SERVICES.—The Corporation may
13 designate up to 25 per centum of any loan under
14 this subsection for use in the development or adapta-
15 tion in the United States of new technologies or new
16 products or services that are to be used in the
17 project for which the loan is made and are likely to
18 contribute to the economic or social development of
19 less developed countries.

20 “(d) INVESTMENT ENCOURAGEMENT.—The Corpora-
21 tion is authorized to initiate and support through financial
22 participation, incentive grant, or otherwise, and on such
23 terms and conditions as the Corporation may determine,
24 the identification, assessment, surveying, and promotion
25 of private investment opportunities, using wherever feasi-

1 ble and effective the facilities of private investors, except
2 that the Corporation shall not finance any survey to ascer-
3 tain the existence, location, extent, or quality of oil or gas
4 resources.

5 “(e) SPECIAL ACTIVITIES.—The Corporation is au-
6 thorized to administer and manage special projects and
7 programs, including programs of financial and advisory
8 support, which provide private technical, professional, or
9 managerial assistance in the development of human re-
10 sources, skills, technology, capital savings, intermediate fi-
11 nancial and investment institutions, and cooperatives. The
12 funds for these projects and programs may, with the Cor-
13 poration’s concurrence, be transferred to it for such pur-
14 poses under the authority of section 5201(a) or from other
15 sources, public or private.

16 “(f) PILOT EQUITY FINANCE PROGRAM.—

17 “(1) AUTHORITY FOR PILOT PROGRAM.—In
18 order to study the feasibility and desirability of a
19 program of equity financing, the Corporation is au-
20 thorized to conduct a pilot program to terminate on
21 September 30, 1995 under which it may, on the lim-
22 ited basis prescribed in paragraphs (2) and (3), pur-
23 chase, invest in, or otherwise acquire equity securi-
24 ties of any firm or entity, upon such terms and con-
25 ditions as the Corporation may determine, for the

1 purpose of providing capital for any project which is
2 consistent with the provisions of this chapter, except
3 that—

4 “(A) the aggregate amount of the Corpora-
5 tion’s equity investment with respect to any
6 project shall not exceed 30 per centum (49 per
7 centum for projects in eligible East European
8 countries) of the aggregate amount of all equity
9 investment made with respect to such project at
10 the time that the Corporation’s equity invest-
11 ment is made, except for securities acquired
12 through the enforcement of any lien, pledge, or
13 contractual arrangement as a result of a default
14 by any party under any agreement relating to
15 the terms of the Corporation’s investment; and

16 “(B) the Corporation’s equity investment
17 under this subsection with respect to any
18 project, when added to any other investments
19 made or guaranteed by the Corporation under
20 subsection (b) or (c) with respect to such
21 project, shall not cause the aggregate amount
22 of all such investment to exceed, at the time
23 any such investment is made or guaranteed by
24 the Corporation, 75 per centum of the total in-

1 vestment committed to such project as deter-
2 mined by the Corporation.

3 “The determination of the Corporation under subpara-
4 graph (B) shall be conclusive for purposes of the Corpora-
5 tion’s authority to make or guarantee any such invest-
6 ment.

7 “(2) **ADDITIONAL CRITERIA.**—In making in-
8 vestment decisions under this subsection, the Corpo-
9 ration shall give preferential consideration to
10 projects sponsored by or significantly involving Unit-
11 ed States small business or cooperatives. The Corpo-
12 ration shall also consider the extent to which the
13 Corporation’s equity investment will assist in obtain-
14 ing the financing required for such projects.

15 “(3) **DISPOSITION OF EQUITY INTEREST.**—Tak-
16 ing into consideration, among other things, the Cor-
17 poration’s financial interests and the desirability of
18 fostering the development of local capital markets in
19 emerging democracies, economies in transformation
20 in less developed countries, the Corporation shall en-
21 deavor to dispose of any equity interest it may ac-
22 quire under this subsection within a period of ten
23 years from the date of acquisition of such interest.

1 **"SEC. 3105. ENHANCING PRIVATE POLITICAL RISK INSUR-**
2 **ANCE INDUSTRY.**

3 “(a) **COOPERATIVE PROGRAMS.**—In order to encour-
4 age greater availability of political risk insurance for eligi-
5 ble investors by enhancing the private political risk insur-
6 ance industry in the United States, and to the extent con-
7 sistent with this chapter, the Corporation shall undertake
8 programs of cooperation with such industry, and in con-
9 nection with such programs may engage in the following
10 activities:

11 “(1) Utilizing its statutory authorities, encour-
12 age the development of associations, pools, or con-
13 sortia of United States private political risk insurers.

14 “(2) Share insurance risks (through coinsur-
15 ance, contingent insurance, or other means) in a
16 manner that is conducive to the growth and develop-
17 ment of the private political risk insurance industry
18 in the United States.

19 “(3) Notwithstanding section 3109(e), upon the
20 expiration of insurance provided by the Corporation
21 for an investment, enter into risk-sharing agree-
22 ments with United States private political risk insur-
23 ers to insure any such investment; except that, in co-
24 operating in the offering of insurance under this
25 paragraph, the Corporation shall not assume respon-

1 sibility for more than 50 per centum of the insur-
2 ance being offered in each separate transaction.

3 “(b) ADVISORY GROUP.—

4 “(1) ESTABLISHMENT AND MEMBERSHIP.—The
5 Corporation shall establish a group to advise the
6 Corporation on the development and implementation
7 of the cooperative programs under this section. The
8 group shall be appointed by the Board and shall be
9 composed of up to twelve members, including the fol-
10 lowing:

11 “(A) Up to seven persons from the private
12 political risk insurance industry, of whom no
13 fewer than two shall represent private political
14 risk insurers, one shall represent private politi-
15 cal risk reinsurers, and one shall represent in-
16 surance or reinsurance brokerage firms.

17 “(B) Up to four persons, other than per-
18 sons described in subparagraph (A), who are
19 purchasers of political risk insurance.

20 “(2) FUNCTIONS.—The Corporation shall call
21 upon members of the advisory group, either collec-
22 tively or individually, to advise it regarding the capa-
23 bility of the private political risk insurance industry
24 to meet the political risk insurance needs of United

1 States investors, and regarding the development of
2 cooperative programs to enhance such capability.

3 “(3) MEETINGS.—The advisory group shall
4 meet at least annually. The Corporation may from
5 time to time convene meetings of selected members
6 of the advisory group to address particular questions
7 requiring their specialized knowledge.

8 “(4) FEDERAL ADVISORY COMMITTEE ACT.—
9 The advisory group shall not be subject to the Fed-
10 eral Advisory Committee Act (5 U.S.C. App.).

11 **“SEC. 3106. GUIDELINES AND REQUIREMENTS FOR OPIC**
12 **SUPPORT.**

13 “(a) DEVELOPMENT IMPACT PROFILE.—In order to
14 carry out the policy set forth in section 3101(b)(1), the
15 Corporation shall prepare and maintain for each invest-
16 ment project it insures, finances, or reinsures, a develop-
17 ment impact profile consisting of data appropriate to
18 measure the projected and actual effects of such project
19 on development. Criteria for evaluating projects shall be
20 developed in consultation with the agency designated
21 under section 5102.

22 “(b) SMALL BUSINESS DEVELOPMENT.—

23 “(1) BROADENED PARTICIPATION BY SMALL
24 BUSINESSES.—The Corporation shall undertake, in
25 cooperation with appropriate departments, agencies,

1 and instrumentalities of the United States as well as
2 private entities and others, to broaden the participa-
3 tion of United States small business, cooperatives,
4 and other small United States investors in the devel-
5 opment of small private enterprise in less developed
6 friendly countries or areas.

7 “(2) PREFERENTIAL CONSIDERATION.—The
8 Corporation shall undertake to give preferential con-
9 sideration in its investment insurance, reinsurance,
10 and guarantee activities to investment projects spon-
11 sored by or involving United States small business
12 or cooperatives.

13 “(c) ENVIRONMENTAL CONSIDERATIONS.—

14 “(1) ENVIRONMENTAL, HEALTH, OR SAFETY
15 HAZARD.—The Corporation should refuse to insure,
16 reinsure, guarantee, or finance any investment in
17 connection with a project which the Corporation de-
18 termines will pose an unreasonable or major environ-
19 mental, health, or safety hazard, or will result in the
20 significant degradation of national parks or similar
21 protected areas.

22 “(2) RESOURCE SUSTAINABLE DEVELOP-
23 MENT.—The Corporation, in determining whether to
24 provide insurance, reinsurance, guarantees, or fi-
25 nancing for a project, should ensure that the project

1 is consistent with the goals set forth in section 1 of
2 this Act.

3 “(3) ENVIRONMENTAL IMPACT STATEMENTS
4 AND ASSESSMENTS.—The requirements of section
5 1121 relating to environmental impact statements
6 and environmental assessments should apply to any
7 investment which the Corporation insures, reinsures,
8 guarantees, or finances under this chapter in con-
9 nection with a project in a country.

10 “(4) NOTIFICATION OR FOREIGN GOVERN-
11 MENTS.—Before finally providing insurance, reinsur-
12 ance, guarantees, or financing under this chapter for
13 any environmentally sensitive investment in connec-
14 tion with a project in a country, the Corporation
15 should notify appropriate government officials of
16 that country of—

17 “(A) all guidelines and other standards
18 adopted by the International Bank for Recon-
19 struction and Development and any other inter-
20 national organization relating to the public
21 health or safety or the environment which are
22 applicable to the project; and

23 “(B) to the maximum extent practicable,
24 any restriction under any law of the United
25 States relating to public health or safety or the

1 environment that would apply to the project if
2 the project were undertaken in the United
3 States.

4 “The notification under the preceding sentence
5 should include a summary of the guidelines, stand-
6 ards, and restrictions referred to in subparagraphs
7 (A) and (B).

8 “(5) CONSIDERATION OR COMMENTS RE-
9 CEIVED.—Before finally providing insurance, rein-
10 surance, guarantees, or financing for any investment
11 subject to paragraph (4), the Corporation should
12 take into account any comments it receives on the
13 project involved.

14 “(d) HUMAN RIGHTS.—The Corporation should take
15 into account in the conduct of its programs in a country,
16 in consultation with the Secretary of State, all available
17 information about observance of and respect for human
18 rights and fundamental freedoms in such country and the
19 effect the operation of such programs will have on human
20 rights and fundamental freedoms in such country.

21 “(e) HARM TO EMPLOYMENT IN THE UNITED
22 STATES.—

23 “(1) REPLACEMENT OF UNITED STATES PRO-
24 Duction.—(A) The Corporation should refuse to in-
25 sure, reinsure, guarantee, or finance an investment

1 if the Corporation determines that such investment
2 is likely to cause such investor (or the sponsor of an
3 investment project in which such investor is in-
4 volved) significantly to reduce the number of the in-
5 vestor's or sponsor's employees in the United States
6 because the investor or sponsor is replacing his or
7 her United States production with production from
8 such investment, and the production from such in-
9 vestment involves substantially the same product for
10 substantially the same market as the investor's or
11 sponsor's United States production.

12 “(B) If the Corporation determines that an in-
13 vestment is not likely to have the effects described
14 in subparagraph (A), the Corporation shall monitor
15 conformance with the representations made by the
16 investor on which the Corporation relied in making
17 that determination.

18 “(2) REDUCTION OF EMPLOYEES IN THE UNIT-
19 ED STATES.—The Corporation should refuse to in-
20 sure, reinsure, guarantee, or finance an investment
21 if the Corporation determines that such investment
22 is likely to cause a significant reduction in the num-
23 ber of employees in the United States.

24 “(3) MANDATORY AND EXCLUSIVE UNITED
25 STATES EFFECTS ANALYSIS.— The analysis required

1 by this chapter is mandatory and exclusive with re-
2 spect to the United States effects of the Corpora-
3 tion's programs, including effects on exports and
4 employment, and shall not be limited or modified by
5 any other provision of this Act.

6 "(f) PERFORMANCE REQUIREMENTS.—The Corpora-
7 tion should refuse to insure, reinsure, guarantee, or fi-
8 nance an investment which is subject to performance re-
9 quirements which would reduce substantially the positive
10 trade benefits likely to accrue to the United States from
11 the investment.

12 "(g) PROHIBITED TRADE PRACTICES.—

13 "(1) PAYMENTS TO VIOLATORS BARRED.—No
14 payment may be made under any insurance or rein-
15 surance which is issued under this chapter on or
16 after April 24, 1978, for any loss occurring with re-
17 spect to a project, if the preponderant cause of such
18 loss was an act by the investor seeking payment
19 under this chapter, by a person possessing majority
20 ownership and control of the investor at the time of
21 the act, or by any agent of such investor or control-
22 ling person, and a court of the United States has en-
23 tered a final judgment that such act constituted a
24 violation of section 30A of the Securities Exchange

1 Act of 1934 or section 104 of the Foreign Corrupt
2 Practices Act of 1977.

3 “(2) REGULATIONS.—The Corporation shall
4 have in effect regulations setting forth appropriate
5 conditions under which any person who has been fi-
6 nally determined by a court of the United States to
7 have violated section 30A of the Securities Ex-
8 change Act of 1934 or section 104 of the Foreign
9 Corrupt Practices Act of 1977 shall be suspended,
10 for a period of not more than five years, from eligi-
11 bility to receive any insurance, reinsurance, guaran-
12 tee, financing, or other financial support authorized
13 by this chapter, if that violation related to a project
14 insured, reinsured, guaranteed, financed, or other-
15 wise supported by the Corporation under this chap-
16 ter.

17 “(h) FRAUD OR MISREPRESENTATION.—No payment
18 may be made under any guarantee, insurance, or reinsur-
19 ance issued under this chapter for any loss arising out
20 of fraud or misrepresentation for which the party seeking
21 payment is responsible.

22 “(i) PUBLIC HEARINGS.—The Board shall hold at
23 least 1 public hearing each year in order to afford an op-
24 portunity for any person to present views as to whether
25 the Corporation is carrying out its activities in accordance

1 with section 3101 and this section or whether any invest-
2 ment in a particular country should have been or should
3 be extended insurance, reinsurance, guarantees, or financ-
4 ing under this chapter.

5 **“SEC. 3107. ISSUING AUTHORITY, DIRECT INVESTMENT**
6 **FUND, EQUITY FUND, AND RESERVES.**

7 **“(a) ISSUING AUTHORITY.—**

8 **“(1) INSURANCE.—**The maximum contingent li-
9 ability outstanding at any one time pursuant to in-
10 surance issued under section 3104(a) shall not ex-
11 ceed in the aggregate \$7,500,000,000.

12 **“(2) GUARANTEES.—**Except as provided in Sec-
13 tion 5201(f), commitments to guarantee loans are
14 authorized for any fiscal year pursuant to section
15 504(b) of the Federal Credit Reform Act of 1990.

16 **“(3) ACTION BY CONGRESS.—**The Congress, in
17 considering the budget programs transmitted by the
18 President for the Corporation, pursuant to section
19 9103 of title 31, United States Code, may limit the
20 obligations and contingent liabilities to be undertak-
21 en under subsections (a), (b), and (c) of section
22 3104.

23 **“(b) CREATION OF FUND FOR ACQUISITION OF EQ-**
24 **UITY.—**The Corporation is authorized to establish a re-
25 volving fund to be available solely for the purposes speci-

1 filed in section 3104(f), to make a one-time transfer to the
2 fund of \$35,000,000 from its income and revenues, and
3 to transfer to such fund other funds transferred to the
4 Corporation for such purposes under the authority of sec-
5 tion 5201 of this Act: *Provided, however,* That such funds
6 may not be transferred out of the Corporation's liquidat-
7 ing account. The Corporation shall transfer to the fund
8 in each fiscal year all amounts received by the Corporation
9 during the preceding fiscal year as income on securities
10 acquired under section 3104(f), and from the proceeds on
11 the disposition of such securities. Purchases of, invest-
12 ments in, and other acquisitions of equity from the fund
13 are authorized for any fiscal year only to the extent or
14 in such amounts as are provided in advance in appropria-
15 tions Acts or are transferred to the Corporation pursuant
16 to section 5201 of this Act, or are transferred to the fund
17 pursuant to the preceding sentence.

18 “(c) INSURANCE RESERVE.—

19 “(1) MAINTENANCE AND PURPOSES.—The Cor-
20 poration shall maintain an insurance reserve. Such
21 reserve shall be available for the discharge of liabil-
22 ities, as provided in subsection (e), until such time
23 as all such liabilities have been discharged or have
24 expired or until such reserve has been expended in
25 accordance with the provisions of this section.

1 “(2) **FUNDING.**—The insurance reserve shall
2 consist of—

3 “(A) any funds in the insurance reserve of
4 the Corporation on the effective date of the
5 International Cooperation Act of 1991,

6 “(B) amounts transferred to the reserve
7 pursuant to this Act, and

8 “(C) such sums as are appropriated pursu-
9 ant to subsection (e) of this section for such
10 purposes.

11 “(d) **ORDER OF PAYMENTS TO DISCHARGE LIABIL-**
12 **ITIES.**—Any payment made to discharge liabilities under
13 investment insurance or reinsurance issued under section
14 3104, under similar predecessor guarantee authority, or
15 under section 3105, shall be paid first out of the insurance
16 reserve, as long as such reserve remains available, and
17 thereafter out of funds made available pursuant to subsec-
18 tion (e) of this section. Any payments made to discharge
19 liabilities under guarantees issued under section 3104(b)
20 shall be paid in accordance with the Federal Credit Re-
21 form Act of 1990.

22 “(e) **AUTHORIZATION OF APPROPRIATIONS.**—

23 “(1) **AUTHORIZATION.**—Subject to paragraph
24 (2), there are authorized to be appropriated to the
25 Corporation, to remain available until expended,

1 such amounts as may be necessary from time to
2 time to replenish or increase the insurance reserve,
3 to discharge the liabilities under insurance or rein-
4 surance issued by the Corporation or to discharge
5 obligations of the Corporation purchased by the Sec-
6 retary of the Treasury pursuant to subsection (f).

7 “(2) LIMITATION ON APPROPRIATIONS.—No ap-
8 propriation shall be made under paragraph (1) to
9 augment the insurance reserve until the amount of
10 funds in the insurance reserve is less than
11 \$25,000,000. Any appropriations to augment the in-
12 surance reserve shall then only be made to satisfy
13 the full faith and credit provision of section 3109(c).

14 “(f) ISSUANCE OF OBLIGATIONS.—In order to dis-
15 charge liabilities under investment insurance or reinsur-
16 ance, the Corporation is authorized to issue from time to
17 time for purchase by the Secretary of the Treasury its
18 notes, debentures, bonds, or other obligations; except that
19 the aggregate amount of such obligations outstanding at
20 any one time may not exceed \$100,000,000. Any such ob-
21 ligation shall be repaid to the Treasury within 1 year after
22 the date of issue of such obligation. Any such obligation
23 shall bear interest at a rate determined by the Secretary
24 of the Treasury, taking into consideration the current av-
25 erage market yield on outstanding marketable obligations

1 of the United States of comparable maturities during the
2 month preceding the issuance of any obligation authorized
3 by this subsection. The Secretary of the Treasury shall
4 purchase any obligation of the Corporation issued under
5 this subsection, and for such purchase the Secretary may
6 use as a public debt transaction the proceeds of the sale
7 of any securities issued under chapter 31 of title 31, Unit-
8 ed States Code. The purpose for which securities may be
9 issued under chapter 31 of title 31, United States Code,
10 shall include any such purchase.

11 **“SEC. 3108. INCOME AND REVENUES.**

12 “In order to carry out the purposes of the Corpora-
13 tion, all revenues and income transferred to or earned by
14 the Corporation, in relation to non-credit activities, from
15 whatever source derived, shall be held by the Corporation
16 and shall be available to carry out its purposes, including
17 without limitation—

18 “(1) payment of all expenses of the Corpora-
19 tion, including investment promotion expenses;

20 “(2) transfers and additions to the insurance
21 reserves, and such other funds or reserves as the
22 Corporation may establish, at such time and in such
23 amounts as the Board may determine, subject to the
24 provisions of the Federal Credit Reform Act of
25 1990; and

1 “(3) payment of dividends, on capital stock,
2 which shall consist of and be paid from net earnings
3 of the Corporation after payments, transfers, and
4 additions under paragraphs (1) and (2).

5 **“SEC. 3109. GENERAL PROVISIONS RELATING TO INSUR-**
6 **ANCE, GUARANTEE, AND FINANCING PRO-**
7 **GRAM.**

8 “(a) **AGREEMENTS WITH COUNTRIES.**—Insurance,
9 guarantees, and reinsurance issued under this chapter
10 shall not cover investments made in connection with
11 projects in any country or area unless the President of
12 the United States has agreed with the government of such
13 country or area to institute a program for such insurance,
14 guarantees, or reinsurance.

15 “(b) **PROTECTION OF INTERESTS OF THE CORPORA-**
16 **TION.**—The Corporation shall determine that suitable ar-
17 rangements exist for protecting the interest of the Corpo-
18 ration in connection with any insurance, reinsurance, or
19 guarantee issued under this chapter, including arrange-
20 ments concerning ownership, use, and disposition of the
21 currency, credits, assets, or investments on account of
22 which payment under such insurance, guarantee, or rein-
23 surance is to be made, and any right, title, claim, or cause
24 of action existing in connection therewith.

1 “(c) **FULL FAITH AND CREDIT PLEDGED.**—All guar-
2 antees issued pursuant to predecessor guarantee author-
3 ity, and all insurance, reinsurance, and guarantees issued
4 pursuant to this chapter shall constitute obligations, in ac-
5 cordance with the terms of such insurance, reinsurance,
6 or guarantees, or the United States of America, and the
7 full faith and credit of the United States of America is
8 hereby pledged for the full payment and performance of
9 such obligations.

10 “(d) **FEEES.**—(1) Fees may be charged for providing
11 insurance, reinsurance, guarantees, financing, and other
12 services under this chapter in amounts to be determined
13 by the Corporation. In the event fees charged for insur-
14 ance, reinsurance, guarantees, financing, or services and
15 for similar guarantees issued under predecessor guarantee
16 authority are reduced, fees to be paid under existing con-
17 tract for the same type of insurance, reinsurance, guaran-
18 tees, financing or services and for similar guarantees is-
19 sued under predecessor guarantee authority may be re-
20 duced.

21 “(2) **CREDIT TRANSACTION COSTS.**—For credit
22 transactions covered by the provisions of the Federal
23 Credit Reform Act of 1990, project-specific transaction
24 costs relating to loan obligations or loan guarantee com-
25 mitments, including but not limited to project-related trav-

1 el and outside legal expenses, shall be considered cash
2 flows from the Government resulting from direct loan obli-
3 gations or loan guarantee commitments and shall be paid
4 out of the appropriate financing account established pur-
5 suant to section 505(b) of such Act.

6 “(3) NON-CREDIT TRANSACTION COSTS.—Fees paid
7 for the project-specific transaction costs and other direct
8 costs associated with services provided to specific investors
9 or potential investors pursuant to section 3104 (other than
10 those covered in subsection (d)(2) of this section), includ-
11 ing financing, insurance, reinsurance, missions, seminars,
12 conferences, and other pre-investment services, shall be
13 available for obligation for the purposes for which they
14 were collected notwithstanding any other provision of law.

15 “(e) INSURANCE, GUARANTEES, AND REINSURANCE
16 LIMITED TO TWENTY YEARS.—No insurance, reinsur-
17 ance, or guarantee of any equity investment under this
18 chapter shall extend beyond twenty years from the date
19 on which such insurance, reinsurance, or guarantee is
20 issued.

21 “(f) AMOUNT OF COMPENSATION PAID ON
22 CLAIMS.—Compensation for any insurance, reinsurance,
23 or guarantee issued under this chapter shall not exceed
24 the dollar value, as of the date of the investment, of the
25 investment made in the project with the approval of the

1 Corporation plus interest, earnings, or profits actually ac-
2 crued on such investment to the extent provided by such
3 insurance, reinsurance, or guarantee, except that the Cor-
4 poration may provide that—

5 “(1) appropriate adjustments in the insured
6 dollar value may be made to reflect the replacement
7 cost of project assets;

8 “(2) compensation for a claim of loss under in-
9 surance of an equity investment may be computed
10 on the basis of the net book value attributable to
11 such equity investment on the date of loss; and

12 “(3) compensation for loss due to business
13 interruption may be computed on a basis to be de-
14 termined by the Corporation which reflects amounts
15 lost.

16 Notwithstanding the preceding sentence, the Corporation
17 shall limit the amount of direct insurance and reinsurance
18 issued under section 3104 or 3105 so that risk or loss
19 as to at least 10 percent of the total investment of the
20 insured and its affiliates in the project is borne by the
21 insured and such affiliates, except that this limitation
22 shall not apply to direct insurance or reinsurance of loans
23 by banks or other financial institutions to unrelated
24 parties.

1 “(g) **LIMITATION WITH RESPECT TO FOREIGN**
2 **CREDIT INSTITUTIONS.**—Insurance, guarantees, or rein-
3 surance of a loan or equity investment of an eligible inves-
4 tor in a foreign bank, finance company, or other credit
5 institution shall extend only to such loan or equity invest-
6 ment and not to any individual loan or equity investment
7 made by such foreign bank, finance company, or other
8 credit institution.

9 “(h) **SETTLEMENT AND ARBITRATION OF CLAIMS.**—
10 Claims arising as a result of insurance, reinsurance, or
11 guarantee operations under this chapter or under prede-
12 cessor guarantee authority may be settled, and disputes
13 arising as a result thereof may be arbitrated with the con-
14 sent of the parties, on such terms and conditions as the
15 Corporation may determine. Payment made pursuant to
16 any such settlement, or as a result of an arbitration
17 award, shall be final and conclusive notwithstanding any
18 other provision of law.

19 “(i) **CONTRACTS PRESUMED TO COMPLY WITH**
20 **ACT.**—Each guarantee contract executed by such officer
21 or officers as may be designated by the Board shall be
22 conclusively presumed to be issued in compliance with the
23 requirements of this Act.

24 “(j) Except for the provisions of this chapter, no
25 other provision of this or any other law relating to the

1 eligibility of countries for assistance under this Act shall
2 be construed to prohibit the operation of any program au-
3 thorized by this chapter.

4 **“SEC. 3110. GENERAL PROVISIONS AND POWERS.**

5 “(a) **PRINCIPAL OFFICE.**—The Corporation shall
6 have its principal office in the District of Columbia and
7 shall be deemed, for purposes of venue in civil actions, to
8 be a resident of the District of Columbia.

9 “(b) **AUDITS.**—

10 “(1) **IN GENERAL.**—The Corporation shall be
11 subject to the applicable provisions of chapter 91 of
12 title 31, United States Code, except as otherwise
13 provided in this chapter.

14 “(2) **INDEPENDENT AUDIT.**—An independent
15 certified public accountant shall perform a financial
16 and compliance audit of the financial statements of
17 the Corporation every year, in accordance with gen-
18 erally accepted Government auditing standards for a
19 financial and compliance audit. The independent cer-
20 tified public accountant shall report the results of
21 such audit to the Board. The financial statements of
22 the Corporation shall be presented in accordance
23 with generally accepted accounting principles. These
24 financial statements and the report of the account-
25 ant shall be included in a report which contains, to

1 the extent applicable, the information identified in
2 section 9106 of title 31, United States Code, and
3 which the Corporation shall submit to the Congress
4 not later than six and one-half months after the end
5 of the last fiscal year covered by the audit.

6 “(c) POWERS.—To carry out the purposes of this
7 chapter, the Corporation is authorized—

8 “(1) to adopt and use a corporate seal, which
9 shall be judicially noticed;

10 “(2) to sue and be sued in its corporate name;

11 “(3) to adopt, amend, and repeal bylaws gov-
12 erning the conduct of its business and the perform-
13 ance of the powers and duties granted to or imposed
14 upon it by law;

15 “(4) to acquire, hold, or dispose of, upon such
16 terms and conditions as the Corporation may deter-
17 mine, any property, real, personal, or mixed, tangi-
18 ble or intangible, or any interest therein;

19 “(5) to invest funds derived from fees and other
20 revenues in obligations of the United States and to
21 use the proceeds therefrom, including earnings and
22 profits, as it considers appropriate;

23 “(6) to indemnify directors, officers, employees,
24 and agents of the Corporation for liabilities and ex-

1 penses incurred in connection with their Corporation
2 activities;

3 “(7) to require bonds of officers, employees,
4 and agents and to pay the premiums therefor;

5 “(8) notwithstanding any other provision of
6 law, to represent itself or to contract for representa-
7 tion in all legal and arbitral proceedings;

8 “(9) to purchase, discount, rediscount, sell, and
9 negotiate, with or without its endorsement or guar-
10 antee, and guarantee notes, participation certifi-
11 cates, and other evidence of indebtedness (except
12 that the Corporation shall not issue its own securi-
13 ties, except participation certificates for the purpose
14 of carrying out section 3101(c)(3) or participation
15 certificates as evidence of indebtedness held by the
16 Corporation in connection with settlement of claims
17 under section 3109(h));

18 “(10) to make and carry out such contracts and
19 agreements as are necessary and advisable in the
20 conduct of its business;

21 “(11) to exercise any priority of the government
22 of the United States in collecting debts from the es-
23 tates of bankrupt, insolvent, or decedent parties;

24 “(12) to determine the character of and the ne-
25 cessity for its obligations and expenditures, and the

1 manner in which they shall be incurred, allowed, and
2 paid, subject to provisions of law specifically applica-
3 ble to Government corporations;

4 “(13) to collect or compromise any obligations
5 assigned to or held by the Corporation, including
6 any legal or equitable rights accruing to the Corpo-
7 ration; and

8 “(14) to take such actions as may be necessary
9 or appropriate to carry out the powers of the Corpo-
10 ration.

11 “(d) INSPECTOR GENERAL.—

12 “(1) AUTHORITY.—The Inspector General of
13 the agency designated under section 5102—

14 “(A) shall have full and independent au-
15 thority to conduct audits, investigations, and in-
16 spections of all phases of the Corporation’s pro-
17 grams and operations for the purpose of pro-
18 moting economy, efficiency, and effectiveness,
19 and detecting and preventing fraud and abuse;
20 and

21 “(B) shall conduct all security activities of
22 the Corporation relating to personnel and the
23 control of classified material.

24 “(2) RELATION TO PRESIDENT OF CORPORA-
25 TION.—The Inspector General shall report to and be

1 under the general supervision of the President of the
2 Corporation with respect to activities undertaken
3 pursuant to this subsection, except that the Presi-
4 dent of the Corporation shall not prevent or prohibit
5 the Inspector General from initiating, carrying out,
6 or completing any such activity in accordance with
7 the duties, authorities, and responsibilities contained
8 in the Inspector General Act of 1978 and any other
9 applicable law or regulation.

10 “(3) **EXPENSES.**—The Inspector General shall
11 be reimbursed by the Corporation for all expenses
12 incurred by the Inspector General in connection with
13 the Inspector General’s responsibilities under this
14 subsection.

15 “(4) **INSPECTOR GENERAL ACT.**—For purposes
16 of the Inspector General Act of 1978, the Corpora-
17 tion shall continue to be considered a Federal entity
18 and the President of the Corporation shall be consid-
19 ered the head of the Federal entity.

20 “(5) **SEMIANNUAL REPORT.**—The semiannual
21 report required under section 5 of the Inspector
22 General Act of 1978 shall include information relat-
23 ing to activities of the Inspector General undertaken
24 pursuant to this subsection.

1 “(e) **EXEMPTION FROM STATE AND LOCAL TAX-**
2 **ATION.**—The Corporation (including its franchise, capital,
3 reserves, surplus, advances, intangible property, and in-
4 come) shall be exempt from all taxation at any time im-
5 posed by any State, the District of Columbia, or any coun-
6 ty, municipality, or local taxing authority.

7 “(f) **CORPORATE OPERATIONAL GUIDELINES.**—The
8 Corporation—

9 “(1) shall establish and publish guidelines for
10 its programs and operations consistent with the pro-
11 visions of this chapter, which provisions shall be con-
12 trolling with respect to the Corporation’s programs
13 and operations, and

14 “(2) shall make such guidelines available to ap-
15 plicants for insurance, reinsurance, guarantees, fi-
16 nancing, or other assistance provided by the Corpo-
17 ration.

18 **“SEC. 3111. ANNUAL REPORT; MAINTENANCE OF INFORMA-**
19 **TION.**

20 “(a) **ANNUAL REPORT.**—After the end of each fiscal
21 year, the President shall submit to the Congress a com-
22 plete and detailed report of the Corporation’s operations
23 during such fiscal year. Such report shall include—

24 “(1) an assessment, based upon the develop-
25 ment impact profiles required by section 3106(a), of

1 the economic and social development impact and
2 benefits of the projects with respect to which such
3 profiles are prepared, and of the extent to which the
4 operations of the Corporation complement or are
5 compatible with the development assistance pro-
6 grams of the United States and other donors; and

7 “(2) a description of any project for which the
8 Corporation refused to provide any insurance, rein-
9 surance, guarantee, financing, or other financial
10 support, on account of violations of human rights re-
11 ferred to in section 3106(e).

12 “(b) PROJECTIONS OF EFFECTS ON EMPLOYMENT.—

13 “(1) IN GENERAL.—Each annual report re-
14 quired by subsection (a) shall contain protections of
15 the effects on employment in the United States of
16 all projects for which, during the fiscal year covered
17 by the report, the Corporation initially issued any in-
18 surance, reinsurance, or guarantee or provided fi-
19 nancing. Each such report shall include projections
20 of—

21 “(A) the amount of United States exports
22 to be generated by those projects, both during
23 the start-up phase and over a period of years;

24 “(B) the final destination of the products
25 to be produced as a result of those projects; and

1 “(C) the impact such production will have
2 on the production of similar products in the
3 United States with regard to both domestic
4 sales and exports.

5 “(2) INFORMATION IN AGGREGATE FORM.—The
6 projections required by this subsection shall be based
7 on an analysis of each of the projects described in
8 paragraph (1). Such projections may, however,
9 present information and analysis in aggregate form,
10 but only if—

11 “(A) those projects which are projected to
12 have a positive effect on employment in the
13 United States and those projects which are pro-
14 jected to have a negative effect on employment
15 in the United States are grouped separately;
16 and

17 “(B) there is set forth for each such
18 grouping the key characteristics of the projects
19 within that grouping, including the number of
20 projects in each economic sector, the countries
21 in which the projects in each economic sector
22 are located, and the projected level of the im-
23 pact of the projects in each economic sector on
24 employment in the United States and on United
25 States trade.

1 “(c) **MAINTENANCE OF INFORMATION.**—The Corpo-
2 ration shall maintain as part of its records—

3 “(1) all information collected in preparing the
4 report required by section 240A(c) of the Foreign
5 Assistance Act of 1961 (as in effect before the en-
6 actment of the Overseas Private Investment Corpo-
7 ration Amendments Act of 1988), whether the infor-
8 mation was collected by the Corporation itself or by
9 a contractor; and

10 “(2) a copy of the analysis of each project ana-
11 lyzed in preparing the projections required by sub-
12 section (b) of this section or the report required by
13 section 240A(c) of the Foreign Assistance Act of
14 1961 (as in effect before the enactment of the Over-
15 seas Private Investment Corporation Amendments
16 Act of 1988).

17 “(d) **PROGRAMS OF COOPERATION WITH PRIVATE**
18 **INDUSTRY.**—Each annual report required by subsection
19 (a) shall include an assessment of programs implemented
20 by the Corporation under section 3105(a), including the
21 following information, to the extent such information is
22 available to the Corporation:

23 “(1) The nature and dollar value of political
24 risk insurance provided by private insurers in con-
25 junction with the Corporation, which the Corpora-

1 tion was not permitted to provide under this chap-
2 ter.

3 “(2) The nature and dollar value of political
4 risk insurance provided by private insurers in con-
5 junction with the Corporation, which the Corpora-
6 tion was permitted to provide under this chapter.

7 “(3) The manner in which such private insurers
8 and the Corporation cooperated in recovery efforts
9 and claims management.

10 “(e) PROTECTION OF CERTAIN INFORMATION.—Sub-
11 sections (b) and (d) do not require the inclusion in any
12 information submitted pursuant to those subsections of
13 any information which would not be required to be made
14 available to the public pursuant to section 552 of title 5,
15 United States Code (relating to freedom of information).

16 “SEC. 3112. DEFINITIONS.

17 “As used in this chapter, the following terms have
18 the following meanings:

19 “(1) BOARD.—The term ‘Board’ means the
20 Board of Directors of the Overseas Private Invest-
21 ment Corporation.

22 “(2) CORPORATION.—The term ‘Corporation’
23 means the Overseas Private Investment Corporation.

24 “(3) ELIGIBLE INVESTOR.—(A) The term ‘eligi-
25 ble investor’ means—

1 “(i) a United States citizen; and

2 “(ii) a corporation, partnership, or other
3 association, including a nonprofit association,
4 which is more than 50 per centum beneficially
5 owned by United States citizens.

6 “(B) For purposes of this chapter—

7 “(i) in the case of insurance or a guaran-
8 tee for any loan investment, a final determina-
9 tion of whether a person is an eligible investor
10 may be made at the time the insurance or guar-
11 antee is issued; and

12 “(ii) in the case of insurance or a guaran-
13 tee for any other investment, an investor must
14 be an eligible investor at the time a claim arises
15 as well as the time the insurance or guarantee
16 is issued.

17 “(4) EXPROPRIATION.—The term ‘expropria-
18 tion’ includes any abrogation, repudiation, or impair-
19 ment by a foreign government of its own contract
20 with an investor with respect to a project, where
21 such abrogation, repudiation, or impairment is not
22 caused by the investor’s own fault or misconduct,
23 and materially adversely affects the continued oper-
24 ation of the project.

1 “(5) INVESTMENT.—The term ‘investment’ in-
2 cludes any contribution or commitment or funds,
3 commodities, services, patents, processes, or tech-
4 niques, in the form or—

5 “(A) a loan or loans to an approved
6 project,

7 “(B) the purchase of a share of ownership
8 in any such project,

9 “(C) participation in royalties, earnings, or
10 profits of any such project, and

11 “(D) the furnishing of commodities or
12 services pursuant to a lease or other contract.

13 “(6) PREDECESSOR GUARANTEE AUTHORITY.—
14 The term ‘predecessor guarantee authority’ means
15 prior guarantee authorities (other than housing
16 guarantee authorities) repealed by the Foreign As-
17 sistance Act of 1969, section 202(b) and 413(b) of
18 the Mutual Security Act of 1954, and section
19 111(b)(3) of the Economic Cooperation Act of 1948
20 (exclusive of authority relating to informational
21 media guarantees).

1 **"CHAPTER 2—TRADE AND DEVELOPMENT**

2 **AGENCY**

3 **"SEC. 3121. PURPOSE.**

4 **"The Trade and Development Agency shall be an**
5 **agency of the United States under the foreign policy guid-**
6 **ance of the Secretary of State. The purpose of the Trade**
7 **and Development Agency is to promote United States pri-**
8 **vate sector participation in development projects in devel-**
9 **oping and middle-income countries, in order to promote**
10 **the goals set forth in section 1 of this Act.**

11 **"SEC. 3122. AUTHORITY TO PROVIDE ASSISTANCE.**

12 **"(a) AUTHORITY.—The Director of the Trade and**
13 **Development Agency is authorized to work with foreign**
14 **countries, including those in which the United States de-**
15 **velopment programs have been concluded or those not re-**
16 **ceiving assistance under title I, to carry out the purpose**
17 **of this chapter by providing funds for feasibility studies**
18 **and other activities related to development projects which**
19 **provide opportunities for the use of United States exports.**

20 **"(b) USE OF FUNDS.—Funds under this chapter may**
21 **be used to provide support for the planning of, develop-**
22 **ment of, management of, and procurement for, bilateral**
23 **and multilateral development projects, including training**
24 **activities undertaken in connection with a project, for the**
25 **purpose of promoting the use of United States goods and**
26 **services in such projects.**

1 “(c) INFORMATION DISSEMINATION.—

2 “(1) IN GENERAL.—The Trade and Develop-
3 ment Agency shall disseminate information about its
4 project activities to the private sector.

5 “(2) RELATIONSHIP AMONG AGENCIES.—Feder-
6 al departments, agencies, and the Trade and Develop-
7 ment Agency are encouraged to cooperate in the
8 effective provision of informational services to per-
9 sons in the private sector concerning trade develop-
10 ment and export promotion related to development
11 projects.

12 “(d) NONAPPLICABILITY OF OTHER PROVISIONS.—
13 Any funds used for purposes of this chapter may be used
14 notwithstanding any other provision of law.

15 “SEC. 3123. DIRECTOR AND PERSONNEL.

16 “(a) DIRECTOR.—There shall be at the head of the
17 Trade and Development Agency a Director who shall be
18 appointed by the President, by and with the advice and
19 consent of the Senate.

20 “(b) OFFICERS AND EMPLOYEES.—

21 “(1) APPOINTMENT.—The President may ap-
22 point such officers and employees of the Trade and
23 Development Agency as the President considers ap-
24 propriate.

1 “(2) FUNCTIONS.—The officers and employees
2 appointed under this subsection shall have such
3 functions as the Director may determine.

4 “(3) APPOINTMENTS WITHOUT REGARD TO
5 CERTAIN CIVIL SERVICE LAWS.—Of the officers and
6 employees appointed under this subsection, 2 may be
7 appointed without regard to the provisions of title 5,
8 United States Code, governing appointments in the
9 competitive service, and may be compensated with-
10 out regard to the provisions of chapter 51 or sub-
11 chapter III of chapter 53 of such title.

12 “(4) REINSTATEMENT RIGHTS.—Under such
13 regulations as the President may prescribe, any indi-
14 vidual appointed under paragraph (3) may be enti-
15 tled, upon removal (except for cause) from the posi-
16 tion to which the appointment was made, to rein-
17 statement to the position occupied by that individual
18 at the time of appointment or to a position of com-
19 parable grade and pay.

20 **“SEC. 3124. ANNUAL REPORT.**

21 “The President shall, not later than December 31 of
22 each year, submit to the Committee on Foreign Affairs
23 of the House of Representatives and the Committee on
24 Foreign Relations of the Senate a report on the activities

1 of the Trade and Development Agency in the preceding
2 fiscal year.

3 **"SEC. 3125. INSPECTOR GENERAL.**

4 **"(a) AUTHORITY.—**The Inspector General of the
5 agency designated under section 5102—

6 **"(1) shall have full and independent authority**
7 **to conduct audits, investigations, and inspections of**
8 **all phases of the program and operations of the**
9 **Trade and Development Agency for the purpose of**
10 **promoting economy, efficiency, and effectiveness,**
11 **and detecting and preventing fraud and abuse; and**

12 **"(2) shall conduct all security activities of the**
13 **Trade and Development Agency relating to person-**
14 **nel and the control of classified material.**

15 **"(b) RELATION TO DIRECTOR OF THE TRADE AND**
16 **DEVELOPMENT AGENCY.—**The Inspector General shall re-
17 port to and be under the general supervision of the Direc-
18 tor of the Trade and Development Agency with respect
19 to activities undertaken pursuant to this section, except
20 that the Director shall not prevent or prohibit the Inspec-
21 tor General from initiating, carrying out, or completing
22 any such activity in accordance with the duties, authori-
23 ties, and responsibilities contained in the Inspector Gener-
24 al Act of 1978, and any other applicable laws and regula-
25 tions.

1 “(c) **INSPECTOR GENERAL ACT.**—For purposes of
2 the Inspector General Act of 1978, the Trade and Devel-
3 opment Agency shall continue to be considered a Federal
4 entity and the Director of the Trade and Development
5 Agency shall be considered the head of the Federal entity.

6 “(d) **SEMIANNUAL REPORT.**—The semiannual report
7 required under section 5 of the Inspector General Act of
8 1978 shall include information relating to activities of the
9 Inspector General undertaken pursuant to this section.

10 **“SEC. 3128. FUNDING.**

11 “There are authorized to be appropriated for pur-
12 poses of this chapter, in addition to funds otherwise avail-
13 able for such purposes, \$35,000,000 for fiscal year 1992.”

14 **TITLE IV—SPECIAL AUTHORITIES,**
15 **RESTRICTIONS ON ASSISTANCE, AND REPORTS**
16 **SEC. 401. CONSOLIDATION AND REVISION OF SPECIAL AU-**
17 **THORITIES, RESTRICTIONS, AND REPORTING**
18 **REQUIREMENTS.**

19 The Foreign Assistance Act of 1961 is amended by
20 striking out existing part III and by adding the following
21 new title IV after new title III (as added by title III of
22 this Act):

1 **"TITLE IV—SPECIAL AUTHORITIES,**
2 **RESTRICTIONS ON ASSISTANCE, AND REPORTS**
3 **"CHAPTER 1—SPECIAL AUTHORITIES**
4 **"SEC. 4101. AUTHORITY TO TRANSFER BETWEEN AC-**
5 **COUNTS.**

6 **"(a) GENERAL TRANSFER AUTHORITY.—**Whenever
7 the President determines it to be necessary for the pur-
8 poses of this Act, not to exceed 10 per centum of the funds
9 made available to carry out any provision of this Act—

10 **"(1) may be transferred to, and consolidated**
11 **with, the funds in the account or fund available to**
12 **carry out any other provision of this Act; and**

13 **"(2) may be used for any of the purposes for**
14 **which funds in that account or fund may be used.**

15 **"(b) LIMITATION ON AMOUNT OF INCREASE IN AN**
16 **ACCOUNT.—**The total amount in the account or fund for
17 the benefit of which a transfer is made under subsection
18 (a) during any fiscal year may not be increased by more
19 than 20 per centum of the amount of funds otherwise
20 made available for such account or fund.

21 **"(c) NOTIFICATION TO CONGRESS.—**The authority of
22 subsection (a) may be exercised only if the Committee on
23 Foreign Affairs and the Committee on Appropriations of
24 the House of Representatives and the Committee on For-
25 eign Relations and the Committee on Appropriations of

1 the Senate are notified in advance of the exercise of that
2 authority.

3 **"SEC. 4102. SPECIAL WAIVER AUTHORITY.**

4 “(a) **FOREIGN ASSISTANCE ACT AND DEFENSE**
5 **TRADE AND EXPORT CONTROL ACT.**—The President may
6 authorize the taking of any action (or the refraining from
7 the taking of any action) under this Act or the Defense
8 Trade and Export Control Act without regard to any of
9 the provisions described in subsection (c) if he
10 determines—

11 “(1) in cases under chapter 2 or 5 of title II
12 of this Act, or under the Defense Trade and Export
13 Control Act, that to do so is essential to the national
14 interests of the United States; and

15 “(2) in any other cases under such Acts, that
16 to do so is important to the national interests of the
17 United States.

18 “(b) **OTHER ACTS.**—The President may authorize
19 the taking of any action (or the refraining from the taking
20 of any action) under any other Act without regard to the
21 provisions described in paragraphs (1) and (2) of subsec-
22 tion (c), or of any annual (or periodic) foreign assistance
23 authorization or appropriations Acts, if the President de-
24 termines that to do so is important to the national interest
25 of the United States.

1 “(c) **LAWS WHICH MAY BE WAIVED.**—The provi-
2 sions referred to in subsections (a) and (b) are—

3 “(1) the provisions of this Act,

4 “(2) the provisions of the Defense Trade and
5 Export Control Act,

6 “(3) any other provisions of law that restrict
7 the authority to provide assistance, make sales or
8 leases, or take other actions (or refrain from taking
9 actions) under the Acts in paragraphs (1) and (2),
10 and

11 “(4) any law relating to receipts and credits ac-
12 cruing to the United States.

13 “(d) **EXTRAORDINARY CIRCUMSTANCES.**—The Presi-
14 dent is authorized to use amounts not to exceed
15 \$50,000,000 of the funds made available under this Act
16 during any fiscal year pursuant to the President’s certifi-
17 cation that it is inadvisable to specify the nature of the
18 use of such funds, which certification shall be deemed to
19 be a sufficient voucher for such amounts. The President
20 shall fully inform the chairman and ranking minority
21 member of the Committee on Foreign Affairs of the House
22 of Representatives and the chairman and ranking minority
23 member of the Committee on Foreign Relations of the
24 Senate of each use of funds under this subsection prior
25 to the use of such funds.

1 “(e) **CONSULTATION WITH CONGRESS.**—Before exer-
2 cising the authority granted in this section, the President
3 shall consult with, and shall provide a written policy justi-
4 fication to, the Committee on Foreign Affairs and the
5 Committee on Appropriations of the House of Representa-
6 tives and the Committee on Foreign Relations and the
7 Committee on Appropriations of the Senate.

8 “(f) **NOTIFICATION TO CONGRESS.**—A determination
9 under subsection (a) or (b) shall be effective only if the
10 President notifies the Speaker of the House of Represent-
11 atives and the chairman of the Committee on Foreign Re-
12 lations of the Senate, in writing, of that determination.

13 “(1) **IN GENERAL.**—The authority of this sec-
14 tion may not be used in any fiscal year to
15 authorize—

16 “(A) more than \$1,000,000,000 in sales or
17 leases to be made under the Defense Trade and
18 Export Control Act;

19 “(B) the use of more than \$500,000,000
20 of funds made available for use under this Act;
21 and

22 “(C) the use of more than \$100,000,000 of
23 foreign currencies accruing under this Act or
24 any other law.

1 “(2) **FINANCED MILITARY SALES.**—If the au-
2 thority of this section is used both to authorize a
3 sale or lease under the Defense Trade and Export
4 Control Act and to authorize funds to be used under
5 chapter 2 of title II of this Act with respect to the
6 financing of that sale or lease, then the use of the
7 funds shall be counted against the limitation in
8 paragraph (1)(B) and the portion, if any, of the sale
9 or lease which is not so financed shall be counted
10 against the limitation in paragraph (1)(A).

11 “(3) **LEASES.**—For purposes of paragraph
12 (1)(A) the value of the defense articles authorized to
13 be leased (in terms of their replacement cost less
14 any depreciation in their value) shall be counted
15 against the limitation in that paragraph.

16 “(4) **COUNTRY LIMITS.**—(A) Not more than
17 \$100,000,000 of the \$500,000,000 limitation provid-
18 ed in paragraph (1)(B) may be allocated to any one
19 country in any fiscal year unless that country is a
20 victim of active aggression.

21 “(B) Not more than \$500,000,000 of the ag-
22 gregate limitation of \$1,500,000,000 provided in
23 paragraphs (1)(A) and (1)(B) may be allocated to
24 any one country in any fiscal year.

1 **"SEC. 4103. UNANTICIPATED CONTINGENCIES.**

2 “(a) **AUTHORITY.**—Notwithstanding any other provi-
3 sion of law, the President is authorized to use funds made
4 available to carry out any provision of this Act (other than
5 the funds described in paragraph (2)) in order to furnish,
6 for any unanticipated contingency, assistance authorized
7 by any provision of this Act (other than chapters 2 and
8 5 of title II) in accordance with the provisions applicable
9 to the furnishing of such assistance.

10 “(b) **ANNUAL CEILING.**—The authority of this sec-
11 tion may not be used to authorize the use of more than
12 \$50,000,000 during any fiscal year.

13 “(c) **REPORT TO CONGRESS.**—The President shall re-
14 port promptly to the Speaker of the House of Representa-
15 tives and to the Committee on Foreign Relations and the
16 Committee on Appropriations of the Senate each time the
17 authority of this section is exercised.

18 “(d) **PROHIBITION ON GIFTS.**—Funds used under
19 the authority of this section may not be used to pay for
20 any gifts to any official of any foreign government.

21 **"SEC. 4104. EMERGENCY ASSISTANCE.**

22 “(a) **AUTHORITY.**—In any fiscal year, up to
23 \$75,000,000 of the funds appropriated to carry out chap-
24 ter 3 of title I, and up to \$75,000,000 of the funds appro-
25 priated to carry out chapter 2 of title II, may be made
26 available for emergency use under such respective provi-

1 sions when the national interests of the United States ur-
2 gently require support to promote economic, political, or
3 military stability.

4 “(b) SOURCE OF FUNDS.—Notwithstanding any pro-
5 vision of an Act authorizing or appropriating funds for
6 use under this Act that earmarks funds available to carry
7 out chapter 3 of title I or chapter 2 of title II for a specific
8 country, organization, or purpose, up to 5 percent of each
9 amount so earmarked may be used to carry out this sec-
10 tion.

11 **“SEC. 4105. TERMINATION EXPENSES.**

12 “(a) IN GENERAL.—Funds made available under this
13 Act shall remain available for obligation for a period not
14 to exceed 8 months from the date of any termination of
15 assistance under this Act for the necessary expenses of
16 winding up programs related to such termination and may
17 remain available until expended. Funds obligated under
18 the authority of this Act prior to the effective date of the
19 termination of assistance may remain available for ex-
20 penditure for the necessary expenses of winding up pro-
21 grams related to such termination notwithstanding any
22 provision of law restricting the expenditure of funds. In
23 order to ensure the effectiveness of assistance under this
24 Act, such expenses for orderly termination of programs
25 may include the obligation and expenditure of funds to

1 complete the training or studies outside their countries of
2 origin of students whose course of study or training pro-
3 gram began before assistance was terminated.

4 “(b) LIABILITY TO CONTRACTORS.—For the purpose
5 of making an equitable settlement of termination claims
6 under extraordinary contractual relief standards, the
7 President is authorized to adopt as a contract or other
8 obligation of the United States Government, and assume
9 (in whole or in part) any liabilities arising thereunder, any
10 contract with a United States or third-country contractor
11 that had been funded with assistance under this Act prior
12 to the termination of assistance.

13 “(c) TERMINATION EXPENSES.—Amounts certified
14 as having been obligated for assistance subsequently ter-
15 minated by the President, or pursuant to any provision
16 of law, shall continue to remain available and may be
17 reobligated to meet any necessary expenses arising from
18 the termination of such assistance.

19 “(d) GUARANTY PROGRAMS.—Provisions of this or
20 any other Act requiring the termination of assistance
21 under this Act shall not be construed to require the termi-
22 nation of guarantee commitments under title I of this Act
23 that were entered into prior to the effective date of the
24 termination of assistance.

1 tion shall describe the program assisted, the assistance
2 provided, and the reasons for furnishing such assistance.

3 **“SEC. 4107. EXEMPTION OF TRAINING ACTIVITIES FROM**
4 **PROHIBITIONS.**

5 “Provisions of this or any other Act shall not be con-
6 strued to prohibit assistance for any training activity
7 funded under this Act for a country as long as that coun-
8 try has a democratically elected government and the as-
9 sistance is otherwise consistent with section 4201(a)(1),
10 section 4201(a)(2), section 4201(a)(7), and section 4202.

11 **“SEC. 4108. NONAPPLICABILITY TO MILITARY ASSISTANCE**
12 **OF CERTAIN NEUTRALITY ACT PROVISIONS.**

13 “The functions authorized under this Act may be per-
14 formed without regard to such provisions as the President
15 may specify of the Neutrality Act of 1939 (22 U.S.C. 441
16 and following).

17 **“CHAPTER 2—RESTRICTIONS ON ASSISTANCE**

18 **“SEC. 4201. INELIGIBLE COUNTRIES.**

19 “(a) RESTRICTIONS.—Except as provided in subsec-
20 tion (b), assistance under this Act may not be furnished
21 to the government of a country that is:

22 “(1) COMMUNIST COUNTRIES.—A communist
23 country, as designated under subsection (d).

24 “(2) HUMAN RIGHTS VIOLATORS.—A country
25 described in subsection (e).

1 **“(3) EXPROPRIATION OF UNITED STATES PROP-**
2 **ERTY.—A country whose government—**

3 **“(A) has—**

4 **“(i) expropriated the property of any**
5 **United States person,**

6 **“(ii) repudiated or nullified any con-**
7 **tract with any United States person, or**

8 **“(iii) taken any other action (such as**
9 **discriminatory taxes or other exactions)**
10 **which has the effect of seizing ownership**
11 **or control of the property of any United**
12 **States person, and**

13 **“(B) has not within a reasonable period of**
14 **time provided adequate and effective compensa-**
15 **tion and is not engaged in good faith efforts to**
16 **negotiate a settlement, if the United States per-**
17 **son has exhausted host country legal and other**
18 **formal remedies.**

19 **“(4) MILITARY COUPS.—A country whose duly-**
20 **elected Head of Government is deposed by military**
21 **coup or decree unless subsequent to the military**
22 **coup or decree a democratically-elected government**
23 **has taken office.**

1 “(5) **TERRORIST COUNTRIES.**—A country whose
2 government the President determines repeatedly pro-
3 vides support for acts of international terrorism.

4 “(6) **NUCLEAR NON-PROLIFERATION.**—A coun-
5 try described in section 4206.

6 “(7) **MAJOR ILLICIT DRUG PRODUCING OR**
7 **MAJOR DRUG TRANSIT COUNTRIES.**—A country de-
8 scribed in section 4207.

9 “(b) **EXCEPTIONS.**—

10 “(1) **IN GENERAL.**—Funds may be obligated
11 and expended for assistance restricted by subsection
12 (a), or any similar provision of law, under any of the
13 following circumstances:

14 “(A) **NATIONAL INTEREST.**—The Presi-
15 dent determines that the furnishing of such as-
16 sistance is important to the national interests of
17 the United States.

18 “(B) **ALLEVIATING SUFFERING RESULTING**
19 **FROM A DISASTER.**—The assistance is for the
20 alleviation of suffering resulting from a natural
21 or manmade disaster.

22 “(C) **DIRECTLY BENEFITING THE**
23 **NEEDY.**—The assistance will directly benefit the
24 needy people in the country.

1 “(D) PROMOTING HUMAN RIGHTS AND DE-
2 MOCRACY.—The assistance will be furnished
3 through nongovernmental organizations to di-
4 rectly promote increased respect for internation-
5 ally recognized human rights and the develop-
6 ment of democracy.

7 “(2) LIMITATIONS ON USE OF NATIONAL IN-
8 TEREST WAIVER.—The authority of paragraph
9 (1)(A) may be exercised with respect to the restric-
10 tions contained in subsection (a)(6) only if the Presi-
11 dent also determines that the furnishing of such as-
12 sistance will further United States nonproliferation
13 objectives.

14 “(c) REPORT TO CONGRESS.—Assistance restricted
15 by subsection (a) may not be provided under subsection
16 (b) until the President has submitted to the Speaker of
17 the House of Representatives and the chairman of the
18 Committee on Foreign Relations of the Senate, a report
19 with respect to such assistance. Any such report shall in-
20 clude a detailed explanation of the assistance to be provid-
21 ed, including the estimated dollar amount of such assist-
22 ance, and an explanation of how the assistance meets the
23 criteria specified in subsection (b).

24 “(d) COMMUNIST COUNTRY LIST.—

1 “(1) ESTABLISHMENT.—The President shall
2 designate those countries that are Communist coun-
3 tries for purposes of subsection (a)(1).

4 “(2) PUBLICATION OF LIST.—The initial list of
5 countries designated pursuant to this subsection
6 shall be published in the Federal Register and shall
7 be provided to the Congress. Thereafter, any addi-
8 tions to or deletions from such list shall be similarly
9 published and provided.

10 “(3) REMOVAL OF COUNTRIES FROM THE LIST;
11 EXEMPTIONS.—The President may remove a country
12 from the Communist country list established pursu-
13 ant to this section, or may exempt a listed country
14 from the application of subsection (a)(1) or other
15 provisions of law that reference subsection (a)(1), if
16 the President promptly reports such removal or ex-
17 emption to the Speaker of the House of Representa-
18 tives and the chairman of the Committee on Foreign
19 Relations of the Senate.

20 “(e) HUMAN RIGHTS VIOLATORS.—

21 “(1) INELIGIBILITY.—Subsection (a)(2) shall
22 apply to any country the government of which en-
23 engages in a consistent pattern of gross violations of
24 internationally recognized human rights.

1 “(2) **MATTERS TO BE CONSIDERED.**—In imple-
2 menting subsection (a)(2), consideration shall be
3 given to the following:

4 “(A) The relevant findings of appropriate
5 international organizations and nongovernmen-
6 tal organizations.

7 “(B) The extent of cooperation by the gov-
8 ernment in question in permitting an
9 unimpeded investigation by indigenous nongov-
10 ernmental organizations, other nongovernmen-
11 tal organizations, and international organiza-
12 tions (such as the International Committee of
13 the Red Cross), of alleged violations of interna-
14 tionally recognized human rights.

15 “(C) Specific actions that have been taken
16 by the President or the Congress relating to the
17 human rights practices of the government in
18 question.

19 “(D) The likely effect that a determination
20 of ineligibility under this subsection is expected
21 to have on the human rights process of the
22 country concerned.

23 “(f) **TERRORIST COUNTRIES.**—The President shall
24 promptly report to the Speaker of the House of Represent-
25 atives and the chairman of the Committee on Foreign Re-

1 lations of the Senate the rescission of a determination that
2 the government of a country repeatedly provides support
3 for acts of international terrorism.

4 “(g) RELATED RESTRICTIONS ON ASSISTANCE.—

5 “(1) HUMAN RIGHTS VIOLATORS.—Subsection
6 (a)(2) shall be deemed to prohibit, in addition to the
7 furnishing of assistance under this Act—

8 “(A) sales of defense articles, defense serv-
9 ices, or design and construction services under
10 the Defense Trade and Export Control Act;

11 “(B) licenses under section 38 of the De-
12 fense Trade and Export Control Act with re-
13 spect to the export of defense articles or defense
14 services to or for the armed forces, police, intel-
15 ligence, or other internal security forces of a
16 foreign country; and

17 “(C) licenses required under the Export
18 Administration Act of 1979 for the export of
19 crime control and detection instruments and
20 equipment.

21 “(2) TERRORIST COUNTRIES.—Subsection
22 (a)(5) shall be deemed to prohibit, in addition to the
23 furnishing of assistance under this Act, the furnish-
24 ing of assistance under the Agricultural Trade De-
25 velopment and Assistance Act of 1954 and the

1. Peace Corps Act, and the provision of loans, guaran-
2. ties, and insurance under the Export-Import Bank
3. Act of 1945.

4. “(3) MAJOR ILLICIT DRUG PRODUCING AND
5. MAJOR DRUG TRANSIT COUNTRIES.—

6. “(A) Subsection (a)(7) shall be deemed to
7. prohibit, in addition to the furnishing of assist-
8. ance under this Act, (i) sales under the Defense
9. Trade and Export Control Act, (ii) the provi-
10. sion of agricultural commodities other than food
11. under the Agricultural Trade Development and
12. Assistance Act of 1954, and (iii) loans, guaran-
13. tees and insurance under the Export-Import
14. Bank Act of 1945.

15. “(B) Notwithstanding subparagraph (A),
16. subsection (a)(7) shall not be deemed to prohib-
17. it (i) assistance under chapter 4 of title I; (ii)
18. disaster relief assistance, including any assist-
19. ance under chapter 6 of title I; (iii) assistance
20. that involves the provision of food (including
21. monetization of food) or medicine; (iv) assist-
22. ance for refugees; and (v) assistance for narcot-
23. ics education and awareness activities under
24. title I.

1 “(C) With respect to any country for which
2 assistance is prohibited under section (a)(7);
3 the President should instruct the United States
4 Executive Director of the International Bank
5 for Reconstruction and Development, the Unit-
6 ed States Executive Director of the Internation-
7 al Development Association, the United States
8 Executive Director of the Inter-American Devel-
9 opment Bank, and the United States Executive
10 Director of the Asian Development Bank to
11 vote, during the period in which assistance is
12 prohibited under subsection (a)(7), against any
13 loan or other utilization of the funds of their re-
14 spective institution to or for any major illicit
15 drug producing country or major drug-transit
16 country, except as provided in subsection (b).

17 **“SEC. 4202. POLICE TRAINING.**

18 “(a) PROHIBITION.—None of the funds made avail-
19 able to carry out this Act, and none of the local currencies
20 generated under this Act, shall be used to provide training
21 or advice, or provide any financial support for law enforce-
22 ment functions of police, prisons, or other law enforcement
23 forces for any foreign government or any program of inter-
24 nal intelligence or surveillance on behalf of any foreign
25 government within the United States or abroad.

1 “(b) EXCEPTIONS.—Subsection (a) of this section
2 shall not apply with respect to—

3 “(1) assistance provided for counter-narcotics
4 purposes, including narcotics control assistance
5 under chapter 4 of title I;

6 “(2) assistance, including training, in maritime
7 law enforcement and other maritime skills;

8 “(3) assistance for a country which has a long-
9 standing democratic tradition, does not have stand-
10 ing armed forces, and does not engage in a consist-
11 ent pattern of gross violations of internationally rec-
12 ognized human rights;

13 “(4) assistance in protecting and maintaining
14 wildlife habitats and in developing sound wildlife
15 management and plant conservation programs;

16 “(5) assistance provided under chapter 7 of
17 title II;

18 “(6) with respect to assistance provided for po-
19 lice forces in connection with their participation in
20 the regional security system of the Eastern Caribbe-
21 an states; or

22 “(7) such other assistance as the President de-
23 termines to be appropriate.

1 **"SEC. 4203. COUNTRIES IN ARREARS ON ASSISTANCE RE-**
2 **PAYMENTS.**

3 "Assistance may not be furnished under this Act to
4 the government of any country which is more than 1 year
5 in arrears to the United States Government on any pay-
6 ment of interest or principal on any loan made or credit
7 extended under this Act or under the former authorities
8 of section 23 or section 24 of the Arms Export Control
9 Act, unless the President determines that assistance to
10 such government is in the national interest and notifies
11 the Speaker of the House of Representatives and the
12 Chairman of the Committee on Foreign Relations of the
13 Senate of such determination.

14 **"SEC. 4204. FAMILY PLANNING ACTIVITIES.**

15 "(a) **ABORTIONS AND INVOLUNTARY STERILIZA-**
16 **TIONS.—**Funds made available to carry out title I may not
17 be—

18 "(1) used to pay for the performance of abor-
19 tions as a method of family planning or to motivate
20 or coerce any person to practice abortions;

21 "(2) used to pay for the performance of invol-
22 untary sterilizations as a method of family planning
23 or to coerce or provide any financial incentive to any
24 person to undergo sterilizations;

25 "(3) used to pay for any biomedical research
26 which relates, in whole or in part, to methods of, or

1 the performance of, abortions or involuntary sterili-
2 zations as a means of family planning;

3 “(4) made available to any organization or pro-
4 gram which (as determined by the President) sup-
5 ports, or participates in the management of, a pro-
6 gram of coercive abortion or involuntary steriliza-
7 tion; or

8 “(5) made available to any foreign nongovern-
9 mental organization which performs or actively pro-
10 motes abortion as a method of family planning.

11 “(b) REFERRAL.—In order to reduce reliance on
12 abortion in developing countries, funds allocated under
13 provisions of title I for voluntary family planning projects
14 shall be available only for projects which offer, either di-
15 rectly or through referral to or information about access
16 to, a broad range of family planning methods and services.
17 In using such funds to award grants for natural family
18 planning, no applicant shall be discriminated against be-
19 cause of such applicant’s religious or conscientious com-
20 mitment to offer only natural family planning; and, addi-
21 tionally, all such applicants shall comply with the require-
22 ments of the first sentence of this subsection.

23 **“SEC. 4205. COMPETITION WITH UNITED STATES EXPORTS.**

24 “In determining whether to provide assistance under
25 title I of this Act, the President should take into consider-

1 ation whether such assistance would be furnished for di-
2 rect support for any project or activity that is specifically
3 designed to increase exports of any agricultural, textile,
4 or apparel commodity from a developing country where
5 such exports—

6 “(1) would be in direct competition with United
7 States exports, and

8 “(2) can reasonably be expected to cause sub-
9 stantial injury to United States exporters of the
10 same or substantially similar commodity.

11 **“SEC. 4206. NUCLEAR NONPROLIFERATION.**

12 “Section 4201(a)(6) shall apply to (a) a country that,
13 on or after the date of enactment of the International Se-
14 curity Assistance Act of 1977, delivers nuclear enrichment
15 equipment, materials, or technology to a nonnuclear weap-
16 on state or, if a nonnuclear weapon state, receives such
17 equipment, materials, or technology from any other coun-
18 try, unless before such delivery—

19 “(1) the supplying country and receiving coun-
20 try have reached agreement to place all such equip-
21 ment, materials, or technology, upon delivery, under
22 multilateral auspices and management when avail-
23 able; and

24 “(2) the recipient country has entered into an
25 agreement with the International Atomic Energy

1 Agency to place all such equipment, materials, tech-
2 nology, and all nuclear fuel and facilities in such
3 country under the safeguards system of such Agen-
4 cy;

5 “(b) A country that—

6 “(1) on or after the date of enactment of the
7 International Security Assistance Act of 1977, deliv-
8 ers nuclear reprocessing equipment, materials, or
9 technology to a nonnuclear weapon state or, if a
10 nonnuclear weapon state, receives such equipment,
11 materials, or technology from any other country (ex-
12 cept for the transfer of reprocessing technology asso-
13 ciated with the investigation, under international
14 evaluation programs in which the United States par-
15 ticipates, of technologies which are alternatives to
16 pure plutonium reprocessing); or

17 “(2) is a nonnuclear weapon state which, on or
18 after the date of enactment of the International Se-
19 curity and Development Cooperation Act of 1985,
20 exports illegally or attempts to export illegally from
21 the United States any material, equipment, or tech-
22 nology which would contribute significantly to the
23 ability of such country to manufacture a nuclear ex-
24 plosive device, if the President determines that the
25 material, equipment, or technology was to be used

1 by such country in the manufacture of a nuclear ex-
2 plosive device; for purposes of this subparagraph, an
3 export or attempted export by a person who is an
4 agent of, or is otherwise acting on behalf of or in the
5 interests of, a country shall be considered to be an
6 export or attempted export by that country; or

7 “(c) A country that; on or after the date of enactment
8 of the International Security Assistance Act of 1977—

9 “(1) transfers a nuclear explosive device to a
10 nonnuclear-weapon state, or

11 “(2) is a nonnuclear weapon state and either—

12 “(A) receives a nuclear explosive device, or

13 “(B) detonates a nuclear explosive device.

14 **“SEC. 4207. MAJOR ILLICIT DRUG PRODUCING AND DRUG**
15 **TRANSIT COUNTRIES.**

16 “(a) **APPLICATION OF RESTRICTION.**—Section
17 4201(a)(7) shall apply to any major illicit drug producing
18 country and any major drug-transit country if the Presi-
19 dent determines, at the time of the submission of the re-
20 port required by section 1406, that during the previous
21 fiscal year the country has not cooperated with the United
22 States, and has otherwise not taken adequate steps to con-
23 trol the illicit cultivation, production, and smuggling of,
24 trafficking in, and abuse of narcotic and psychotropic
25 drugs. The President may rescind such a determination,

1 and section 4201(a)(7) shall cease to apply, if the Presi-
2 dent subsequently determines that the country has re-
3 sumed cooperating with the United States, or otherwise
4 has taken adequate steps to control the illicit cultivation,
5 production, and smuggling of, trafficking in, and abuse
6 of narcotic and psychotropic drugs.

7 “(b) In implementing subsection (a), the President
8 should consider the extent to which the country has—

9 “(1) accomplished the goals described in an
10 applicable bilateral narcotics agreement with the
11 United States or a multilateral agreement;

12 “(2) investigated and immobilized major organi-
13 zations involved in the production, processing, or
14 distribution of narcotics and dangerous drugs;

15 “(3) achieved significant increases in seizures of
16 the proceeds and instrumentalities of the illicit drug
17 trade;

18 “(4) achieved significant reductions, where ap-
19 plicable, in the net production of illicit narcotic crops
20 through forced or voluntary eradication efforts;

21 “(5) prevented and punished the laundering in
22 that country of drug-related moneys;

23 “(6) prevented and punished public corruption
24 that facilitates the production, processing, or ship-
25 ment of narcotic and psychotropic drugs and other

1 controlled substances, or that discourages the inves-
2 tigation or prosecution of such acts;

3 “(7) processed expeditiously United States and
4 other extradition requests related to narcotics traf-
5 ficking;

6 “(8) increased public awareness of the heinous
7 nature of drug abuse and reduced the demand and
8 the consumption of narcotics and dangerous drugs;

9 “(9) if it is a producer of licit opium, taken
10 steps to prevent significant diversion of its licit culti-
11 vation and production into the illicit market, to
12 maintain production of stockpiles at levels no higher
13 than those consistent with licit market demands, and
14 to prevent illicit cultivation and production.

15 **“SEC. 4208. ASSISTANCE FOR ELECTIONS.**

16 “Funds made available for economic assistance under
17 title I that are used to enhance the independence and per-
18 formance of electoral processes may not be used for the
19 purpose of influencing the outcome of any election in any
20 country.

21 **“SEC. 4209. DUTIES OF A NONCOMBATANT NATURE.**

22 “(a) **LIMITATION.**—Members of the Armed Forces
23 assigned or detailed to provide defense services under
24 chapter 2 of title II, provide military education and train-
25 ing under chapter 5 of title II, or perform functions under

1 chapter 4 of title II, may not perform duties of a combat-
2 ant nature, including any duty related to training and ad-
3 vising that may engage United States Armed Forces per-
4 sonnel in combat activities, outside the United States in
5 connection with the performance of those defense services.

6 “(b) EXCEPTION.—Subsection (a) shall not apply if
7 the President determines, and reports to the Congress,
8 that its application would not be in the national interest
9 of the United States.

10 **“CHAPTER 3—REPORTS AND NOTIFICATIONS TO**
11 **CONGRESS**

12 **“SEC. 4301. CONGRESSIONAL PRESENTATION DOCUMENTS**
13 **FOR ECONOMIC ASSISTANCE.**

14 “(a) REQUIREMENT FOR SUBMISSION.—The Presi-
15 dent shall prepare, and submit to the Congress in a timely
16 manner, annual congressional presentation documents for
17 economic assistance programs under title I.

18 “(b) MATERIALS FOR DEVELOPMENT AND ECONOMIC
19 SUPPORT ASSISTANCE.—For assistance under chapters 2
20 and 3 the documents submitted pursuant to subsection (a)
21 shall include the following:

22 “(1) The rationale for the allocation of assist-
23 ance to each country, regional program, or centrally
24 funded program. In the case of economic support as-
25 sistance, this rationale shall include a justification

1 for the provision of economic support assistance and
2 for the particular use of that assistance.

3 “(2) A brief description of each country pro-
4 gram, regional program, and centrally funded pro-
5 gram, including—

6 “(A) in the case of development assistance,
7 a discussion of how each program supports, as
8 appropriate, the goals set forth in section 1 of
9 this Act; and

10 “(B) in the case of economic support as-
11 sistance, a discussion of the extent to which
12 each program supports the goals set forth in
13 section 1.

14 “(3) A description of new activities to be under-
15 taken in the coming fiscal year.

16 “(c) OTHER TITLE I PROGRAMS.—The documents
17 submitted pursuant to subsection (a) shall include for each
18 economic assistance program under title I (other than
19 those programs specified in subsection (b)—

20 “(1) a summary of program activities for the
21 previous year; and

22 “(2) a description of activities anticipated in
23 the current fiscal year and the coming fiscal year.

1 **"SEC. 4902. HUMAN RIGHTS POLICY AND REPORTS.**

2 “(a) **PROMOTION OF HUMAN RIGHTS.**—It is the
3 sense of the Congress that the United States should, in
4 accordance with its international obligations as set forth
5 in the Charter of the United Nations and in keeping with
6 the constitutional heritage and traditions of the United
7 States, promote and encourage increased respect for
8 human rights and fundamental freedoms throughout the
9 world without distinction as to race, sex, language, or
10 religion.

11 “(b) **CONDUCT OF ASSISTANCE AND MILITARY**
12 **SALES PROGRAMS.**—In furtherance of subsection (a), the
13 President should formulate and conduct United States as-
14 sistance and military sales programs in a manner which
15 will—

16 “(1) promote and advance human rights;

17 “(2) strengthen a relationship between civilian
18 and military sectors appropriate to a democratic sys-
19 tem of government; and

20 “(3) avoid identification of the United States,
21 through these programs, with governments which
22 deny to their people internationally recognized
23 human rights and fundamental freedoms in violation
24 of international law or in contravention of the policy
25 of the United States as expressed in this section or
26 otherwise.

1 “(c) **MATTERS TO BE CONSIDERED.**—In carrying
2 out subsection (b) and in preparing the annual reports re-
3 quired by subsection (d), consideration should be given to
4 the following:

5 “(1) The relevant findings of appropriate inter-
6 national organizations and nongovernmental organi-
7 zations.

8 “(2) The extent of cooperation by the govern-
9 ment in question in permitting an unimpeded inves-
10 tigation by indigenous nongovernmental organiza-
11 tions, other nongovernmental organizations, and
12 international organizations (such as the Internation-
13 al Committee of the Red Cross), of alleged violations
14 of internationally recognized human rights.

15 “(d) **ANNUAL HUMAN RIGHTS REPORT.**—In further-
16 ance of subsections (a) and (b), the President shall trans-
17 mit to the Congress, not later than February 28 each year,
18 a full and complete report with respect to practices regard-
19 ing the observance of and respect for internationally recog-
20 nized human rights in every foreign country that is a
21 member of the United Nations. Wherever appropriate,
22 such reports shall include information on practices regard-
23 ing coercion in population control, including coerced abor-
24 tion and involuntary sterilization.

1 “(e) **INFORMATION TO BE PROVIDED.**—Each annual
2 report under subsection (d), shall include—

3 “(1) information about observance of and re-
4 spect for human rights and fundamental freedom in
5 the country in question, and

6 “(2) a detailed description of practices by the
7 recipient government with respect to human rights
8 and fundamental freedom, including where appropri-
9 ate information provided by organizations, including
10 nongovernmental organizations.

11 **“SEC. 4303. ANNUAL ALLOCATION REPORT.**

12 “(a) **REPORT ON ALLOCATIONS OF ASSISTANCE.**—
13 Not later than thirty days after the enactment of any law
14 appropriating funds to carry out any provision of this Act,
15 the President shall notify the Congress of—

16 “(1) each foreign country and international or-
17 ganization to which the United States Government
18 intends to provide any portion of the funds under
19 such law; and

20 “(2) the amount of funds under that law, by
21 category of assistance, that the United States Gov-
22 ernment intends to provide to each such country or
23 organization.

24 “(b) **EXCEPTIONS.**—Subsection (a) does not apply
25 with respect to—

1 “(1) funds appropriated under section 1801 or
2 section 1802 for operating expenses of the adminis-
3 tering agency for title I; or

4 “(2) any law making continuing appropriations:

5 **“SEC. 4304. NOTIFICATION OF PROGRAM CHANGES.**

6 “(a) **INCREASED ASSISTANCE AND NEW PRO-**
7 **GRAMS.**—Unless the Committee on Foreign Affairs and
8 the Committee on Appropriations of the House of Repre-
9 sentatives and the Committee on Foreign Relations and
10 the Committee on Appropriations of the Senate are noti-
11 fied at least fifteen days in advance, funds appropriated
12 for a fiscal year to carry out this Act may not be obligated
13 for the following:

14 “(1) **INCREASE IN ASSISTANCE LEVEL.**—Any
15 assistance under any provision of this Act—

16 “(A) for a country or international organi-
17 zation for which assistance under that provision
18 was not justified in congressional presentation
19 documents for that fiscal year, or

20 “(B) in excess of the amount justified in the
21 congressional presentation document and allocated
22 pursuant to section 4303, whichever is greater, for
23 that country or organization under that provision for
24 that fiscal year.

1 “(2) **NEW ACTIVITIES.**—Any economic assist-
2 ance for a program, project, or activity under any
3 provision of this Act—

4 “(A) which was not justified in congres-
5 sional presentation documents for that fiscal
6 year; and

7 “(B) for which assistance was not furnished for
8 the preceding fiscal year.

9 “(b) **CONGRESSIONAL PRESENTATION DOCU-**
10 **MENTS.**—For purposes of this section, the term ‘congres-
11 sional presentation documents’ means the annual congres-
12 sional presentation documents for assistance under this
13 Act or the justification documents accompanying a request
14 for supplemental authorizations of appropriations or sup-
15 plemental appropriations for assistance under this Act.

16 “(c) **APPROPRIATIONS SUBJECT TO REQUIRE-**
17 **MENTS.**—Subsection (a) applies with respect to all funds
18 appropriated for assistance under this Act (including
19 chapter 4 of title I relating to narcotics control) other
20 than—

21 “(1) title III (relating to the Overseas Private
22 Investment Corporation and the Trade Development
23 Agency),

24 “(2) section 1111 (relating to the private sector
25 investment guaranty program),

1 “(3) section 1112 (relating to the housing and
2 urban development guarantee program), and

3 “(4) programs of disaster relief and rehabilita-
4 tion, including assistance programs under chapter 6
5 of title I (relating to international disaster assist-
6 ance).

7 “(d) EMERGENCY EXCEPTIONS.—

8 “(1) WAIVER.—Subsection (a), or any similar
9 requirement to provide advance notification to the
10 Congress or Congressional committees, may be
11 waived if the President determines that doing so is
12 necessitated by emergency circumstances.

13 “(2) EXERCISE OF AUTHORITY.—In the case of
14 any waiver under paragraph (1) notification to the
15 Congress or the appropriate congressional commit-
16 tees shall be provided as early as practicable, but in
17 no event later than three days after taking the ac-
18 tion to which such notification requirement was ap-
19 plicable. Any notification under this paragraph shall
20 contain an explanation of the circumstances necessi-
21 tating the use of the authority of this subsection.”

1 **TITLE V—GENERAL PROVISIONS**

2 **SEC. 501. CONSOLIDATION AND REVISION OF ADMINISTRA-**
3 **TIVE AUTHORITIES AND ELIMINATION OF OB-**
4 **SOLETE PROVISIONS.**

5 The Foreign Assistance Act of 1961, as amended by
6 the preceding titles of this Act, is amended by adding the
7 following new title V after new title IV (as enacted by title
8 IV of this Act):

9 **“TITLE V—GENERAL PROVISIONS**
10 **“CHAPTER 1—EXERCISE AND COORDINATION OF**
11 **FUNCTIONS**

12 **“SEC. 5101. DELEGATIONS BY THE PRESIDENT.**

13 **“(a) IN GENERAL.—**The President may exercise any
14 functions conferred upon the President by this Act
15 through such agency or officer of the United States Gov-
16 ernment as the President shall direct.

17 **“(b) AUTHORITY TO ISSUE REGULATIONS AND DEL-**
18 **EGATE.—**The head of any agency or officer exercising
19 functions under this Act—

20 **“(1) may from time to time promulgate such**
21 **rules and regulations as may be necessary to carry**
22 **out such functions; and**

23 **“(2) may delegate authority to perform any**
24 **such functions, including, if he or she shall so speci-**

1 fy, the authority successively to redelegate any of
2 such functions to a subordinate.

3 **"SEC. 5102. DESIGNATION OF ADMINISTERING AGENCY FOR**

4 **TITLE I.**

5 "The President may exercise his functions for admin-
6 istering economic assistance programs under title I pri-
7 marily through a single agency, which the President may
8 designate.

9 **"SEC. 5103. AUTHORITY TO ESTABLISH MISSIONS ABROAD.**

10 "(a) **AUTHORITY.**—The President may maintain spe-
11 cial missions or staffs outside the United States in such
12 countries and for such periods of time as may be necessary
13 to carry out this Act.

14 "(b) **CHIEF OF MISSION.**—Each such special mission
15 or staff shall be under the direction of a chief.

16 "(c) **SMALLER ECONOMIC ASSISTANCE PROGRAMS.**—
17 In the case of smaller programs, economic assistance
18 under title I may be administered under the direction of
19 the chief of the United States diplomatic mission by the
20 principal economic officer of the mission.

21 **"SEC. 5104. PRESIDENTIAL FINDINGS AND DETERMINA-**
22 **TIONS.**

23 "(a) **FINDINGS AND DETERMINATIONS TO BE WRIT-**
24 **TEN AND SIGNED.**—In any case in which the President
25 is required to make a report by any provision of this Act,

1 the Defense Trade and Export Control Act, annual foreign
2 assistance authorization legislation, or the annual Foreign
3 Operations, Export Financing, and Related Programs Ap-
4 propriations Act, to the Congress or to any committee or
5 officer of either House of Congress concerning any finding
6 or determination, that finding or determination shall be
7 reduced to writing and signed by the President.

8 “(b) RESTRICTION.—No action shall be taken pursu-
9 ant to any such finding or determination prior to the date
10 on which that finding or determination has been reduced
11 to writing and signed by the President.

12 “(c) PUBLICATION IN FEDERAL REGISTER.—Each
13 such finding or determination shall be published in the
14 Federal Register as soon as practicable after it has been
15 reduced to writing and signed by the President. In any
16 case in which the President concludes that such publica-
17 tion would be harmful to the national security of the Unit-
18 ed States, only a statement that a determination or find-
19 ing has been made by the President, including the name
20 and section of the Act under which it was made, shall be
21 published.

1 **“CHAPTER 2—ADMINISTRATIVE AUTHORITIES**

2 **“SEC. 5201. ALLOCATION OF FUNDS AND REIMBURSEMENT**

3 **AMONG AGENCIES.**

4 “(a) IN GENERAL.—The President may allocate or
5 transfer to any agency of the United States Government
6 any part of any funds available for carrying out this Act,
7 including any advance to the United States Government
8 by any country or international organization for the pro-
9 curement of commodities or services. Such funds shall be
10 available for obligation and expenditure for the purposes
11 for which authorized, in accordance with authority granted
12 in this Act or under authority governing the activities of
13 the agency of the United States Government to which such
14 funds are allocated or transferred.

15 “(b) PROCUREMENT FROM OTHER AGENCIES.—

16 “(1) AUTHORITY.—Any officer of the United
17 States Government carrying out functions under this
18 Act may utilize the services or defense services and
19 the facilities of, or procure commodities or defense
20 articles from, any agency of the United States Gov-
21 ernment as the President shall direct, or with the
22 consent of the head of such agency.

23 “(2) SEPARATE ACCOUNT.—Funds allocated
24 pursuant to this subsection to any such agency may
25 be established in separate appropriation accounts on
26 the books of the Treasury.

1 “(c) **NONMILITARY ASSISTANCE.**—

2 “(1) **REIMBURSEMENT TO AGENCIES.**—In the
3 case of any commodity, service, or facility procured
4 from any agency of the United States Government
5 to carry out any provision of title I, reimbursement
6 or repayment shall be made to such agency from
7 funds available to carry out that provision.

8 “(2) **AMOUNT OF REIMBURSEMENT.**—Such re-
9 imbursement or payment shall be at—

10 “(A) replacement cost,

11 “(B) if required by law, actual cost,

12 “(C) in the case of services procured from
13 the Department of Defense to carry out chapter
14 4 of title I, the amount of the additional costs
15 incurred by the Department of Defense in pro-
16 viding such services, or

17 “(D) at any other price authorized by law
18 and agreed to by the owning or disposing agen-
19 cy.

20 “(3) **CREDITING OF REIMBURSEMENT.**—The
21 amount of any such reimbursement or payment—

22 “(A) shall be credited to current applicable
23 appropriations, funds, or accounts, from which
24 there may be procured replacements of similar
25 commodities, services, or facilities; or

1 “(B) shall be deposited into the Treasury
2 as miscellaneous receipts if such appropriations,
3 funds, or accounts are not reimbursable except
4 by reason of this subsection and if the owning
5 or disposing agency determines that such re-
6 placement is not necessary.

7 “(d) MILITARY ASSISTANCE.—

8 “(1) REIMBURSEMENT TO AGENCIES.—Except
9 as otherwise provided, reimbursement shall be made
10 to any agency of the United States Government,
11 from funds available for use under title II, for any
12 assistance furnished under title II from, by, or
13 through such agency.

14 “(2) AMOUNT OF REIMBURSEMENT.—Such re-
15 imbursement shall be—

16 “(A) in an amount equal to the value of
17 the defense articles, the defense services (ex-
18 cluding salaries of members of the Armed
19 Forces), or other assistance furnished, plus

20 “(B) expenses arising from or incident to
21 operations under title II (excluding salaries of
22 members of the Armed Forces and unfunded
23 estimated costs of civilian retirement and other
24 benefits).

1. “(3) CREDITING TO APPROPRIATION.—The
2 amount of such reimbursement shall be credited to
3 the current applicable appropriations, funds, or ac-
4 counts of such agency.

5 “(e) ESTABLISHMENT OF ACCOUNTS.—

6 “(1) AUTHORITY TO ESTABLISH; USES.—In fur-
7 nishing assistance under this Act, accounts may be
8 established on the books of any agency of the United
9 States Government or, on terms and conditions ap-
10 proved by the Secretary of the Treasury, in banking
11 institutions in the United States—

12 “(A) against which letters of commitment
13 may be issued which shall constitute recordable
14 obligations of the United States Government,
15 and moneys due or to become due under such
16 letters of commitment shall be assignable under
17 the last sentence of section 3727(b) and section
18 3727(c) of title 31, United States Code, and the
19 second and third paragraphs of section 3737 of
20 the Revised Statutes of the United States (41
21 U.S.C. 15); and

22 “(B) from which disbursements may be
23 made to, or withdrawals may be made by, recip-
24 ient countries or agencies, organizations, or per-

1 sons upon presentation of contracts, invoices, or
2 other appropriate documentation.

3 “(2) ACCOUNTING FOR EXPENDITURES.—Ex-
4 penditure of funds which have been made available
5 through accounts established under paragraph (1)
6 shall be accounted for on standard documentation
7 required for expenditure of funds of the United
8 States Government.

9 “(f)(1) EXPORT-IMPORT BANK.—Credits made by
10 the Export-Import Bank of the United States with funds
11 allocated to the Bank under subsection (a) of this section
12 shall not be considered in determining whether the Bank
13 has outstanding at any one time loans and guaranties to
14 the extent of the limitations imposed by section 7 of the
15 Export-Import Bank Act of 1945 (12 U.S.C. 635e) or re-
16 lated appropriations Acts.

17 “(2) OVERSEAS PRIVATE INVESTMENT CORPORA-
18 TION.—Loans, guaranties, or investments made by the
19 Overseas Private Investment Corporation with funds—

20 “(A) allocated under subsection (a) of this sec-
21 tion or transferred from other sources, public or pri-
22 vate, or

23 “(B) received in foreign currency by the Corpo-
24 ration as a result of insurance activities conducted
25 pursuant to section 3104(a) of this Act

1 shall not be considered in determining whether the Corpo-
2 ration has made or has outstanding loans, guaranties, or
3 investments to the extent of any limitation on obligations,
4 commitments, and equity investments imposed by or pur-
5 suant to this Act.

6 “(3) CREDIT REFORM.—The provisions of section
7 504(b) of the Federal Credit Reform Act of 1990 shall
8 not apply to direct loan obligations or loan guarantee com-
9 mitments, including insurance provided under the Export-
10 Import Bank Act of 1945, made with funds described—

11 “(A) in paragraphs (1) or (2)(A) of this subsec-
12 tion to the extent that an amount equivalent to their
13 cost (as defined in section 502(5) of such Act) is
14 transferred to the associated financing account es-
15 tablished pursuant to such Act: Provided, That the
16 Committees on Appropriations and Foreign Affairs
17 of the House of Representatives and the Committees
18 on Appropriations and Foreign Relations of the Sen-
19 ate are notified at least ten days before any such
20 transfer, or

21 “(B) in paragraph (2)(B) of this subsection.

22 “(g) CHARGING TO APPROPRIATIONS.—

23 “(1) INITIAL CHARGING.—Any appropriation or
24 account available to carry out provisions of title I
25 may initially be charged in any fiscal year, within

1 the limit of available funds, to finance expenses for
2 which funds are available in other appropriations or
3 accounts under that title.

4 “(2) FINAL CHARGING.—As of the end of such
5 fiscal year, such expenses shall be finally charged to
6 applicable appropriations or accounts with proper
7 credit to the appropriations or accounts initially uti-
8 lized for financing purposes, except that such final
9 charges shall not be required in the case of expenses
10 (other than those provided under sections 1801 and
11 1802) incurred in furnishing assistance where it is
12 determined that the accounting costs of identifying
13 the applicable appropriation or account to which
14 such expenses should be charged would be dispropor-
15 tionate to the advantage to be gained.

16 “SEC. 5202. GENERAL AUTHORITIES.

17 “(a) TERMS OF ASSISTANCE.—Except as otherwise
18 specifically prohibited in this Act, assistance under this
19 Act may be furnished on a grant, loan, or guaranty basis,
20 or on such terms, including cash, credit, or other terms
21 of repayment (including repayment in foreign currencies
22 or by transfer to the United States Government of com-
23 modities), as may be determined to be best suited to the
24 achievement of the purposes of this Act.

1 “(b) TERMS AND CONDITIONS.—The President may
2 furnish assistance under this Act on such terms and condi-
3 tions (consistent with other provisions of law) as the Presi-
4 dent deems appropriate, and, consistent with the provi-
5 sions of this Act, may charge such fees for guarantees and
6 loans under this Act as the President deems appropriate.

7 “(c) ADVANCES, CONTRACTS, ETC.—In furtherance
8 of the purposes and within the limitations of this Act, the
9 President may make loans, advances, and grants to, make
10 and perform agreements and contracts with, or enter into
11 other transactions with, any person, corporation, or other
12 body of persons, any government or government agency,
13 regional organization, and any international organization.

14 “(d) GIFTS.—The President may accept and use in
15 furtherance of the purposes of this Act, money, funds,
16 property, and services of any kind made available by gift,
17 devise, bequest, grant, or otherwise for such purpose.

18 “(e) INSURANCE.—

19 “(1) FOREIGN PARTICIPANTS.—Any agency of
20 the United States Government is authorized to pay
21 the cost of health and accident insurance for foreign
22 participants in any program of furnishing assistance
23 administered by such agency while such participants
24 are absent from their homes for the purpose of par-
25 ticipation in such program.

1 “(2) FOREIGN EMPLOYEES.—Any agency of the
2 United States Government is authorized to pay the
3 cost of health and accident insurance for foreign em-
4 ployees of that agency while those employees are ab-
5 sent from their places of employment abroad for
6 purposes of training or other official duties.

7 “(f) ADMISSION TO UNITED STATES.—Alien partici-
8 pants in any program of furnishing assistance under this
9 Act may be admitted to the United States if otherwise
10 qualified as nonimmigrants under section 101(a)(15) of
11 the Immigration and Nationality Act (8 U.S.C.
12 1101(a)(15)), for such time and under such conditions as
13 may be prescribed by regulations promulgated by the Sec-
14 retary of State and the Attorney General.

15 “(g) ASSISTANCE AUTHORITIES.—In furnishing and
16 administering assistance under this Act, the President—

17 “(1) may issue letters of credit and letters of
18 commitment;

19 “(2) may collect, compromise, or otherwise set-
20 tle any obligations assigned to, or held by, and any
21 legal or equitable rights accruing to, the President
22 and may (as the President deems appropriate) refer
23 any such obligations or rights to the Attorney Gen-
24 eral for suit or collection;

25 “(3) may—

1 “(A) acquire and dispose of (upon such
2 terms and conditions as the President deems
3 appropriate) any property, including any instru-
4 ment evidencing indebtedness or ownership, and

5 “(B) guarantee payment against any such
6 instrument;

7 “(4) may establish the character of, and decide
8 the necessity for, obligations and expenditures of
9 funds used in furnishing and administering such as-
10 sistance and the manner in which such obligations
11 and expenditures shall be incurred, allowed, and
12 paid, subject to provisions of law specifically applica-
13 ble to corporations of the United States Govern-
14 ment; and

15 “(5) shall cause to be maintained an integral
16 set of accounts which shall be audited by the Gener-
17 al Accounting Office in accordance with principles
18 and procedures applicable to commercial corporate
19 transactions as provided by chapter 91 of title 31,
20 United States Code.

21 “(h) CLAIMS RELATING TO GUARANTEES.—Claims
22 arising as a result of any guarantee program authorized
23 by this Act may be settled, and disputes arising as the
24 result thereof may be arbitrated with the consent of the
25 parties, on such terms and conditions as the President

1 may direct. Payment made pursuant to any such settle-
2 ment, or as a result of an arbitration award, shall be final
3 and conclusive notwithstanding any other provision of law.

4 “(i) FINANCIAL TRANSACTIONS WITH FOREIGN GOV-
5 ERNMENTS IN DEFAULT OF OBLIGATIONS TO THE
6 UNITED STATES.—Section 955 of title 18, United States
7 Code, shall not apply to any person—

8 “(1) who acts for or participates in any oper-
9 ation or transaction arising under this Act, or

10 “(2) who acquires any obligation issued in con-
11 nection with any operation or transaction arising
12 under this Act.

13 “(j) EDUCATIONAL INSTITUTIONS.—Any cost-type
14 contract or agreement (including grants) entered into with
15 an institution of higher education for the purpose of carry-
16 ing out programs authorized by title I may provide for
17 the payment of the reimbursable indirect costs of that in-
18 stitution on the basis of predetermined fixed percentage
19 rates applied to the total or an element thereof, of the
20 reimbursable direct costs incurred.

21 “(k) MULTIYEAR COMMITMENTS.—A contract or
22 agreement which entails commitments for the expenditure
23 of funds under this Act may, subject to any future action
24 of the Congress, extend at any time for not more than
25 ten years.

1 **"SEC. 5203. AUTHORIZED ADMINISTRATIVE USES OF**
2 **FUNDS.**

3 **"(a) PERSONNEL, PRINTING, PROCUREMENT OF**
4 **SUPPLIES, AND OTHER ADMINISTRATIVE EXPENSES.—**
5 **Funds made available to carry out this Act may be used**
6 **for the following:**

7 **"(1) Compensation, allowances, and travel of**
8 **personnel, including Foreign Service personnel,**
9 **whose services are utilized primarily for the purposes**
10 **of this Act.**

11 **"(2) Printing and binding without regard to the**
12 **provisions of any other law.**

13 **"(3) Expenditures outside the United States for**
14 **the procurement of supplies and services and for**
15 **other administrative and operating purposes (other**
16 **than compensation of personnel) without regard to**
17 **such laws and regulations governing the obligation**
18 **and expenditure of funds of the United States Gov-**
19 **ernment (other than sections 1341, 1342, and 1517**
20 **of title 31, United States Code) as may be necessary**
21 **to accomplish the purposes of this Act.**

22 **"(b) USES OF NONMILITARY ASSISTANCE FUNDS.—**

23 **"(1) AUTHORIZED USES.—Funds described in**
24 **paragraph (2) shall be available for the following:**

25 **"(A) Rent of buildings and space in build-**
26 **ings in the United States, and for repair, alter-**

1 ation, and improvements of such leased prop-
2 erties.

3 “(B) Expenses of attendance at meetings
4 concerned with the purposes of title I, including
5 (notwithstanding section 1346(a) and 1346(c)
6 of title 31, United States Code), expenses in
7 connection with meetings of persons whose em-
8 ployment is authorized by section 5503.

9 “(C) Contracting with individuals for per-
10 sonal service abroad. Such individuals shall not
11 be regarded as employees of the United States
12 Government for the purpose of any law admin-
13 istered by the Office of Personnel Management.

14 “(D) Purchase, maintenance, operation,
15 and hire of aircraft, except that aircraft for ad-
16 ministrative purposes may be purchased only as
17 specifically provided for in an appropriation or
18 other Act.

19 “(E)(i) Purchase and hire of passenger
20 motor vehicles, subject to clauses (ii) and (iii).

21 “(ii) Except as may otherwise be provided
22 in an appropriation or other Act, passenger
23 motor vehicles for administrative purposes out-
24 side the United States may be purchased for re-
25 placement only. Such vehicles may be ex-

1 changed or sold and replaced by an equal num-
2 ber of such vehicles.

3 “(iii) Passenger motor vehicles other than
4 one for the official use of the head of the agen-
5 cy designated under section 5102 may be pur-
6 chased for use in the United States only as may
7 be specifically provided in an appropriation or
8 other Act.

9 “(F) Entertainment.

10 “(G) Exchange of funds without regard to
11 loss by exchange.

12 “(H) Expenditures (not to exceed \$50,000
13 in any fiscal year except as may otherwise be
14 provided in an appropriation or other Act) of a
15 confidential character other than entertainment.
16 A certificate of the amount of such expenditure,
17 the nature of which it is considered inadvisable
18 to specify, shall be made by the President, and
19 every such certificate shall be deemed a suffi-
20 cient voucher for the amount therein specified.

21 “(I) Insurance of official motor vehicles or
22 aircraft acquired for use in foreign countries.

23 “(J)(i) Rent or lease outside the United
24 States of offices, buildings, grounds, and quar-
25 ters, including living quarters to house person-

1. nel, and payments therefor in advance for such
2. period as the President may determine.

3. “(ii) Maintenance, furnishings, necessary
4. repairs, improvements, and alterations to prop-
5. erties owned or rented by the United States
6. Government or made available for use to the
7. United States Government outside the United
8. States.

9. “(iii) Costs of fuel, water, and utilities for
10. such properties.

11. “(K) Expenses of—

12. “(i) preparing and transporting to
13. their former homes (or with respect to for-
14. eign participants engaged in any program
15. under title I to their former homes or
16. places of burial), and

17. “(ii) caring for and disposing of the
18. remains of an individual, or the remains of
19. a member of an individual’s family, who
20. may die while such individual is away from
21. home participating in activities carried out
22. with funds described in paragraph (2).

23. “(L) Purchase of uniforms.

24. “(M) Payment of per diem in lieu of sub-
25. sistence to foreign participants engaged in any

1 program under title I while such participants
2 are away from their homes in countries other
3 than the United States, at rates not in excess
4 of those prescribed by the standardized Govern-
5 ment travel regulations, notwithstanding any
6 other provision of law.

7 “(N) Use in accordance with authorities of
8 the Foreign Service Act of 1980 (22 U.S.C.
9 3901 et seq.) not otherwise provided for.

10 “(O) Ice and drinking water for use out-
11 side the United States.

12 “(P) Services of commissioned officers of
13 the National Oceanic and Atmospheric Admin-
14 istration. For the purposes of providing such
15 services, the National Oceanic and Atmospheric
16 Administration may appoint not to exceed twen-
17 ty commissioned officers in addition to those
18 otherwise authorized.

19 “(Q) Expenses in connection with—

20 “(i) travel of personnel outside the
21 United States, including travel expenses of
22 dependents (including expenses during nec-
23 essary stopovers while engaged in such
24 travel);

1 “(ii) the transportation of personal ef-
2 fects, household goods, and automobiles of
3 such personnel when any part of such trav-
4 el or transportation begins in one fiscal
5 year pursuant to travel orders issued in
6 that fiscal year, notwithstanding the fact
7 that such travel or transportation may not
8 be completed during the same fiscal year;
9 and

10 “(iii) the costs of transporting auto-
11 mobiles to and from a place of storage,
12 and the costs of storing automobiles of
13 such personnel, when it is in the public in-
14 terest or more economical to authorize
15 storage.

16 “(R) Assistance for the implementation of
17 programs under the Agricultural Trade Devel-
18 opment and Assistance Act of 1954, the Agri-
19 cultural Act of 1949, and the Food for Progress
20 Act of 1985.

21 “(2) FUNDS WHICH MAY BE USED.—Paragraph
22 (1) applies to—

23 “(A) appropriations to carry out this Act
24 (other than title II),

1 “(B) allocations to any agency of the
2 United States Government, from other appro-
3 priations, for functions directly related to the
4 purposes of this Act (other than title II), and

5 “(C) funds made available for other pur-
6 poses to the agency designated under section
7 5102.

8 “(c) FACILITIES ABROAD.—

9 “(1) LIVING QUARTERS, OFFICES, SCHOOLS,
10 AND HOSPITALS.—Notwithstanding any other provi-
11 sion of law, funds available for assistance under this
12 Act may be used in any fiscal year (in addition to
13 funds available for such use under other authorities
14 in this Act)—

15 “(A) to construct or otherwise acquire out-
16 side the United States essential living quarters,
17 office space, and necessary supporting facilities
18 for use of personnel carrying out activities au-
19 thorized by this Act;

20 “(B) to construct or otherwise acquire out-
21 side the United States schools (including dormi-
22 tories and boarding facilities) and hospitals for
23 use of personnel carrying out activities author-
24 ized by this Act, United States Government
25 personnel, and their dependents; and

1 “(C) to staff, operate, and maintain such
2 schools and hospitals.

3 “(2) DISPOSAL.—Overseas property acquired
4 under this subsection (or predecessor provisions of
5 this Act) may be disposed of, and the proceeds of
6 such disposal shall remain available until expended
7 for use for the purposes specified in paragraph (1).

8 “(d) EDUCATION OF DEPENDENTS.—Funds avail-
9 able for assistance under this Act may be used in any fis-
10 cal year to provide assistance to schools established, or
11 to be established, outside the United States whenever it
12 is determined that such action would be more economical
13 or would best serve the interests of the United States in
14 providing for the education of dependents of personnel
15 carrying out activities authorized by this Act and depend-
16 ents of United States Government personnel, in lieu of ac-
17 quisition or construction pursuant to subsection (c) of this
18 section.

19 “(e) TRAINING OF PERSONNEL.—

20 “(1) PAYMENT OF COSTS.—Funds available
21 under this Act may be used to pay costs of training
22 United States citizen personnel employed or assigned
23 pursuant to section 5502(c), through interchange or
24 otherwise, at any State or local unit of government,
25 public or private nonprofit institution, trade, labor,

1 agricultural, or scientific association or organization,
2 or commercial firm.

3 “(2) LIMITATION ON DUAL EMPLOYMENT.—
4 Such training shall not be considered employment or
5 holding of office under section 5533 of title 5,
6 United States Code.

7 “(3) ACCEPTANCE OF CERTAIN PAYMENTS.—
8 Any payments or contributions in connection with
9 such training may, as deemed appropriate by the
10 head of the agency of the United States Government
11 authorizing such training, be made by private or
12 public sources and be accepted by any trainee, or
13 may be accepted by and credited to the current ap-
14 plicable appropriation of such agency. Any such pay-
15 ments or contributions to any employee in the na-
16 ture of compensation shall be in lieu, or in reduc-
17 tion, of compensation received from the United
18 States Government.

19 “(f) DETAIL OF PERSONNEL.—Funds made available
20 for title I may be used to reimburse an agency of the Unit-
21 ed States Government, an agency of a State government,
22 or an institution of higher education for the full costs of
23 any employee which that agency or institution details or
24 assigns to the agency designated under section 5102 to

1 carry out programs under title I that require specialized
2 technical skills.

3 “(g) **MILITARY ASSISTANCE FUNDS.**—Funds made
4 available for the purposes of title II shall be available for
5 the following:

6 “(1) Administrative, extraordinary (not to ex-
7 ceed \$300,000 in any fiscal year), and operating ex-
8 penses incurred in furnishing defense articles and
9 defense services under chapter 2 or chapter 5 of title
10 II or on a sale or lease basis under the Defense
11 Trade and Export Control Act.

12 “(2) Reimbursement of actual expenses of mili-
13 tary officers detailed or assigned as tour directors in
14 connection with orientation visits of foreign military
15 and related civilian personnel, in accordance with the
16 provisions of section 5702 of title 5, United States
17 Code, applicable to civilian officers and employees.

18 “(3) Maintenance, repair, alteration, and fur-
19 nishing of United States-owned facilities in the Dis-
20 trict of Columbia or elsewhere for the training of
21 foreign military and related civilian personnel with-
22 out regard to the provisions of section 3733 of the
23 Revised Statutes (41 U.S.C. 12) or other provision
24 of law requiring a specific authorization or specific
25 appropriation for such public contracts.

1 **“CHAPTER 3—SPECIAL REQUIREMENTS AND AU-**
2 **THORITIES RELATING TO APPROPRIATIONS**
3 **AND LOCAL CURRENCIES**

4 **“SUBCHAPTER A—PROVISIONS RELATING TO**
5 **APPROPRIATIONS**

6 **“SEC. 5301. REQUIREMENT FOR AUTHORIZATION OF AP-**
7 **PROPRIATIONS.**

8 **“(a) REQUIREMENT FOR AUTHORIZATION.—Funds**
9 **appropriated for foreign assistance under this Act shall**
10 **not be available for obligation or expenditure—**

11 **“(1) unless the appropriation thereof has been**
12 **specifically authorized by law; or**

13 **“(2) in excess of an amount prescribed by law.**

14 **“(b) SUBSEQUENT AUTHORIZATIONS.—To the extent**
15 **that legislation enacted after the making of an appropria-**
16 **tion for foreign assistance under this Act authorizes the**
17 **obligation or expenditure thereof, the limitation contained**
18 **in subsection (a) shall not apply.**

19 **“(c) RELATION TO OTHER PROVISIONS.—The provi-**
20 **sions of this section shall not be superseded except by a**
21 **provision of law that specifically repeals or modifies the**
22 **provisions of this section.**

1 **“SEC. 5302. AUTHORITY FOR EXTENDED PERIOD OF AVAIL-**
2 **ABILITY OF APPROPRIATIONS.**

3 “Amounts appropriated to carry out this Act are au-
4 thorized to be made available, in appropriations Acts, until
5 expended.

6 **“SEC. 5303. REDUCTION IN EARMARKS.**

7 **“(a) PROPORTIONAL REDUCTIONS.—If—**

8 **“(1) the amount appropriated for a fiscal peri-**
9 **od to carry out any provision of this Act is less than**
10 **the amount authorized to be appropriated to carry**
11 **out such provision, and**

12 **“(2) the provision or provisions authorizing**
13 **such appropriations provides that a specified amount**
14 **of the amount authorized to be appropriated to**
15 **carry out that provision for that fiscal period shall**
16 **be available only for a particular country, organiza-**
17 **tion, or purpose,**

18 **then the amount so specified shall be deemed to be re-**
19 **duced to the amount which bears the same ratio to the**
20 **specified amount as the amount appropriated bears to the**
21 **amount authorized to be appropriated.**

22 **“(b)(1) Funds may be made available notwithstand-**
23 **ing any provision of law described in paragraph (2) if—**

24 **“(A) compliance with such provision is made**
25 **impossible by operation of law, or**

1 “(A) the amount of the local currencies to
2 be so generated, and

3 “(B) the terms and conditions under which
4 the currencies so deposited may be utilized, con-
5 sistent with this section; and

6 “(3) establish by agreement with that govern-
7 ment the responsibilities of the United States and
8 that government to monitor and account for deposits
9 into and disbursements from the special account.

10 “(b) USES OF LOCAL CURRENCIES.—As may be
11 agreed upon with the foreign government, local currencies
12 deposited in a special account pursuant to subsection (a),
13 or an equivalent amount of local currencies, shall be used
14 only—

15 “(1) to carry out title I (as the case may be),
16 for such purposes as—

17 “(A) project and sector assistance activi-
18 ties, or

19 “(B) debt and deficit financing; or

20 “(2) for the administrative requirements of the
21 United States Government.

22 “(c) PROGRAMMING ACCOUNTABILITY.—The Presi-
23 dent shall take all appropriate steps to ensure that the
24 equivalent of the local currencies disbursed pursuant to
25 subsection (b)(1) from the special account established pur-

1 suant to subsection (a)(1) are used for the purposes
2 agreed upon pursuant to subsection (a)(2).

3 “(d) **TERMINATION OF ASSISTANCE PROGRAMS.**—
4 Upon termination of assistance to a country under title
5 I, any unencumbered balances of funds which remain in
6 a special account established pursuant to subsection (a)
7 shall be disposed of for such purposes as may be agreed
8 to by the government of that country and the United
9 States Government.

10 “(e) **APPLICABILITY OF REQUIREMENTS.**—This sec-
11 tion does not apply with respect to chapter 4 of title I
12 or chapter 6 or 7 of title II.

13 “(f) **DEFINITION.**—For purposes of this section local
14 currencies that are generated are those local currencies
15 which result from the provision of non-project assistance
16 disbursed as a cash transfer and where such local curren-
17 cies represent a tangible flow of currency to the recipient
18 government rather than an internal account transaction
19 within such government.

20 **“SEC. 5322. USE OF CERTAIN FOREIGN CURRENCIES**
21 **OWNED BY THE UNITED STATES.**

22 “(a) **AUTHORITY TO USE FOREIGN CURRENCIES FOR**
23 **ASSISTANCE PROGRAMS.**—Except as otherwise provided
24 in this Act or other provisions of law, foreign currencies

1 described in subsection (b) are authorized to be appropri-
2 ated for use in providing assistance under title I.

3 “(b) FOREIGN CURRENCIES WHICH MAY BE USED
4 FOR ASSISTANCE.—The foreign currencies which may be
5 used under subsection (a) are any foreign currencies re-
6 ceived as a result of the furnishing of assistance under
7 title I (or any predecessor legislation authorizing nonmili-
8 tary assistance) which are in excess of—

9 “(1) the amounts reserved under authority of
10 section 105(d) of the Mutual Educational and Cul-
11 tural Exchange Act of 1961 or any other Act relat-
12 ing to educational and cultural exchanges; and

13 “(2) the amounts required for payment by the
14 agencies of the United States Government of their
15 obligations outside the United States, as such re-
16 quirements may be established from time to time by
17 the President.

18 “(c) PAYMENT OF OBLIGATIONS OF GOVERNMENT
19 AGENCIES.—Foreign currencies described in subsection
20 (b) which are in excess of the amounts described in para-
21 graph (1) of that subsection may be sold by the Secretary
22 of the Treasury to agencies of the United States Govern-
23 ment for payment of their obligations outside the United
24 States.

1. **"SEC. 5323. INTEREST ON U.S. OWNED FOREIGN CURRENCY**
2 **PROCEEDS.**

3 “(a) **REQUIREMENT FOR PAYMENT OF INTEREST.—**
4 In cases where assistance is to be furnished to any recipi-
5 ent country under this Act on a basis which will result
6 in the accrual of foreign currency proceeds to the United
7 States, agreements with respect to such assistance should
8 include provisions for the receipt of interest income on the
9 foreign currency proceeds deposited in authorized deposi-
10 tories.

11 “(b) **WAIVER OF REQUIREMENT.—**The President
12 may waive any requirement for receipt of such income if
13 the President decides it would not be in the national inter-
14 est to conclude arrangements for the receipt of interest
15 income pursuant to subsection (a).

16 **"SEC. 5324. USE OF LOCAL CURRENCIES.**

17 “**In carrying out programs under this Act, the Presi-**
18 **dent shall take all appropriate steps to assure that, to the**
19 **maximum extent possible countries receiving assistance**
20 **under this Act contribute local currencies to meet the cost**
21 **of contractual and other services rendered in conjunction**
22 **with such programs.**

23 **"SEC. 5325. INTEREST ON LOCAL CURRENCY ACCRUING TO**
24 **NONGOVERNMENTAL ORGANIZATIONS.**

25 “**A nongovernmental organization may invest local**
26 **currencies which accrue to that organization as a result**

1 of assistance provided under title I, the Agricultural Trade
2 Development and Assistance Act of 1954, section 416(b)
3 of the Agricultural Act of 1949, or the Food for Progress
4 Act of 1985, and any interest earned on such investment
5 may be used for the purpose for which the assistance was
6 provided to that organization including for the establish-
7 ment of an endowment.

8 **“CHAPTER 4—PROCUREMENT AND DISPOSITION**
9 **OF COMMODITIES AND DEFENSE ARTICLES**

10 **“SEC. 5401. USE OF PRIVATE ENTERPRISE.**

11 “(a) IN GENERAL.—In order to encourage and facili-
12 tate participation by private enterprise to the maximum
13 extent practicable in achieving any of the purposes of this
14 Act, the President shall—

15 “(1) to the maximum extent practicable carry
16 out programs of assistance through private channels
17 and, to the extent practicable, in conjunction with
18 local private or governmental participation;

19 “(2) utilize wherever practicable the services of
20 United States private enterprise to provide the nec-
21 essary skills to develop and operate a specific project
22 or program of assistance in a developing country or
23 area in any case in which direct private investment
24 is not readily encouraged, and provide where appro-
25 priate for the transfer of equity ownership in such

1 project or program to private investors at the earli-
2 est feasible time.

3 “(b) **TECHNICAL ASSISTANCE.**—In providing techni-
4 cal assistance under this Act, the President shall utilize,
5 to the fullest extent practicable, goods and professional
6 and other services from private enterprise on a contract
7 basis. In such fields as education, health, housing, engi-
8 neering, surveying, mapping, construction or agriculture,
9 the facilities and resources of Federal agencies, which do
10 not administer programs under this Act, may be utilized
11 when such facilities are particularly or uniquely suitable
12 for technical assistance, are not competitive with private
13 enterprise, and can be made available without interfering
14 unduly with domestic programs.

15 “(c) **MILITARY ASSISTANCE.**—The President shall
16 assure that there is made available to suppliers in the
17 United States, and particularly to small independent en-
18 terprises, information with respect to purchases made by
19 the Department of Defense pursuant to title II. Such in-
20 formation shall be furnished as far in advance as possible.

21 **“SEC. 5402. PROCUREMENT STANDARDS AND PROCEDURES.**

22 “(a) **ESTABLISHMENT OF STANDARDS AND PROCE-**
23 **DURES.**—Funds made available under this Act may be
24 used for procurement outside the United States only if the
25 President determines that such procurement will not re-

1 sult in adverse effects upon the economy of the United
2 States or the industrial mobilization base which outweigh
3 the economic or other advantages to the United States of
4 less costly procurement outside the United States, and
5 only if the price of any commodity procured in bulk is
6 lower than the market price prevailing in the United
7 States at the time of procurement, adjusted for differences
8 in the cost of transportation to destination, quality, and
9 terms of payment.

10 “(b) BULK COMMODITIES.—No funds made available
11 under this Act shall be used for the purchase in bulk of
12 any commodities at prices higher than the market price
13 prevailing in the United States at the time of purchase,
14 adjusted for differences in the cost of transportation to
15 destination, quality, and terms of payment.

16 “(c) PROCUREMENT METHOD FOR INSTITUTIONS OF
17 HIGHER EDUCATION.—The President may establish sepa-
18 rate procurement standards and procedures for projects
19 under title I to limit competition to a selection among in-
20 stitutions of higher education when the projects would
21 benefit substantially from the resources and special capa-
22 bilities of such institutions.

23 **“SEC. 5403. SHIPPING ON UNITED STATES VESSELS.**

24 “(a) CERTAIN LAWS NOT APPLICABLE.—The ocean
25 transportation between foreign countries of commodities

1 and defense articles purchased with foreign currencies
2 made available or derived from funds made available
3 under this Act or the Agricultural Trade Development and
4 Assistance Act of 1954 (7 U.S.C. 1691 and following),
5 and transfers of fresh fruit and fresh fruit products under
6 this Act, shall not be governed by section 901(b) of the
7 Merchant Marine Act, 1936 (46 U.S.C. app. 1241(b)), or
8 any other law relating to the ocean transportation of com-
9 modities on United States-flag vessels.

10 “(b) SHIPPING DIFFERENTIAL.—For purposes of fa-
11 cilitating implementation of section 901(b) of the Mer-
12 chant Marine Act, 1936 (46 U.S.C. app. 1241(b)), funds
13 made available for development assistance and economic
14 support assistance may be used to make grants to recipi-
15 ents or otherwise pay all or any portion of such differential
16 as is determined by the Secretary of Transportation to
17 exist between United States- and foreign-flag vessel char-
18 ter or freight rates. Grants made under this section shall
19 be paid with United States-owned foreign currencies wher-
20 ever feasible.

21 **“SEC. 5404. EXCESS AND OTHER AVAILABLE PROPERTY.**

22 “(a) POLICY REGARDING USE OF EXCESS AND
23 OTHER AVAILABLE PROPERTY.—In furnishing assistance
24 under title I—

25 “(1) excess personal property, or

1 “(2) if a substantial savings would occur, other
2 property already owned by an agency of the United
3 States Government,
4 may be utilized wherever practicable in lieu of or supple-
5 mentary to the procurement of new items for United
6 States-assisted projects and programs.

7 “(b) SEPARATE ACCOUNT FOR EXPENSES RELATED
8 TO PROPERTY.—

9 “(1) AUTHORITY TO MAINTAIN ACCOUNT.—The
10 President is authorized to maintain in a separate ac-
11 count funds made available under title I. Funds in
12 such a separate account shall (notwithstanding sec-
13 tion 1535(d) of title 31, United States Code) be free
14 from fiscal year limitations.

15 “(2) USE OF FUNDS IN THE ACCOUNT.—Funds
16 in the separate account established under paragraph
17 (1) may be used to pay costs (including personnel
18 costs) of acquisition, storage, renovation and reha-
19 bilitation, packing, crating, handling, transportation,
20 and related costs of—

21 “(A) property classified as domestic or for-
22 eign excess property pursuant to the Federal
23 Property and Administrative Services Act of
24 1949 (40 U.S.C. 471 and following);

1 “(B) any property available from an agency
2 of the United States Government; or

3 “(C) other property,
4 in advance of known requirements for the use of
5 such property in furtherance of the purposes of title
6 I.

7 “(3) USE OF PROPERTY ACQUIRED.—Property
8 acquired pursuant to paragraph (2) may be
9 furnished—

10 “(A) pursuant to any provision of title I
11 (other than subchapter C of chapter 5 or chap-
12 ter 8), for which funds are authorized for the
13 furnishing of assistance, in which case the sepa-
14 rate account established pursuant to this sec-
15 tion shall be repaid from funds made available
16 for such provision for all costs incurred; or

17 “(B) pursuant to subchapter C of chapter
18 5 of title I, in which case the separate account
19 shall be repaid in accordance with section 1522
20 for all costs incurred.

21 “(c) CONDITIONS ON USE OF EXCESS PROPERTY.—

22 “(1) LIMITATION.—Government-owned excess
23 property may not be made available for use under
24 title I unless approval is given and a determination
25 is made in accordance with paragraph (2)—

1 “(A) before the shipment of such property
2 for use in a specified country, or

3 “(B) if the property is already in such
4 country, before the transfer of the property.

5 “(2) DETERMINATION.—A shipment or transfer
6 subject to paragraph (1) may take place only after
7 the President approves the shipment or transfer and
8 makes a written determination—

9 “(A) that there is a need for such property
10 in the quantity requested and that such proper-
11 ty is suitable for the purpose requested;

12 “(B) as to the status and responsibility of
13 the designated end-user and his ability effec-
14 tively to use and maintain such property; and

15 “(C) that the residual value, serviceability,
16 and appearance of such property would not re-
17 flect unfavorably on the image of the United
18 States and would justify the costs of packing,
19 crating, handling, transportation, and other ac-
20 cessorial costs, and that the residual value at
21 least equals the total of these costs.

22 **“SEC. 5405. RETENTION AND USE OF CERTAIN ITEMS AND**
23 **FUNDS.**

24 “(a) RETENTION AND USE OF CERTAIN COMMOD-
25 **ITIES AND DEFENSE ARTICLES.—**

1 “(1) **AUTHORITY TO RETAIN, TRANSFER, AND**
2 **USE.**—Any commodities or defense articles procured
3 to carry out this Act shall be retained by, or (upon
4 reimbursement) transferred to and for the use of,
5 such agency of the United States Government as the
6 President deems appropriate in lieu of being dis-
7 posed of to a foreign country or international organi-
8 zation, whenever in the judgment of the President
9 the best interests of the United States will be served
10 thereby.

11 “(2) **LAWS GOVERNING DISPOSAL OF GOVERN-**
12 **MENT PROPERTY.**—Any commodities or defense arti-
13 cles so retained may be disposed of without regard
14 to provisions of law relating to the disposal of prop-
15 erty owned by the United States Government, when
16 necessary to prevent spoilage or wastage of such
17 commodities or defense articles or to conserve their
18 usefulness.

19 “(3) **PROCEEDS CREDITED TO APPROPRIA-**
20 **TIONS.**—Funds realized from any disposal or trans-
21 fer shall revert to the respective appropriation, fund,
22 or account used to procure such commodities or de-
23 fense articles or to the appropriation, fund, or ac-
24 count currently available for the same general pur-
25 pose.

1 “(b) **COMMODITIES RECEIVED AS PAYMENT.**—When-
2 ever commodities are transferred to the United States
3 Government as repayment of assistance under this Act,
4 such commodities may be used in furtherance of the pur-
5 poses and within the limitations of this Act.

6 “(c) **FAILED TRANSACTIONS.**—Funds realized as a
7 result of any failure of a transaction financed under this
8 Act to conform to the requirements of this Act, to applica-
9 ble rules and regulations of the United States Govern-
10 ment, or to the terms of any agreement or contract en-
11 tered into under this Act, shall revert to the respective
12 appropriation, fund, or account used to finance such
13 transaction or to the appropriation, fund, or account cur-
14 rently available for the same general purpose.

15 “(d) **DISPOSAL OF DEFENSE ARTICLES.**—Funds re-
16 alized by the United States Government from the sale,
17 transfer, or disposal of defense articles furnished under
18 the former authority of chapter 2 of part II of this Act,
19 and no longer needed for the purposes for which furnished,
20 shall be credited to the respective appropriation, fund, or
21 account currently available for the same general purpose.

22 **“SEC. 5406. LAWS RELATING TO CONTRACTS AND GOVERN-**
23 **MENT EXPENDITURES.**

24 “Whenever the President determines it to be in fur-
25 therance of the purposes of this Act, the functions author-

1 ized under this Act may be performed without regard to
 2 such provisions of law regulating the making, perform-
 3 ance, amendment, or modification of contracts and the ex-
 4 penditure of funds of the United States Government as
 5 the President may specify.

6 **“SEC. 5407. TRANSPORTATION CHARGES INCURRED BY THE**
 7 **RED CROSS OR PRIVATE VOLUNTARY ORGA-**
 8 **NIZATIONS.**

9 “In order to further the efficient use of United States
 10 voluntary contributions for development and for the relief
 11 and rehabilitation of people in friendly countries, the
 12 President may use funds made available for assistance
 13 under title I, to pay transportation charges on shipments
 14 by the American National Red Cross and by registered
 15 United States private voluntary organizations.

16 **“CHAPTER 5—PERSONNEL**

17 **“SEC. 5501. STATUTORY OFFICERS IN ECONOMIC ASSIST-**
 18 **ANCE AGENCY.**

19 “(a) **APPOINTMENT.**—The President may appoint, by
 20 and with the advice and consent of the Senate, twelve offi-
 21 cers in the agency designated pursuant to section 5102.

22 “(b) **TITLE.**—The President may designate the title
 23 of any officer appointed under subsection (a).

24 “(c) **ORDER OF SUCCESSION.**—The President may
 25 also fix the order of succession among the officers appoint-

1 ed under subsection (a) of this section in the event of the
2 absence, death, resignation, or disability of one or more
3 of those officers.

4 **“SEC. 5502. EMPLOYMENT OF PERSONNEL.**

5 “(a) **AUTHORITY.**—Any agency or officer of the Unit-
6 ed States Government carrying out functions under this
7 Act is authorized to employ such personnel as the Presi-
8 dent deems necessary to carry out the provisions and pur-
9 poses of this Act.

10 “(b) **ECONOMIC ASSISTANCE FUNCTIONS IN THE**
11 **UNITED STATES.**—

12 “(1) **APPOINTMENTS WITHOUT REGARD TO**
13 **CERTAIN CIVIL SERVICE LAWS.**—Of the personnel
14 employed in the United States to carry out title I,
15 one hundred and ten may be appointed without re-
16 gard to the provisions of title 5, United States Code,
17 governing appointments in the competitive service,
18 and may be compensated without regard to the pro-
19 visions of chapter 51 or subchapter III of chapter 53
20 of such title, subject to paragraph (2) of this sub-
21 section.

22 “(2) **COMPENSATION.**—Of the personnel ap-
23 pointed under paragraph (1), fifty-one may be com-
24 pensated at rates higher than those payable for GS-
25 15 of the General Schedule under section 5332 of

1 title 5, United States Code, but not in excess of the
2 highest rate payable under section 5376 of such
3 title.

4 “(3) REINSTATEMENT RIGHTS.—Under such
5 regulations as the President may prescribe, any indi-
6 vidual employed under paragraph (1) may be enti-
7 tled, upon removal (except for cause) from the posi-
8 tion to which the appointment was made, to rein-
9 statement to the position occupied by that individual
10 at the time of appointment or to a position of com-
11 parable grade and pay.

12 “(4) PROVISIONS NOT APPLICABLE TO OTHER
13 NONMILITARY ASSISTANCE PROGRAMS.—This sub-
14 section does not apply with respect to chapter 4 of
15 title I or chapters 6 and 7 of title II.

16 “(c) MILITARY ASSISTANCE FUNCTIONS IN THE
17 UNITED STATES.—Of the personnel employed in the Unit-
18 ed States to carry out title II or the Defense Trade and
19 Export Control Act not to exceed eight may be compensat-
20 ed at rates higher than those payable for GS-15 of the
21 General Schedule under section 5332 of title 5 of the Unit-
22 ed States Code, but not in excess of the highest rate pay-
23 able under section 5376 of such title. Such positions shall
24 be in addition to those authorized by law to be filled by

1 Presidential appointment, and in addition to the number
2 authorized by section 5108 of title 5, United States Code.

3 “(d) PERFORMANCE OF FUNCTIONS OUTSIDE THE
4 UNITED STATES.—

5 “(1) AUTHORITY TO EMPLOY OR ASSIGN.—For
6 the purpose of performing functions under this Act
7 outside the United States, the President may—

8 “(A) employ or assign individuals, or

9 “(B) authorize the employment or assign-
10 ment of officers or employees by agencies of the
11 United States Government which are not au-
12 thorized to utilize the Foreign Service personnel
13 system.

14 “(2) COMPENSATION.—Individuals employed or
15 assigned under paragraph (1) shall receive compen-
16 sation at any of the rates provided for under section
17 402 or section 403 of the Foreign Service Act of
18 1980, or under chapter 53 of title 5, United States
19 Code, or at any other rate authorized by law, togeth-
20 er with allowances and benefits under the Foreign
21 Service Act of 1980.

22 “(3) REEMPLOYMENT RIGHTS.—Individuals so
23 employed or assigned shall be entitled to the same
24 benefits as are provided by section 310 of that Act
25 for individuals appointed to the Foreign Service, ex-

1 cept to the extent that the President may specify
2 otherwise in cases in which the period of employ-
3 ment or assignment exceeds thirty months.

4 “(e) **CERTAIN FUNDS DEEMED OBLIGATED FOR**
5 **CERTAIN SERVICES.**—Funds provided for in agreements
6 with foreign countries for the furnishing of services under
7 this Act with respect to specific projects shall be deemed
8 to be obligated for the services of personnel employed by
9 agencies of the United States Government (other than the
10 agency designated under section 5102 or the Department
11 of Defense) as well as personnel not employed by the
12 United States Government.

13 **“SEC. 5503. EXPERTS, CONSULTANTS, AND RETIRED OFFI-**
14 **CERS.**

15 “(a) **AUTHORITY TO EMPLOY.**—Experts and consult-
16 ants or organizations thereof may, in accordance with sec-
17 tion 3109 of title 5 of the United States Code, be em-
18 ployed for the performance of functions under this Act.

19 “(b) **MANDATORY RETIREMENT AGE NOT APPLICA-**
20 **BLE.**—Service of an individual as an expert or consultant
21 under subsection (a) of this section shall not be considered
22 as employment or holding of office or position bringing
23 such individual within the provisions of section 3323(a)
24 of title 5 of the United States Code.

1 “(c) **EMPLOYMENT OF CERTAIN PERSONS WITHOUT**
2 **COMPENSATION.**—Persons of outstanding experience and
3 ability may be employed without compensation by any
4 agency of the United States Government for the perform-
5 ance of functions under this Act in accordance with the
6 provisions of section 710(b) of the Defense Production Act
7 of 1950 (50 U.S.C. App. 2160(b)), and regulations issued
8 thereunder.

9 **“SEC. 5504. DETAIL OF PERSONNEL TO FOREIGN GOVERN-**
10 **MENTS AND INTERNATIONAL ORGANIZA-**
11 **TIONS.**

12 “(a) **DETAILS TO FOREIGN GOVERNMENTS.**—When
13 consistent with and in furtherance of the purposes of this
14 Act, the head of any agency of the United States Govern-
15 ment is authorized to detail any officer or employee of that
16 agency to any office or position with any foreign govern-
17 ment or foreign government agency, where acceptance of
18 such office or position does not involve the taking of an
19 oath of allegiance to another government.

20 “(b) **DETAILS TO INTERNATIONAL ORGANIZA-**
21 **TIONS.**—When consistent with and in furtherance of the
22 purposes of this Act, the head of any agency of the United
23 States Government is authorized to detail to any interna-
24 tional organization any officer or employee of that agency
25 to serve with, or as a member of, the international staff

1 of such organization, or to render any technical, scientific,
2 or professional advice or service to, or in cooperation with,
3 such organization.

4 “(c) STATUS OF PERSONNEL DETAILED.—

5 “(1) RETENTION OF BENEFITS.—Any officer or
6 employee, while detailed under this section—

7 “(A) shall be considered an officer or em-
8 ployee of the United States Government and of
9 the agency of the United States Government
10 from which detailed for the purpose of preserv-
11 ing his or her allowances, privileges, rights, se-
12 niority, and other benefits as such; and

13 “(B) shall continue to receive compensa-
14 tion, allowances, and benefits from funds appro-
15 priated to that agency or made available to that
16 agency under this Act, or may be detailed on a
17 leave without pay status.

18 “(2) ALLOWANCES.—Any officer or employee
19 assigned, detailed, or appointed under this section,
20 section 5103, section 5505, or section 5506 may re-
21 ceive (under such regulations as the President may
22 prescribe) representation allowances similar to those
23 allowed under section 905 of the Foreign Service Act
24 of 1980. The authorization of such allowances and
25 other benefits and the payment thereof out of any

1 appropriations available therefor shall be considered
2 as meeting all the requirements of section 5536 of
3 title 5, United States Code.

4 “(d) **TERMS OF DETAIL.**—Details may be made
5 under this section or section 408 of the Mutual Security
6 Act of 1954 in accordance with any of the following para-
7 graphs:

8 “(1) Without reimbursement to the United
9 States Government by the foreign government or
10 international organization.

11 “(2) Upon agreement by the foreign govern-
12 ment or international organization to reimburse the
13 United States Government for compensation, travel
14 expenses, benefits, and allowances, or any part
15 thereof, payable to the officer or employee concerned
16 during the period of detail. Such reimbursements
17 (including foreign currencies) shall be credited to the
18 appropriation, fund, or account utilized for paying
19 such compensation, travel expenses, benefits, or al-
20 lowances, or to the appropriation, fund, or account
21 currently available for such purposes.

22 “(3) Upon an advance of funds, property, or
23 services by the foreign government or international
24 organization to the United States Government ac-
25 cepted with the approval of the President for speci-

1 fied uses in furtherance of the purposes of this Act.
2 Funds so advanced may be established as a separate
3 fund in the Treasury of the United States Govern-
4 ment, to be available for the specified uses, and to
5 be used for reimbursement of appropriations or di-
6 rect expenditure subject to the provisions of this
7 Act, any unexpended balance of such account to be
8 returned to the foreign government or international
9 organization.

10 “(4) Subject to the receipt by the United States
11 Government of a credit to be applied against the
12 payment by the United States Government of its
13 share of the expenses of the international organiza-
14 tion to which the officer or employee is detailed,
15 such credit to be based upon the compensation, trav-
16 el expenses, benefits and allowances, or any part
17 thereof, payable to such officer or employee during
18 the period of detail in accordance with subsection
19 (c).

20 **“SEC. 5505. CHIEF OF ECONOMIC ASSISTANCE MISSION**
21 **ABROAD.**

22 “(a) APPOINTMENT.—The chief and his deputy of
23 each special mission or staff carrying out economic assist-
24 ance programs under title I shall be appointed by the
25 President.

1 “(b) **COMPENSATION AND ALLOWANCES.**—Such chief
2 shall be entitled to receive such compensation and allow-
3 ances as are authorized by the Foreign Service Act of
4 1980, not to exceed those authorized for a chief of mission
5 (as defined in section 102(a)(3) of that Act), as the Presi-
6 dent deems appropriate.

7 **“SEC. 5506. CHAIRMAN OF OECD DEVELOPMENT ASSIST-**
8 **ANCE COMMITTEE.**

9 “(a) **APPOINTMENT.**—The President may—

10 “(1) appoint any United States citizen who is
11 not an employee of the United States Government,
12 or

13 “(2) assign any United States citizen who is an
14 employee of the United States Government, to serve
15 as Chairman of the Development Assistance Com-
16 mittee (or any successor committee) of the Organi-
17 zation for Economic Cooperation and Development,
18 upon election thereto by members of that Com-
19 mittee.

20 “(b) **COMPENSATION AND ALLOWANCES.**—An indi-
21 vidual appointed or assigned under subsection (a) may re-
22 ceive such compensation and allowances as are authorized
23 by the Foreign Service Act of 1980, not to exceed those
24 authorized for a chief of mission (as defined in section
25 102(a)(3) of that Act), as the President deems appropri-

1 ate. Such individual, if appointed under subsection (a)(1),
2 shall be deemed to be an employee of the United States
3 Government for purposes of chapters 81, 83, 84, 87, and
4 89 of title 5, United States Code. Such individual may
5 also, in the President's discretion, receive any other bene-
6 fits and perquisites available under this Act to chiefs of
7 special missions or staffs outside the United States estab-
8 lished under section 5103.

9 **"SEC. 5507. ASSIGNMENT OF DOD PERSONNEL TO CIVIL**
10 **OFFICES.**

11 "Notwithstanding section 973(b) of title 10, United
12 States Code, personnel of the Department of Defense may
13 be assigned or detailed to any civil office to carry out this
14 Act.

15 **"SEC. 5508. DISCRIMINATION AGAINST UNITED STATES**
16 **PERSONNEL PROVIDING ASSISTANCE.**

17 "It is the Sense of the Congress that—

18 "(1) the assignment of officers and employees
19 of the United States to carry out any assistance pro-
20 gram funded under this Act in any foreign country,
21 should not take into account the race, religion, na-
22 tional origin, or sex of any such officer or employee,
23 and such assignments should be made solely on the
24 basis of ability and relevant experience.

1 “(2) assistance under this Act should not be
2 furnished to any foreign country, the laws, regula-
3 tions, official policies, or governmental practices of
4 which prevent any United States person (as defined
5 in section 7701(a)(30) of the Internal Revenue Code
6 of 1954) from participating in the furnishing of as-
7 sistance under this Act on the basis of race, religion,
8 national origin, or sex.

9 **“CHAPTER 6—DEFINITIONS AND**
10 **MISCELLANEOUS PROVISIONS**

11 **“SEC. 5601. DEFINITIONS.**

12 “(a) **TYPES OF ASSISTANCE.**—For purposes of this
13 Act and any other provision of law relating to assistance
14 under this Act, the following terms have the following
15 meanings:

16 “(1) **ANTITERRORISM ASSISTANCE.**—The term
17 ‘antiterrorism assistance’ means assistance under
18 chapter 7 of title II.

19 “(2) **DEVELOPING COUNTRY.**—The term ‘devel-
20 oping country’ includes advanced developing country.

21 “(3) **DEVELOPMENT ASSISTANCE.**—The term
22 ‘development assistance’ means assistance under
23 chapters 1 and 2 of title I.

24 “(4) **ECONOMIC ASSISTANCE.**—The term ‘eco-
25 nomic assistance’ means assistance under title I

1 other than chapter 4; it does not include assistance
2 under chapters 6 and 7 of title II.

3 “(5) ECONOMIC SUPPORT ASSISTANCE.—The
4 term ‘economic support assistance’ means assistance
5 under chapter 3 of title I.

6 “(6) FOREIGN MILITARY FINANCING.—The
7 term ‘foreign military financing’ means assistance
8 furnished with funds made available to carry out
9 chapter 2 of title II.

10 “(7) INTERNATIONAL DISASTER ASSISTANCE.—
11 The term ‘international disaster assistance’ means
12 assistance under chapter 6 of title I.

13 “(8) INTERNATIONAL MILITARY EDUCATION
14 AND TRAINING.—The term ‘international military
15 education and training’ means assistance under
16 chapter 5 of title II; it does not include military edu-
17 cation and training under chapter 2 of title II.

18 “(9) MILITARY ASSISTANCE.—The term ‘mili-
19 tary assistance’ means assistance under title II;
20 however, it does not include assistance under chap-
21 ters 6 and 7 of that title.

22 “(10) NARCOTICS CONTROL ASSISTANCE.—The
23 term ‘narcotics control assistance’ means assistance
24 under chapter 4 of title I.

1 “(b) DEFINITIONS APPLICABLE TO THE ACT GENER-
2 ALLY.—For purposes of this Act and any other provision
3 of law relating to assistance under this Act, the following
4 terms have the following meanings:

5 “(1) AGENCY OF THE UNITED STATES GOVERN-
6 MENT.—The term ‘agency of the United States Gov-
7 ernment’ includes any agency, department, board,
8 wholly or partly owned corporation, instrumentality,
9 commission, or establishment of the United States
10 Government.

11 “(2) Function.—The term ‘function’ includes
12 any duty, obligation, power, authority, responsibility,
13 right, privilege, discretion, or activity.

14 “(3) GROSS VIOLATIONS OF INTERNATIONALLY
15 RECOGNIZED HUMAN RIGHTS.—The term ‘gross vio-
16 lations of internationally recognized human rights’
17 includes torture or cruel, inhuman, or degrading
18 treatment or punishment, prolonged detention with-
19 out charges and trial, causing the disappearance of
20 persons by the abduction and clandestine detention
21 of those persons, and other flagrant denial of the
22 right to life, liberty, or the security of person.

23 “(4) INCLUDES.—The term ‘includes’ means in-
24 cludes but is not limited to.

1. “(5) OFFICER OR EMPLOYEE.—The term ‘offi-
2 cer or employee’ means civilian personnel of the
3 United States Government and members of the
4 Armed Forces.

5 “(6) NONNUCLEAR WEAPON STATE.—The term
6 ‘nonnuclear-weapon state’ means any country which
7 is not a nuclear-weapon state, as defined in article
8 IX(3) of the Treaty on the Non-Proliferation of Nu-
9 clear Weapons.

10 “(7) UNITED STATES.—The term ‘United
11 States’, when used in the geographic sense, includes
12 the Commonwealth of Puerto Rico, the Common-
13 wealth of the Northern Mariana Islands, Guam,
14 American Samoa, the Virgin Islands, and any other
15 territory or possession of the United States.

16 “(8) MAJOR ILLICIT DRUG PRODUCING COUN-
17 TRY.—The term ‘major illicit drug producing coun-
18 try’ means a country producing five metric tons or
19 more of opium or opium derivative during a fiscal
20 year or producing five hundred metric tons or more
21 of coca or marijuana (as the case may be) during a
22 fiscal year.

23 “(9) MAJOR DRUG TRANSIT COUNTRY.—The
24 term ‘major drug transit country’ means a
25 country—

1 “(A) that is a significant direct source of
2 illicit narcotic or psychotropic drugs or other
3 controlled substances significantly affecting the
4 United States;

5 “(B) through which are transported such
6 drugs or substances; or

7 “(C) through which significant sums of
8 drug-related profits or monies are laundered
9 with the knowledge or complicity of the govern-
10 ment.

11 “(10) NARCOTIC AND PSYCHOTROPIC DRUGS
12 AND OTHER CONTROLLED SUBSTANCES.—The term
13 ‘narcotic and psychotropic drugs and other con-
14 trolled substances’ has the same meaning as is given
15 by any applicable international narcotics control
16 agreement or domestic law of the country or coun-
17 tries concerned.

18 “(c) DEFINITIONS APPLICABLE PRIMARILY TO NON-
19 MILITARY ASSISTANCE.—For purposes of this Act and any
20 other provision of law relating to assistance under this
21 Act, the following terms have the following meanings:

22 “(1) AGRICULTURE.—The term ‘agriculture’ in-
23 cludes aquaculture and fisheries.

24 “(2) COMMODITY.—The term ‘commodity’ in-
25 cludes any material, article, supply, goods, or equip-

1 ment used for the purposes of furnishing assistance
2 under title I.

3 “(3) FARMERS.—The term ‘farmers’ includes
4 fishermen and other persons employed in cultivating
5 and harvesting food resources from salt and fresh
6 waters.

7 “(4) INSTITUTION OF HIGHER EDUCATION.—
8 The term ‘institution of higher education’ has the
9 same meaning that term is given by section 1201(a)
10 of the Higher Education Act of 1965.

11 “(5) SERVICES.—The term ‘services’ include
12 any service, repair, training of personnel, or techni-
13 cal or other assistance or information used for the
14 purposes of furnishing assistance under title I.

15 “(d) DEFINITIONS APPLICABLE PRIMARILY TO MILI-
16 TARY ASSISTANCE.—For purposes of this Act and any
17 other provision of law relating to assistance under this
18 Act, the following terms have the following meanings:

19 “(1) ARMED FORCES.—The term ‘Armed
20 Forces’ means the Army, Navy, Air Force, Marine
21 Corps, and Coast Guard of the United States.

22 “(2) DEFENSE ARTICLE.—The term ‘defense
23 article’—

24 “(A) includes—

1 “(i) any weapon, weapons system, mu-
2 nition, aircraft, vessel, boat, or other im-
3 plement of war;

4 “(ii) any property, installation, com-
5 modity, material, equipment, supply, or
6 goods used for the purposes of furnishing
7 military assistance;

8 “(iii) any machinery, facility, tool,
9 material, supply, or other item necessary
10 for the manufacture, production, process-
11 ing, repair, servicing, storage, construction,
12 transportation, operation, or use of any ar-
13 ticle listed in this paragraph; or

14 “(iv) any component or part of any
15 article listed in this paragraph; but

16 “(B) does not include—

17 “(i) merchant vessels; or

18 “(ii) as defined by the Atomic Energy
19 Act of 1954 (42 U.S.C. 2011), source ma-
20 terial (except uranium depleted in the iso-
21 tope 235 which is incorporated in defense
22 articles solely to take advantage of high
23 density or pyrophoric characteristics unre-
24 lated to radioactivity), byproduct material,
25 special nuclear material, production facili-

1 ties, utilization facilities, or atomic weap-
2 ons or articles involving Restricted Data.

3 “(3) DEFENSE INFORMATION.—The term ‘de-
4 fense information’—

5 “(A) includes any document, writing,
6 sketch, photograph, plan, model, specification,
7 design, prototype, or other recorded or oral in-
8 formation relating to any defense article or de-
9 fense service; but

10 “(B) does not include Restricted Data as
11 defined by the Atomic Energy Act of 1954, and
12 data removed from the Restricted Data catego-
13 ry under section 142d of that Act.

14 “(4) DEFENSE SERVICE.—The term ‘defense
15 service’ includes any service, test, inspection, repair,
16 publication, or technical or other assistance or de-
17 fense information used for the purposes of furnish-
18 ing military assistance, including—

19 “(A) military education and training, and

20 “(B) design and construction services (as
21 defined in section 47(8) of the Defense Trade
22 and Export Control Act).

23 “(5) EXCESS DEFENSE ARTICLES.—The term
24 ‘excess defense articles’ means the quantity of de-
25 fense articles owned by the United States Govern-

1 ment, and not procured in anticipation of military
2 assistance or sales requirements, or pursuant to a
3 military assistance or sales order, which is in excess
4 of the Approved Force Acquisition Objective and Ap-
5 proved Force Retention Stock of all Department of
6 Defense Components at the time such articles are
7 dropped from inventory by the supplying agency for
8 delivery to countries or international organizations
9 under this Act.

10 “(6) MAJOR DEFENSE EQUIPMENT.—The term
11 ‘major defense equipment’ has the same meaning
12 that term has under section 47(6) of the Arms Ex-
13 port Control Act.

14 “(7) MAJOR NON-NATO ALLY.—The term
15 ‘major non-NATO ally’ means a country which is
16 designated in accordance with section 48 of the De-
17 fense Trade and Export Control Act as a major non-
18 NATO ally for purposes of that Act or this Act.

19 “(8) MILITARY EDUCATION AND TRAINING.—
20 The term ‘military education and training’ includes
21 formal or informal instruction of foreign students in
22 the United States or overseas by officers or employ-
23 ees of the United States, contract technicians, con-
24 tractors (including instruction at civilian institu-
25 tions), or by correspondence courses, technical, edu-

1 . . . cational, or information publications and media of
2 . . . all kinds, training aids, orientation, and military ad-
3 vice to foreign military units and forces.

4 “(9) VALUE.—The term ‘value’ means—

5 “(A) with respect to an excess defense arti-
6 cle, the actual value of the article plus the gross
7 cost incurred by the United States Government
8 in repairing, rehabilitating, or modifying the ar-
9 ticle, except that for purposes of section
10 5201(d) such actual value shall not be taken
11 into account;

12 “(B) with respect to a nonexcess defense
13 article delivered from inventory to a foreign
14 country or international organization under this
15 Act, the acquisition cost to the United States
16 Government, adjusted as appropriate for condi-
17 tion and market value;

18 “(C) with respect to a nonexcess defense
19 article delivered from new procurement to a for-
20 eign country or international organization
21 under this Act, the contract or production costs
22 of such article;

23 “(D) with respect to a defense service, the
24 cost to the United States Government of such
25 service; and

1 “(E) with respect to military education
2 and training under chapter 5 of title II or serv-
3 ices provided under chapter 7 of title II of this
4 Act, the additional costs that are incurred by
5 the United States Government in furnishing
6 such assistance.

7 **“SEC. 5602. ACTIVITIES UNDER OTHER LAWS NOT AF-**
8 **FFECTED.**

9 “Unless expressly provided to the contrary, provisions
10 of this Act and other provisions applicable to foreign as-
11 sistance shall not be construed to prohibit activities au-
12 thorized by or conducted under the Peace Corps Act, the
13 Mutual Educational and Cultural Exchange Act of 1961,
14 the Export-Import Bank Act of 1945, the National Securi-
15 ty Act of 1947, the Central Intelligence Agency Act of
16 1949, the Agricultural Act of 1949, the Agricultural
17 Trade Development and Assistance Act of 1954, the Food
18 for Progress Act of 1985, the Inter-American Foundation
19 Act, the African-American Foundation Act, title 10 of the
20 United States Code, any National Defense Authorization
21 Act or Department of Defense Appropriations Act, or the
22 Migration and Refugee Assistance Act of 1962, or com-
23 mercial export promotion activities of the Department of
24 Agriculture (including the Commodity Credit Corpora-
25 tion).”.

1 **SEC. 603. RETENTION OF CERTAIN PROVISIONS FORMERLY**
2 **IN THE FOREIGN ASSISTANCE ACT.**

3 (a) **FEDERAL ACT OF STATE DOCTRINE.—**

4 (1) **IN GENERAL.—**Notwithstanding any other
5 provision of law, no court in the United States shall
6 decline on the ground of the Federal Act of State
7 Doctrine to make a determination on the merits giv-
8 ing effect to the principles of international law in a
9 case in which claim of title or other right to property
10 is asserted by any party, including a foreign state
11 (or a party claiming through such state), based upon
12 (or traced through) a confiscation or other taking
13 after January 1, 1959, by an Act of that state in
14 violation of the principles of international law, in-
15 cluding the principles of compensation and the other
16 standards set out in section 620(e)(1) of the Foreign
17 Assistance Act of 1961 as in effect before the effec-
18 tive date of this section.

19 (2) **EXCEPTIONS.—**This subsection shall not be
20 applicable—

21 (A) in any case in which an Act of a for-
22 eign state is not contrary to international law
23 or with respect to a claim of title or other right
24 to property acquired pursuant to an irrevocable
25 letter of credit of not more than one hundred
26 and eighty days duration issued in good faith

1 prior to the time of the confiscation or other
2 taking; or

3 (B) in any case with respect to which the
4 President determines that application of the act
5 of state doctrine is required in that particular
6 case by the foreign policy interests of the Unit-
7 ed States and a suggestion to this effect is filed
8 on his behalf in that case with the court.

9 (b) ACCOUNTING AND VALUATION OF FOREIGN CUR-
10 RENCIES.—

11 (1) AMENDMENT TO UNITED STATES CODE.—

12 Subchapter V of chapter 51 of title 31, United
13 States Code, is amended by inserting at the end the
14 following:

15 “(a) Under the direction of the President, the Secre-
16 tary of the Treasury shall have responsibility for valuation
17 and central accounting with respect to foreign credits (in-
18 cluding currencies) owed to or owned by the United
19 States. In order to carry out such responsibility, the Secre-
20 tary shall issue regulations binding upon all agencies of
21 the United States Government.

22 “(b) The Secretary of the Treasury shall have sole
23 authority to establish for all foreign currencies or credits
24 the exchange rates at which such currencies are to be re-
25 ported by all agencies of the Government.”

1 (2) CONFORMING AMENDMENT.—The table of
2 sections for subtitle IV of such title is amended by
3 inserting after the item relating to section 5155 the
4 following:

“5156. Accounting and valuation of foreign currencies.”.

5 (c) VALUATION OF EXPROPRIATED PROPERTY.—

6 (1) VALUATION.—If the President requests
7 such an evaluation, the Foreign Claims Settlement
8 Commission is authorized to evaluate the value of
9 the property which is the subject of an action de-
10 scribed in section 4201(a)(3) of the Foreign Assist-
11 ance Act of 1961 and render an advisory report with
12 respect to the value of such property to the Presi-
13 dent.

14 (2) DEFINITION OF UNITED STATES PERSON.—

15 For purposes of section (a)(3), the term “United
16 States person” means a United States citizen or a
17 corporation, partnership, or association at least 50
18 percent beneficially owned by United States citizens.

19 (d) PARTICIPATION IN FOREIGN POLICE ACTIONS.—

20 (1) PROHIBITION ON EFFECTING AN ARREST.—

21 No officer or employee of the United States may di-
22 rectly effect an arrest in any foreign country as part
23 of any foreign police action with respect to narcotics
24 control efforts, notwithstanding any other provision
25 of law.

1 (2) **EXCEPTIONS.**—Paragraph (1) does not pro-
2 hibit an officer or employee of the United States—

3 (A) with the approval of the United States
4 chief of mission, from being present when for-
5 foreign officers are effecting an arrest or from as-
6 sisting foreign officers who are effecting an ar-
7 rest.

8 (B) from taking direct action to protect
9 life or safety if exigent circumstances arise
10 which are unanticipated and which pose an im-
11 mediate threat to United States officers or em-
12 ployees, officers or employees of a foreign gov-
13 ernment, or members of the public.

14 (3) **MARITIME LAW ENFORCEMENT.**—With the
15 agreement of a foreign country, paragraph (1) does
16 not apply with respect to maritime law enforcement
17 operations in the territorial sea of that country.

18 (4) **INTERROGATIONS.**—No officer or employee
19 of the United States may interrogate or be present
20 during the interrogation of any United States person
21 arrested in any foreign country with respect to nar-
22 cotics control efforts without the written consent of
23 such person.

24 (5) **EXCEPTION FOR STATUS OF FORCES AR-**
25 **RANGEMENTS.**—This section does not apply to the

1 activities of the United States Armed Forces in car-
2 rying out their responsibilities under applicable Sta-
3 tus of Forces arrangements.

4 (6) DEFINITION.—For purposes of this subsec-
5 tion, the term ‘legal and law enforcement measures’
6 means—

7 “(A) the enactment and implementation of
8 laws and regulations or the implementation of
9 existing laws and regulations to provide for the
10 progressive control, reduction, and gradual
11 elimination of the illicit cultivation, production,
12 processing, transportation, and distribution of
13 narcotic drugs and other controlled substances;
14 and

15 “(B) the effective organization, staffing,
16 equipping, funding, and activation of those gov-
17 ernmental authorities responsible for narcotics
18 control.”.

19 **SEC. 604. CONFORMING AMENDMENTS.**

20 (a) **ANGLO-IRISH AGREEMENT SUPPORT ACT.**—The
21 Anglo-Irish Agreement Support Act of 1986 is
22 amended—

23 (1) in section 4(a)(1), by striking out “108”
24 and inserting in lieu thereof “1201”;

1, (2) in section 4(a)(2), by striking out “221”
2 and all that follows through “Guaranty” and insert-
3 ing in lieu thereof “1202 of that Act (relating to the
4 Housing and Urban Development Guarantee”;

5 (3) in section 4(a)(3)—

6 (A) by striking out “Title IV of chapter 2
7 of part I” and inserting in lieu thereof “chapter
8 1 of title III”; and

9 (B) by striking out “paragraph (2) of the
10 second undesignated paragraph of section 231”
11 and inserting in lieu thereof “section
12 3101(b)(2)”;

13 (4) in section 4(a)(4)—

14 (A) by striking out “Section 661” and in-
15 serting in lieu thereof “chapter 2 of title III”;
16 and

17 (B) by striking out “Program” and insert-
18 ing in lieu thereof “Agency”; and

19 (5) in section 5(a), by striking out “531(e) and
20 660(a)” and inserting in lieu thereof “1123 and
21 4202”.

22 (b) NARCOTICS CONTROL TRADE ACT.—The Narcot-
23 ics Control Trade Act (which is title VIII of the Trade
24 Act of 1974) is amended—

1 (1) section 802(b) is amended to read as
2 follows—

3 “(b) Subsection (a) shall apply with respect to a
4 country for which assistance is prohibited under section
5 4201(a)(7) of the Foreign Assistance Act of 1961.”;

6 (c) INTERNATIONAL SECURITY AND DEVELOPMENT
7 COOPERATION ACT OF 1985.—Section 132 of the Interna-
8 tional Security and Development Cooperation Act of 1985
9 is amended by striking out “Arms” each place it appears
10 in subsections (b), (c), and (d) and inserting in lieu thereof
11 “Defense Trade and”.

12 (d) PUBLIC LAW 480.—The Agricultural Trade De-
13 velopment and Assistance Act of 1954 is amended—

14 (1) in section 304 by striking out “section
15 104(c)(2)” and all that follows through “Fund”, and
16 inserting in lieu thereof “section 1101(d)(2) of the
17 Foreign Assistance Act of 1961”;

18 (2) in section 306 by striking out “section
19 104(c)(2)” and all that follows through “Fund”, and
20 inserting in lieu thereof “section 1101(d)(2) of the
21 Foreign Assistance Act of 1961”; and

22 (3) in section 414 by striking out “section
23 481(i)(2)” and inserting in lieu thereof “section
24 5601(b)(8).

1 (e) EXPORT ADMINISTRATION ACT.—The Export Ad-
2 ministration Act of 1979 is amended—

3 (1) in section 5(b), by striking out “set forth in
4 section 620(f)” and inserting in lieu thereof “on the
5 list established pursuant to section 4201(d)”; and

6 (2) in section 6(k)(2), by striking out “section
7 502B” and inserting in lieu thereof “sections 4201
8 (a)(2) and (e) and section 4302(a)”.

9 (f) TITLE 5, UNITED STATES CODE.—Subchapter II
10 of chapter 53 of title 5, United States Code, is amended—

11 (1) in section 5314, by striking out “Director,
12 Institute for Scientific and Technological Coopera-
13 tion.”;

14 (2) in section 5315, by striking out “Deputy
15 Director, Institute for Scientific and Technological
16 Cooperation.”; and

17 (3) in section 5316, by striking out “Additional
18 officers, Institute for Scientific and Technological
19 Cooperation (2).”.

20 (g) TITLE 10, UNITED STATES CODE.—Title 10,
21 United States Code, is amended—

22 (1) in section 114(c), by striking out “Arms”
23 and inserting in lieu thereof “Defense Trade and”;

24 (2) in section 130(a), by striking out “Arms”
25 and inserting in lieu thereof “Defense Trade and”;

1 (3) in section 2208(i)(3), by striking out
2 “Arms” and inserting in lieu thereof “Defense
3 Trade and”;

4 (4) in section 2344(b)(2)(B), by striking out
5 “Arms” and inserting in lieu thereof “Defense
6 Trade and”;

7 (5) in section 2350b, by striking out “Arms”
8 each place it appears in subsections (a)(1), (b),
9 (c)(1), and (d)(3) and inserting in lieu thereof “De-
10 fense Trade and”;

11 (6) in section 4542(d), by striking out “Arms”
12 and inserting in lieu thereof “Defense Trade and”;
13 and

14 (7) in section 7307(b)(1), by striking out
15 “Arms” and inserting in lieu thereof “Defense
16 Trade and”.

17 (h) DEPARTMENT OF DEFENSE AUTHORIZATION
18 ACT, 1987.—Section 2350d of title 10, United States
19 Code, is amended—

20 (1) in the subsection caption by striking out
21 “Arms” and inserting in lieu thereof “Defense
22 Trade and”; and

23 (2) in the text, by striking out “Arms” and in-
24 serting in lieu thereof “Defense Trade and”.

1 (i) EXPORT-IMPORT BANK ACT OF 1945.—Section
2 2(b)(2)(B)(ii) of the Export-Import Bank Act of 1945 is
3 amended by striking from the list at the end thereof
4 “Czechoslovakia Socialist Republic.”, “German Democrat-
5 ic Republic.”, “Hungarian People’s Republic.”, “People’s
6 Republic of Bulgaria.”, “Polish People’s Republic.”, “So-
7 cialist Federal Republic of Yugoslavia.”, and “Socialist
8 Republic of Romania.”.

9 (j) CONFORMING REFERENCES.—Except to the ex-
10 tent that the context requires otherwise any reference in
11 any provision of law enacted before the effective date spec-
12 ified in section 601—

13 (1) to credits under section 23 of the Arms Ex-
14 port Control Act shall be deemed to be a reference
15 to assistance on credit terms under chapter 2 of title
16 II of the Foreign Assistance Act of 1961;

17 (2) to chapter 1 of part I of the Foreign Assist-
18 ance Act of 1961 shall be deemed to be a reference
19 to chapter 1 of title I of that Act;

20 (3) to chapter 8 of part I of the Foreign Assist-
21 ance Act of 1961 shall be deemed to be a reference
22 to chapter 4 of title I of that Act;

23 (4) to chapter 2 of part II of the Foreign As-
24 sistance Act of 1961 shall be deemed to be a refer-
25 ence to chapter 2 of title II of that Act;

1 (5) to chapter 4 of part II of the Foreign As-
2 sistance Act of 1961 shall be deemed to be a refer-
3 ence to chapter 3 of title I of that Act;

4 (6) to chapter 5 of part II of the Foreign As-
5 sistance Act of 1961 shall be deemed to be a refer-
6 ence to chapter 5 of title II of that Act;

7 (7) to chapter 8 of part II of the Foreign As-
8 sistance Act of 1961 shall be deemed to be a refer-
9 ence to chapter 7 of title II; and

10 (8) to any other provision of the Foreign As-
11 sistance Act of 1961 shall be deemed to be a refer-
12 ence to the corresponding provision of that Act as
13 amended by this Act.

14 **SEC. 605. REPEAL OF OBSOLETE PROVISIONS.**

15 (a) 1988 OPIC ACT.—The Overseas Private Invest-
16 ment Corporation Amendments Act of 1988 (as enacted
17 by reference by section 555 of the Foreign Operations, Ex-
18 port Financing, and Related Programs Appropriations
19 Act, 1989) is repealed.

20 (b) 1988 INTERNATIONAL NARCOTICS CONTROL
21 ACT.—The International Narcotics Control Act of 1988
22 is repealed.

23 (c) NARCOTICS CONTROL TRADE ACT.—Sections
24 802(e) and 804 of the Narcotics Control Trade Act (which
25 is title VIII of the Trade Act of 1974) are repealed.

1 (d) 1986 DRUG ACT.—The International Narcotic
2 Control Act of 1986 (which is title II of the Anti-Drug
3 Abuse Act of 1986) is repealed.

4 (e) 1986 ASSISTANCE ACT.—The Special Foreign As-
5 sistance Act of 1986 is repealed except for section 1 and
6 section 204.

7 (f) 1985 ASSISTANCE ACT.—The International Secu-
8 rity and Development Cooperation Act of 1985 is repealed
9 except for section 1, section 131, section 132, section
10 202(c), section 504, section 505, part B of title V (other
11 than section 558 and section 559), section 1302, section
12 1303, and section 1304.

13 (g) 1985 JORDAN SUPPLEMENTAL ACT.—The Jor-
14 dan Supplemental Economic Assistance Authorization Act
15 of 1985 is repealed.

16 (h) 1985 AFRICAN FAMINE ACT.—The African Fam-
17 ine Relief and Recovery Act of 1985 is repealed.

18 (i) 1983 ASSISTANCE ACT.—The International Secu-
19 rity and Development Assistance Authorization Act of
20 1983 is repealed.

21 (j) 1983 LEBANON ASSISTANCE ACT.—The Lebanon
22 Emergency Assistance Act of 1983 is repealed.

23 (k) 1981 ASSISTANCE ACT.—The International
24 Security and Development Cooperation Act of 1981 is re-
25 pealed except for section 1, section 709, section 714.

1 (l) 1980 ASSISTANCE ACT.—The International Secu-
2 rity and Development Cooperation Act of 1980 is repealed
3 except for section 1, section 110, section 315, and title
4 V.

5 (m) 1979 DEVELOPMENT ASSISTANCE ACT.—The
6 International Development Cooperation Act of 1979 is re-
7 pealed.

8 (n) 1979 SECURITY ASSISTANCE ACT.—The Interna-
9 tional Security Assistance Act of 1979 is repealed.

10 (o) 1979 SPECIAL SECURITY ASSISTANCE ACT.—The
11 Special International Security Assistance Act of 1979 is
12 repealed.

13 (p) 1978 DEVELOPMENT ASSISTANCE ACT.—The
14 International Development and Food Assistance Act of
15 1978 is repealed, except for section 1, title IV, and section
16 603(a)(2).

17 (q) 1978 SECURITY ASSISTANCE ACT.—The Interna-
18 tional Security Assistance Act of 1978 is repealed.

19 (r) 1977 DEVELOPMENT ASSISTANCE ACT.—The
20 International Development and Food Assistance Act of
21 1977 is repealed except for section 1, section 132(b), and
22 section 133.

23 (s) 1977 SECURITY ASSISTANCE ACT.—The Interna-
24 tional Security Assistance Act of 1977 is repealed.

1 (t) 1976 SECURITY ASSISTANCE ACT.—The Interna-
2 tional Security Assistance and Arms Export Control Act
3 is repealed except for section 1, section 201(b), section
4 212(b), section 601, and section 608.

5 (u) 1975 DEVELOPMENT ASSISTANCE ACT.—The
6 International Development and Food Assistance Act of
7 1975 is repealed.

8 (v) 1975 BIB ACT.—Public Law 94-104 is repealed.

9 (w) 1974 ASSISTANCE ACT.—The Foreign Assistance
10 Act of 1974 is repealed.

11 (x) 1973 EMERGENCY ASSISTANCE ACT.—The
12 Emergency Security Assistance Act of 1973 is repealed.

13 (y) 1973 ASSISTANCE ACT.—The Foreign Assistance
14 Act of 1973 is repealed.

15 (z) 1973 DEPARTMENT OF STATE APPROPRIATIONS
16 AUTHORIZATION ACT.—Section 13 of the Department of
17 State Appropriations Authorization Act of 1973 is re-
18 pealed.

19 (aa) 1971 ASSISTANCE ACT.—The Foreign Assist-
20 ance Act of 1971 is repealed.

21 (bb) 1971 SPECIAL ASSISTANCE ACT.—The Special
22 Foreign Assistance Act of 1971 is repealed.

23 (cc) 1971 FMS ACT.—The Act entitled “An Act to
24 amend the Foreign Military Sales Act, and for other pur-

1 poses", approved January 12, 1971 (Public Law 91-672),
2 is repealed.

3 (dd) 1969 ASSISTANCE ACT.—The Foreign Assist-
4 ance Act of 1969 is repealed except for the first section
5 and part IV.

6 (ee) 1968 ASSISTANCE ACT.—The Foreign Assist-
7 ance Act of 1968 is repealed.

8 (ff) 1964 ASSISTANCE ACT.—The Foreign Assistance
9 Act of 1964 is repealed.

10 (gg) LATIN AMERICAN DEVELOPMENT ACT.—The
11 Latin American Development Act is repealed.

12 (hh) 1959 MUTUAL SECURITY ACT.—The Mutual
13 Security Act of 1959 is repealed.

14 (ii) 1954 MUTUAL SECURITY ACT.—Section 402 and
15 section 417 of the Mutual Security Act of 1954 are re-
16 pealed.

17 (jj) 1979 REORGANIZATION PLAN.—Reorganization
18 Plan No. 2 of 1979 is repealed.

19 **TITLE VII—SPECIAL ASSISTANCE INITIATIVES**
20 **CHAPTER 1—DEVELOPMENT FUND FOR AFRICA**
21 **SEC. 701. DEVELOPMENT ASSISTANCE FOR SUB-SAHARAN**
22 **AFRICA.**

23 (a) AUTHORITY TO FURNISH ASSISTANCE.—Project
24 and program assistance are authorized to be furnished for
25 development in sub-Saharan Africa.

1 (b) PURPOSE OF ASSISTANCE.—

2 (1) PURPOSE.—The purpose of assistance
3 under this section shall be to help the poor majority
4 of men and women in sub-Saharan Africa to partici-
5 pate in a process of development through economic
6 growth that is equitable, participatory, environmen-
7 tally sustainable and self-reliant.

8 (2) USE OF ASSISTANCE TO ENCOURAGE PRI-
9 VATE SECTOR DEVELOPMENT.—Assistance provided
10 under this section should, in a manner consistent
11 with paragraph (1), be used to promote sustained
12 economic growth, encourage private sector develop-
13 ment, promote individual initiatives, and help to re-
14 duce the role of central governments in areas more
15 appropriate for the private sector.

16 (c) APPLICATION OF FOREIGN ASSISTANCE ACT
17 GOALS.—Assistance under this section shall be provided
18 consistent with the goals set forth in section 1 of the For-
19 eign Assistance Act of 1961.

20 (d) PRIVATE VOLUNTARY ORGANIZATIONS.—

21 (1) CONSULTATION TO ENSURE LOCAL PER-
22 SPECTIVES.—The local level perspectives of the rural
23 and urban poor in sub-Saharan Africa, including
24 women, should be taken into account during the
25 planning process for project and program assistance

1 under this section. In order to gain that perspective
2 consultations should be undertaken with African,
3 United States, and other private voluntary organiza-
4 tions which have demonstrated effectiveness in or
5 commitment to the promotion of local, grassroots ac-
6 tivities on behalf of development in sub-Saharan Af-
7 rica as described in subsection (b).

8 (2) DEFINITION OF PRIVATE VOLUNTARY ORGA-
9 NIZATION.—For purposes of this section, the term
10 ‘private voluntary organization’ includes (in addition
11 to entities traditionally considered to be private vol-
12 untary organizations) cooperatives, credit unions,
13 trade unions, women’s groups, nonprofit develop-
14 ment research institutions, and indigenous local or-
15 ganizations, which are private and nonprofit.

16 (e) LOCAL INVOLVEMENT IN PROJECT IMPLEMENTA-
17 TION.—Local people, including women, should be closely
18 consulted and involved in the implementation of projects
19 under this section that have a local focus.

20 (f) PARTICIPATION OF AFRICAN WOMEN.—The
21 President should ensure that development activities assist-
22 ed under this section incorporate a significant expansion
23 of the participation (including decisionmaking) and inte-
24 gration of African women in each of the critical sectors
25 described in subsection (h).

1 (g) TYPES OF ASSISTANCE AUTHORIZED.—

2 (1) PROJECTS AND PROGRAMS TO ADDRESS
3 CRITICAL SECTORAL PRIORITIES.—Assistance under
4 this section shall emphasize primarily projects and
5 programs to address critical sectoral priorities for
6 development described in subsection (h).

7 (2) REFORM OF ECONOMIC POLICIES.—

8 (A) USE OF PROGRAM ASSISTANCE.—As-
9 sistance under this section may include pro-
10 gram assistance to promote reform of sectoral
11 economic policies affecting long-term develop-
12 ment described in sub-Saharan Africa as de-
13 scribed in subsection (b), with primary empha-
14 sis on reform of economic policies to support
15 the critical sectoral priorities described in sub-
16 section (h).

17 (B) PROTECTION OF VULNERABLE
18 GROUPS.—Assisted policy reforms shall also in-
19 clude provisions to protect vulnerable groups
20 (especially poor, isolated, and female farmers,
21 children (including displaced children) and the
22 urban poor) and long-term environmental inter-
23 ests from foreseeable negative consequences of
24 the reforms.

1 (3) OTHER ASSISTANCE.—Funds made avail-
2 able to carry out this section that are not used to
3 address the critical sectoral priorities for long-term
4 development described in subsection (h) shall be
5 used to furnish assistance in accordance with section
6 1101 of the Foreign Assistance Act of 1961.

7 (h) CRITICAL SECTORAL PRIORITIES.—The critical
8 sectoral priorities for long-term development as described
9 in subsection (b) are the following:

10 (1) AGRICULTURAL PRODUCTION AND NATURAL
11 RESOURCES.—

12 (A) AGRICULTURAL PRODUCTION.—In-
13 creasing agricultural production in ways that
14 protect or restore the natural resource base, es-
15 pecially food production, including through agri-
16 cultural policy changes, agricultural research
17 (including participatory research directly involv-
18 ing small farmers) and extension, development
19 and promotion of agriculture marketing activi-
20 ties, credit facilities, and appropriate production
21 packages, and the construction and improve-
22 ment of needed production-related infrastruc-
23 ture such as farm-to-market roads, small-scale
24 irrigation, and rural electrification. Emphasis
25 shall be given to promoting increased equity in

1 rural income distribution, recognizing the role
2 of small farmers.

3 (B) NATURAL RESOURCE BASE.—Main-
4 taining and restoring the renewable natural re-
5 source base in ways which increase agricultural
6 production, including through the following:

7 (i) Support for small-scale, affordable,
8 resource-conserving, low-risk local projects,
9 using appropriate technologies (including
10 traditional agricultural methods) suited to
11 local environmental, resource, and climatic
12 conditions, and featuring close consultation
13 with and involvement of local people at all
14 stages of project design and implementa-
15 tion. Emphasis shall be given to grants for
16 African local government organizations,
17 international or African nongovernmental
18 organizations, and United States private
19 voluntary organizations.

20 (ii) Support for efforts at national
21 and regional levels to provide technical and
22 other support for projects of the kinds de-
23 scribed in clause (i) and to strengthen the
24 capacities of African countries to provide
25 effective extension and other services in

1 support of environmentally sustainable in-
2 creases in food production.

3 (iii) Support for special training and
4 education efforts to improve the capacity
5 of countries in sub-Saharan Africa to man-
6 age their own environments and natural
7 resources.

8 (iv) Support for low-cost desalination
9 activities in order to increase the availabil-
10 ity of freshwater sources in sub-Saharan
11 Africa.

12 (2) HEALTH.—Improving health conditions,
13 with special emphasis on meeting the health needs of
14 mothers and children (including displaced children)
15 through the establishment of primary health care
16 systems that give priority to preventive health and
17 that will be ultimately self-sustaining.

18 (3) VOLUNTARY FAMILY PLANNING SERV-
19 ICES.—Providing increased access to, and stimulat-
20 ing the demand for, voluntary family planning serv-
21 ices, including encouragement of private, community,
22 and local government initiatives.

23 (4) EDUCATION.—Improving the relevance, eq-
24 uity, and efficiency of education, with special empha-
25 sis on improving primary education.

1 (5) INCOME-GENERATING OPPORTUNITIES.—

2 Developing income-generating opportunities for the
3 unemployed and underemployed in urban and rural
4 areas through, among other things, support for off-
5 farm employment opportunities in micro- and small-
6 scale labor-intensive enterprises.

7 (i) MINIMUM LEVELS OF ASSISTANCE FOR CERTAIN
8 CRITICAL SECTORS.—The President should target the
9 equivalent of 10 per centum of the amount appropriated
10 for each fiscal year to carry out this chapter for each of
11 the following:

12 (1) The activities described in subsection
13 (h)(1)(B), including identifiable components of agri-
14 cultural production projects.

15 (2) The activities described in subsection (h)(2).

16 (3) The activities described in subsection (h)(3).

17 (j) EFFECTIVE USE OF ASSISTANCE.—Assistance
18 provided under this section should be concentrated in
19 countries that will make the most effective use of such
20 assistance in order to fulfill the purpose specified in sub-
21 section (b), especially those countries (including those of
22 the Sahel region) having the greatest need for outside as-
23 sistance.

24 (k) PROMOTION OF REGIONAL INTEGRATION.—As-
25 sistance under this section should, to the extent consistent

1 with this section, include assistance to promote the region-
2 al and subregional integration of African production struc-
3 tures, markets, and infrastructure.

4 (l) DONOR COORDINATION MECHANISM.—Funds
5 made available to carry out this section may be used to
6 assist the governments of countries in sub-Saharan Africa
7 to increase their capacity to participate effectively in donor
8 coordination mechanisms at the country, regional, and sec-
9 tor levels.

10 (m) SUPPORT FOR SADCC PROJECTS.—

11 (1) AUTHORITY TO PROVIDE ASSISTANCE.—
12 Funds made available to carry out this section may
13 be used to assist sector projects, in the sectors speci-
14 fied in paragraph (2) of this section, that are sup-
15 ported by the Southern Africa Development Coordi-
16 nation Conference (SADCC) to enhance the econom-
17 ic development of the member states forming that
18 regional institution.

19 (2) SECTORS.—The sectors with respect to
20 which assistance may be provided under this subsec-
21 tion may include the following: transportation; man-
22 power development; agriculture and natural re-
23 sources; energy (including the improved utilization of
24 electrical power sources which already exist in the
25 member states and offer the potential to swiftly re-

1 duce the dependence of those states on South Africa
2 for electricity); and industrial development and trade
3 (including private sector initiatives).

4 (3) RELATION TO DEVELOPMENT POLICIES AND
5 AUTHORITIES.—To the maximum extent feasible, the
6 assistance authorized by this subsection shall be pro-
7 vided consistent with the policies and authorities
8 contained in the preceding subsections of this sec-
9 tion.

10 (4) RELATIONSHIP TO CERTAIN PROVISIONS OF
11 LAW.—Assistance may be furnished for activities
12 under this subsection notwithstanding section 4203
13 of the Foreign Assistance Act of 1961 or any similar
14 provisions of law that prohibit providing assistance
15 to countries in default on obligations owed to the
16 United States.

17 (o) SOUTH AFRICA.—

18 (1) Assistance under this section, and under
19 chapter 3 of title I of the Foreign Assistance Act of
20 1961, may be provided for South Africa as follows:

21 (A) for grants to nongovernmental organi-
22 zations in South Africa promoting political, eco-
23 nomic, social, juridical, and humanitarian ef-
24 forts to foster a just society and help the vic-
25 tims of apartheid;

1 (B) for direct legal and other assistance to
2 political detainees and prisoners and their fami-
3 lies, including the investigation of the killing of
4 protesters and prisoners; and to provide support
5 for actions of black-led community organiza-
6 tions to resist, through nonviolent means, the
7 enforcement of apartheid policies;

8 (C) for activities, notwithstanding any
9 other provision of law, that are consistent with
10 the objective of a majority of South Africans for
11 an end to the apartheid system and the estab-
12 lishment of a society based on nonracial princi-
13 ples, and which may include scholarships, as-
14 sistance to promote the participation of disad-
15 vantaged South Africans in trade unions and
16 private enterprise and alternative education and
17 community development programs.

18 (2) LIMITATIONS AND AUTHORITIES.—Grants
19 may be made under paragraphs (1) (A) and (B) only
20 for organizations whose character and membership
21 reflect the objective of a majority of South Africans
22 for an end to the apartheid system of separate devel-
23 opment and for interracial cooperation and justice.

24 (p) RELATION TO OTHER AUTHORITIES.—

1 (1) **CENTRAL PROGRAMS.**—The authority
2 granted by this section to provide assistance for de-
3 velopment in sub-Saharan Africa is not intended to
4 preclude the use of other authorities for that pur-
5 pose. Centrally funded programs which benefit sub-
6 Saharan Africa shall continue to be funded under
7 the development assistance program under this title.

8 (2) **FOREIGN ASSISTANCE ACT OF 1961.**—Ex-
9 cept to the extent inconsistent with this chapter—

10 (A) assistance under this chapter shall be
11 considered to be economic assistance under title
12 I of the Foreign Assistance Act of 1961 for
13 purposes of making available the provisions
14 contained in that or other Acts, except that the
15 provisions of section 4304 of such Act shall not
16 be applicable to assistance under this chapter;

17 (B) the provisions of section 5402 of the
18 Foreign Assistance Act of 1961, and similar
19 provisions of law relating to the procurement of
20 goods and services, shall not apply with respect
21 to goods and services procured for use in carry-
22 ing out this chapter.

1 **SEC. 702. AUTHORIZATION OF APPROPRIATIONS FOR AS-**
2 **SISTANCE FOR SUB-SAHARAN AFRICA.**

3 There are authorized to be appropriated to the Presi-
4 dent to carry out section 701, \$800,000,000 for fiscal year
5 1992. Amounts authorized to be appropriated by this sec-
6 tion are authorized to remain available until expended.

7 **SEC. 703. REPORTS AND EVALUATIONS.**

8 (a) **ANNUAL CONGRESSIONAL PRESENTATION DOCU-**
9 **MENTS.**—The President shall submit congressional pres-
10 entation documents regarding programs under this chap-
11 ter on the same basis as the President submits such docu-
12 ments under section 4301 of the Foreign Assistance Act
13 of 1961 regarding programs under chapters 2 and 3 of
14 that Act. In addition, the President shall include a de-
15 scription of the progress made during the previous fiscal
16 year in carrying out this chapter in three countries in sub-
17 Saharan Africa which represent differing economic situa-
18 tions and levels of programs. This description shall
19 include—

20 (1) the nature and extent of consultation to en-
21 sure local perspectives as described in subsections
22 (d)(1) and (e) of section 701;

23 (2) the degree of involvement of local people in
24 the implementation of projects having a local focus;

25 (3) the extent to which there has been an ex-
26 pansion of the participation and integration of Afri-

1 can women in each of the critical sectors specified in
2 subsection (h) of section 701;

3 (4) program assistance provided, including the
4 amounts obligated, the criteria used for assisting re-
5 forms, and the provisions made pursuant to section
6 701(g)(2)(B) to protect vulnerable groups from the
7 possible negative consequences of the reforms; and

8 (5) a description of the assistance for the criti-
9 cal sectoral priorities specified in section 701(h), by
10 sector, including the amounts obligated.

11 (b) EVALUATIONS.—It is the sense of the Congress
12 that there should be periodic evaluations of the progress
13 of the administering agency in achieving the purpose spec-
14 ified in section 701(b).

15 **CHAPTER 2—ASSISTANCE FOR EASTERN EUROPE**
16 **SEC. 711. UNITED STATES POLICY REGARDING EASTERN**
17 **EUROPE.**

18 (a) IN GENERAL.—It should be the policy of the
19 United States to facilitate the reintegration of the East
20 European countries into the community of democratic na-
21 tions and to end the artificial division of Europe. United
22 States programs can continue to make a substantial con-
23 tribution to these objectives by building on earlier initia-
24 tives, including important ongoing initiatives that were es-
25 tablished under the Support for East European Democra-

1 cy (SEED) Act of 1989. In furtherance of these objec-
2 tives, the United States should support economic and po-
3 litical reform in East European countries, both through—

4 (1) the provision of assistance to governments
5 and private individuals and entities in those coun-
6 tries, and

7 (2) the promotion of a United States commer-
8 cial presence in those countries.

9 (b) ASSISTANCE.—Pursuant to subsection (a)(1), the
10 United States should provide assistance for eligible East
11 European countries under the authorities of this Act to
12 the extent that such countries are taking steps toward—

13 (1) political pluralism, based on progress toward
14 free and fair elections and a multiparty political sys-
15 tem.

16 (2) economic reform, based on progress toward
17 a market-oriented economy;

18 (3) respect for internationally recognized
19 human rights; and

20 (4) a willingness to build a friendly relationship
21 with the United States.

22 (c) DEFINITION OF “ELIGIBLE EAST EUROPEAN
23 COUNTRY”.—

24 (1) For purposes of this Act, the term “eligible
25 East European country” means—

1 (A) Poland, Hungary, Czechoslovakia, Bul-
2 garia; Romania; and

3 (B) any other East European country if
4 the President has determined that such country
5 is taking the steps described in subsection (b).

6 (2) Yugoslavia shall also be considered to be an
7 "eligible East European country" for purposes of
8 this Act, unless the President determines that it is
9 not taking the steps described in subsection (b).

10 **SEC. 712. BASIC OBJECTIVES OF ASSISTANCE.**

11 (a) **BASIC OBJECTIVES.**—In furtherance of the policy
12 contained in section 711, assistance programs authorized
13 by this Act shall have as their purposes the enhancement
14 of the ability of the countries of Eastern Europe and
15 Yugoslavia to address the following two interrelated and
16 mutually reinforcing objectives.

17 (1) **PROMOTION OF DEMOCRACY.**—Fostering
18 political pluralism, the development of open and
19 independent media, and the establishment of an
20 open, accessible, fair, and predictable rule of law
21 that values individual liberty and respect for individ-
22 ual property, and that facilitates the functioning of
23 democratic and free market systems.

24 (2) **ENCOURAGEMENT OF FREE MARKET SYS-**
25 **TEMS.**—Fostering market-oriented economies and

1 free enterprise based on the principle of private own-
2 ership of property, consistent with sound environ-
3 mental policies, thereby facilitating and expanding
4 the participation of the local private sector in the de-
5 mocratization process and enhancing the ability of
6 the private sector in the United States and other
7 free market countries to participate in that process.

8 (b) DEMOCRACY.—Democratic development, political
9 pluralism, and respect for internationally recognized
10 human rights are intrinsically linked to economic and so-
11 cial progress. It is in the United States interest and in
12 keeping with our democratic tradition to foster the spread
13 of democratic values and aspirations and universal respect
14 for civil and political liberties. While this is true world-
15 wide, it is especially important in the newly emerging
16 democratic nations within Eastern Europe and Yugo-
17 slavia.

18 (1) ELABORATION OF OBJECTIVE.—Activities in
19 furtherance of this objective would promote—

20 (A) the ability of all citizens to organize
21 and associate freely and independently of gov-
22 ernment;

23 (B) the ability of all citizens to speak and
24 travel freely;

1 (C) the right to choose freely one's govern-
2 ment, to hold that government accountable, and
3 to participate in political life;

4 (D) the full observance of internationally
5 recognized human rights; and

6 (E) the growth of indigenous nongovern-
7 mental organizations that are committed to
8 democratic value and active in the promotion of
9 pluralism.

10 (2) TYPES OF ASSISTANCE.—In pursuing the
11 above objective the President is authorized to under-
12 take actions such as—

13 (A) assisting in election activities to ensure
14 open and free elections and nationwide dissemi-
15 nation of information;

16 (B) strengthening newly established demo-
17 cratic institutions such as democratically elected
18 legislatures and local governments, independent
19 judiciaries, government administrative entities,
20 and unions; and enhancing the effectiveness and
21 impartiality of the administration of justice and
22 law enforcement;

23 (C) strengthening nongovernmental organi-
24 zations such as professional associations, indig-

1 enous private voluntary organizations, and inde-
2 pendent institutions and foundations;

3 (D) encouraging involvement of United
4 States nongovernmental agencies, foundations
5 and institutions to participate in promoting
6 democratic pluralism within these countries;

7 (E) promoting cultural and educational ex-
8 changes;

9 (F) promoting the establishment of open
10 and independent media; and

11 (G) promoting democratic civilian control
12 over its military and law enforcement institu-
13 tions.

14 (c) **FREE MARKET SYSTEMS.**—Establishment of a
15 free enterprise, market economy is a key component of
16 long-term sustainable growth of any nation. To be sustain-
17 able, such economic growth also must be environmentally
18 sound. As the Eastern European countries and Yugoslavia
19 abandon government-controlled pricing and allocation sys-
20 tems, they will be in a position to benefit from the experi-
21 ence of the United States and other democracies in operat-
22 ing market-oriented economies.

23 (1) **ELABORATION OF OBJECTIVE.**—Promoting a
24 free market system covers a broad spectrum of ac-
25 tivities which would include—

1 (A) establishing policies, legal and regula-
2 tory frameworks, and financial institutions and
3 markets to address the structural problems in-
4 hibiting the development of free market econo-
5 mies;

6 (B) developing the indigenous private sec-
7 tor, mobilizing United States private sector in-
8 vestment and trade, and advancing United
9 States business interests;

10 (C) developing human resources required
11 by free market economies;

12 (D) providing support for the transition to
13 market-oriented economic systems and a private
14 agricultural sector through the provision of es-
15 sential goods and services such as farm equip-
16 ment, feed grains, food assistance, and fertiliz-
17 ers;

18 (E) improving environmental conditions;

19 (F) providing for labor market reform;

20 (G) providing for a social safety net to pro-
21 tect the health and welfare of persons most in
22 need; and

23 (H) providing for the active engagement of
24 the United States private sector in technical as-
25 sistance efforts and infrastructure development

1 projects, and encouraging the development of
2 United States investment in the region.

3 (2) TYPES OF ASSISTANCE.—In pursuing the
4 above objective, the President is authorized or en-
5 couraged to undertake such actions as—

6 (A) support for International Monetary
7 Fund and International Bank for Reconstruc-
8 tion and Development agreements;

9 (B) support for participation in other mul-
10 tilateral institutions and in stabilization and
11 structural adjustment programs, and for debt
12 relief;

13 (C) provision of most-favored-nation status
14 and benefits under the Generalized System of
15 Preferences consistent with existing legislation;

16 (D) encouragement of trade, investment,
17 and economic agreements;

18 (E) mobilization of capital for private sec-
19 tor investment through such vehicles as enter-
20 prise funds, guarantees, financial and capital
21 market development;

22 (F) provision of technical assistance, tech-
23 nical training and scholarships in relevant areas
24 such as management, banking, economics, pro-

1 curement, accounting, agribusiness, law, and
2 privatization;

3 (G) provision of food assistance under the
4 Agricultural Trade Development and Assistance
5 Act of 1954 and other food assistance pro-
6 grams, consistent with the need to avoid disin-
7 centives to domestic production and marketing;

8 (H) provision of technical assistance for
9 the implementation of labor market reforms
10 and to facilitate adjustment during economic
11 transition and reform;

12 (I) encouragement and support of small
13 and medium sized United States firm activities
14 in Eastern Europe and Yugoslavia, and encour-
15 agement of the entry of United States firms
16 into the market to stimulate increased bilateral
17 trade and investment in ways that encourage
18 the growth of the private sector; and

19 (J) promotion of sound environmental poli-
20 cies and practices that address the problems of
21 environmental pollution.

22 (d) **EXTRAORDINARY NATURE OF ASSISTANCE.**—The
23 Congress recognizes that—

24 (1) change is occurring quickly but unevenly in
25 Yugoslavia and the countries of Eastern Europe,

1 and it has not been possible, and will not be possi-
2 ble, to anticipate with certainty how United States
3 assistance would best serve to facilitate the political
4 and economic democratization processes in Eastern
5 Europe and Yugoslavia;

6 (2) the pace of events in Eastern Europe and
7 Yugoslavia requires that the President have the abil-
8 ity to provide United States assistance and resources
9 expeditiously if the United States is to be able to in-
10 fluence events as they occur;

11 (3) the ability of the United States to partici-
12 pate effectively in the rebuilding of Eastern Europe
13 and Yugoslavia will be directly related to how well
14 United States assistance efforts are coordinated and
15 integrated with the similar activities of friendly and
16 allied donor countries, and international financial in-
17 stitutions; and

18 (4) the success of United States efforts to en-
19 courage political, economic, and social change de-
20 pends in large measure on providing the President
21 with the authority to use the resources available to
22 him in those countries of Eastern Europe and in
23 Yugoslavia, and for activities in those countries,
24 which will most effectively promote the objectives of

1 this Act and the Support for East European Democ-
2 racy (SEED) Act of 1989.

3 **SEC. 713. ASSISTANCE ACTIVITIES.**

4 (a) **AUTHORITY.**—In order to carry out section 712
5 to foster the transition of the countries of Eastern Europe
6 and Yugoslavia to a system of free market economies and
7 to political democratization, the President is authorized to
8 furnish assistance notwithstanding any other provision of
9 law for eligible East European countries. Such assistance
10 may include any of the SEED Actions contained in section
11 2(c) of the Support for East European Democracy
12 (SEED) Act of 1989, such as—

13 (1) technical assistance and training, including
14 such activities as support for labor activities, schol-
15 arship programs, medical assistance, and support for
16 private sector development;

17 (2) technical and other assistance to support
18 housing sectors;

19 (3) environment and energy activities, including
20 such activities as assistance in developing policies
21 encouraging, and providing incentives for, greater ef-
22 ficiency in energy production, distribution, and end-
23 use (including use of integrated energy resource
24 planning), heightened awareness of energy security
25 concerns, conservation, advanced energy resource de-

1 velopment, and reliance on renewable energy re-
2 sources, and further including training and technical
3 assistance for related energy and environmental in-
4 vestments, waste minimization, local production of
5 environmental or energy-related equipment, promo-
6 tion of United States technologies, and health prob-
7 lems directly associated with pollution;

8 (4) activities to foster democratic pluralism, in-
9 cluding such activities as support for democratic or-
10 ganizations, independent media, national legislatures
11 (including exchanges involving members, staff, and
12 support agencies of Congress and the parliaments of
13 Eastern Europe), rule of law, educational reform,
14 and local government;

15 (5) the Polish-American and Hungarian-Ameri-
16 can Enterprise Funds, and other Enterprise Funds
17 as may be designated under section 714;

18 (6) other private enterprise activities, including
19 such activities as technical assistance and training
20 for development of market-oriented policies, restruc-
21 turing and creation of financial institutions (such as
22 stock markets, insurance companies and banks), cre-
23 ation and management of private business organiza-
24 tions, and privatization of state businesses and orga-
25 nizations; and

1 (7) agricultural and rural development activi-
2 ties, including such activities as technical assistance
3 and training for development of rural economies and
4 market-oriented policies, restructuring and creation
5 of agricultural financial institutions and marketing
6 systems, development of food processing, food trans-
7 port and food storage systems, creation and manage-
8 ment of agribusiness organization (including farmer-
9 owned cooperatives) and privatization of state farms,
10 agribusiness and credit institutions, and other activi-
11 ties that would strengthen private agriculture.

12 (b) **APPLICABILITY OF SEED ACT TO ELIGIBLE**
13 **EAST EUROPEAN COUNTRIES.—**

14 (1) Subject to section 714 of this Act, any au-
15 thority in the Support for East European Democra-
16 cy (SEED) Act of 1989 to provide assistance for, or
17 take other action with respect to, Poland or Hunga-
18 ry may be deemed to be an authority to provide
19 similar assistance for, or take similar action with re-
20 spect to, any eligible East European country.

21 (2) In addition, upon enactment of this Act, the
22 President is authorized to use any funds made avail-
23 able for Assistance for Eastern Europe under the
24 Foreign Operations, Export Financing, and Related
25 Programs Appropriations Act, 1991, to provide bal-

1 ance of payments support with respect to any eligi-
2 ble East European country.

3 (c) **STABILIZATION ASSISTANCE.**—It is the sense of
4 Congress that the President should use the authorities
5 provided under the Support for East European Democracy
6 (SEED) Act of 1989 (including those provided under sec-
7 tions 101(b) and 102) and this chapter (including those
8 provided under section 712(c)) to provide stabilization as-
9 sistance, including by working with multilateral groups to
10 provide timely and appropriate resources and coordinated
11 policies to assist Hungary, Czechoslovakia, and other eligi-
12 ble East European countries as the President deems ap-
13 propriate.

14 (d) **AUTHORIZATION OF APPROPRIATIONS.**—For pur-
15 poses of providing assistance authorized by this chapter,
16 there are authorized to be appropriated to the President
17 \$400,000,000 for fiscal year 1992. Amounts authorized
18 to be appropriated by this subsection are authorized to
19 remain available until expended.

20 **SEC. 714. ENTERPRISE FUNDS.**

21 (a) **AUTHORITY.**—The President may provide funds
22 and support to Enterprise Funds designated in accordance
23 with subsection (d) that are established for the purposes
24 of promoting—

1 (1) development of the private sectors of eligible
2 East European countries, including small businesses,
3 the agricultural sector, and joint ventures with Unit-
4 ed States and host country participants; and

5 (2) policies and practices conducive to private
6 sector development in eligible East European coun-
7 tries;

8 on the same basis as funds and support may be provided
9 with respect to Enterprise Funds for Poland and Hungary
10 under the Support for East European Democracy (SEED)
11 Act of 1989.

12 (b) TREATMENT EQUIVALENT TO ENTERPRISE
13 FUNDS FOR POLAND AND HUNGARY.—Except as other-
14 wise specifically provided in this section, each of the au-
15 thorities and limitations applicable to the Enterprise
16 Funds for Poland and Hungary pursuant to the Support
17 for East European Democracy (SEED) Act of 1989 shall
18 apply to any Enterprise Funds that receive funds and sup-
19 port under this section. The officers, members or employ-
20 ees of an Enterprise Fund that receives funds and support
21 under this section shall enjoy the same status under law
22 that is applicable to officers, members, or employees of
23 the Enterprise Funds for Poland and Hungary under the
24 Support for East European Democracy (SEED) Act of

1 1989, including without limitation the status that they
2 have pursuant to section 201(d)(5) of that Act.

3 (c) REPORTING REQUIREMENT.—Notwithstanding
4 any other provision of this section or section 201 of the
5 Support for East European Democracy (SEED) Act of
6 1989, the requirement that an Enterprise Fund that re-
7 ceives funds and support under this section shall be re-
8 quired to publish an annual report not later than January
9 31 each year shall not apply with respect to an Enterprise
10 Fund that receives funds and support under this section
11 for the first twelve months after it is designated as eligible
12 to receive such funds and support.

13 (d) COUNTRIES ELIGIBLE FOR ENTERPRISE
14 FUND.—The President is authorized to designate a pri-
15 vate, nonprofit organization as eligible to receive funds
16 and support pursuant to this section with respect to any
17 country in Eastern Europe or Yugoslavia in the same
18 manner and with the same limitations as set forth in sec-
19 tion 201(d) of the Support for East European Democracy
20 (SEED) Act of 1989.

21 (e) FUNDING.—Funds authorized to be appropriated
22 under section 713 of this chapter may be made available
23 to Enterprise Funds designated by the President under
24 subsection (d), and used for the purposes of this section
25 notwithstanding any other provision of law.

1 **SEC. 715. PROGRAM ADMINISTRATION.**

2 (a) **AUTHORITY OF UNITED STATES GOVERNMENT**
3 **AGENCIES.**—United States Government agencies which
4 are authorized to provide assistance or conduct programs
5 for Poland or Hungary under the provisions of the Sup-
6 port for East European Democracy (SEED) Act of 1989
7 are hereby authorized, notwithstanding any other provi-
8 sion of law, to provide such assistance or conduct such
9 programs as the President may determine for eligible East
10 European countries. Any administrative authorities pro-
11 vided by the SEED Act available to any such agency to
12 assist it to carry out programs for Poland or Hungary
13 shall be applicable for programs, as designated by the
14 President, for other eligible East European countries.

15 (b) **PRIVATE SECTOR DEVELOPMENT.**—The Presi-
16 dent may authorize such agency or agencies as he may
17 designate to develop and implement, in consultation with
18 representatives of business organizations in the United
19 States, programs for management and technical assistance
20 to governments and private enterprises in Eastern Euro-
21 pean countries and Yugoslavia.

22 (c) **PERSONAL SERVICES.**—Appropriations to carry
23 out the provisions of this chapter may be made available
24 for contracting with individuals for personal services
25 abroad or in the United States; provided that such individ-
26 uals shall not be regarded as employees of the United

1 States Government for the purpose of any law adminis-
2 tered by the Office of Personnel Management.

3 (d) **RELATIONSHIP TO THE FOREIGN ASSISTANCE**
4 **ACT OF 1961.**—Except to the extent inconsistent with this
5 chapter, assistance under this chapter shall be considered
6 to be economic assistance under title I of the Foreign As-
7 sistance Act of 1961 for purposes of making available the
8 authorities contained in that or other Acts (including the
9 authority of the President under section 5201 of the For-
10 eign Assistance Act of 1961 to allocate or transfer to any
11 agency any part of those funds).

12 **CHAPTER 3—MULTILATERAL ASSISTANCE**

13 **INITIATIVE FOR THE PHILIPPINES**

14 **SEC. 721. FINDINGS AND STATEMENT OF POLICY.**

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

17 (1) The people of the Philippines and the peo-
18 ple of the United States continue to enjoy a long-
19 standing relationship of mutual respect and coopera-
20 tion.

21 (2) The return of democracy to the Philippines
22 under the leadership of President Corazon Aquino
23 has brought the Philippines and the United States
24 closer together and offers an opportunity to the

1 Philippines to become again an economic, social, and
2 political leader in Southeast Asia.

3 (3) The Philippines is currently facing a domes-
4 tic insurgency that threatens the efforts of the Gov-
5 ernment of the Philippines to broaden the participa-
6 tion of the people of the Philippines in the develop-
7 ment of their country.

8 (4) It is in the mutual interest of our two peo-
9 ples that the Philippines be provided all possible as-
10 sistance in its efforts to redress the problems caused
11 by economic deterioration and social inequity which
12 have fueled the domestic insurgency.

13 (5) The promotion of democracy and achieve-
14 ment of sustainable economic growth require a part-
15 nership among the Philippines, multilateral institu-
16 tions, bilateral donors, and the private sector to help
17 the Philippines restructure its economy and address
18 its debt service burden in order to achieve broadly
19 based, self-sustaining growth and to improve the
20 quality of life of the people of the Philippines.

21 (b) SENSE OF CONGRESS.—It is the sense of the Con-
22 gress that—

23 (1) the United States should continue to par-
24 ticipate with the multilateral financial institutions
25 and other bilateral donors in a coordinated economic

1 reform and development program in the Philippines;
2 and

3 (2) the commitment of resources by the United
4 States, other bilateral donors, and the multilateral
5 financial institutions and a reform effort and leader-
6 ship role by the Government of the Philippines will
7 continue to be necessary in order to ensure economic
8 growth in the Philippines and enhanced participation
9 of the people of the Philippines in the democratic
10 process.

11 **SEC. 722. ASSISTANCE.**

12 (a) **AUTHORITY.**—The President is authorized to pro-
13 vide assistance to carry out this chapter in order to pro-
14 mote the goals set forth in section 1 of the Foreign Assist-
15 ance Act of 1961. Such assistance shall have as its ulti-
16 mate objective, in conjunction with assistance provided by
17 other donors, support of democracy in the Philippines,
18 promotion of sustained economic growth led by the private
19 sector, and improvement of living conditions for the people
20 of the Philippines, and shall build upon the progress that
21 the Government of the Philippines has made in the devel-
22 opment and implementation of economic, structural, judi-
23 cial, and administrative reforms.

24 (b) **PROGRESS OF REFORMS NECESSARY FOR PROVI-**
25 **SION OF ASSISTANCE.**—The provision of assistance under

1 this chapter shall be linked to progress by the Government
2 of the Philippines in the implementation of its economic,
3 structural; judicial, and administrative reform program.

4 (c) **USES OF ASSISTANCE.**—Assistance under this
5 chapter may include support for—

6 (1) economic, structural, and administrative re-
7 forms that are necessary to stimulate growth led by
8 the private sector, import liberalization, export
9 growth and diversification, and the privatization of
10 enterprises owned or controlled by the government;

11 (2) infrastructure needed by the private sector,
12 particularly in rural areas;

13 (3) strengthening the private sector, including
14 promoting greater participation of the United States
15 private sector in the development of the Philippines;
16 and

17 (4) such other programs as are consistent with
18 the purposes of this chapter.

19 **SEC. 723. REPORT TO CONGRESS.**

20 The President shall submit congressional presenta-
21 tion documents regarding programs under this chapter on
22 the same basis as the President submits such documents
23 under section 4301 of the Foreign Assistance Act of 1961
24 regarding programs under chapters 1 and 3 of title I of
25 that Act.

1 **SEC. 724. AUTHORIZATION OF APPROPRIATIONS; AUTHORI-**
2 **TIES.**

3 (a) **AUTHORIZATION.**—There are authorized to be ap-
4 propriated to the President to carry out this chapter (in-
5 clusive of amounts previously appropriated),
6 \$1,000,000,000, of which not more than \$160,000,000
7 may be appropriated under this section for fiscal year
8 1992. Amounts authorized to be appropriated by this sub-
9 section are in addition to amounts otherwise available for
10 such purposes and authorized to remain available until ex-
11 pended.

12 (b) Except to the extent inconsistent with this chap-
13 ter, assistance under this chapter shall be considered to
14 be economic assistance under title I of the Foreign Assist-
15 ance Act of 1961 for purposes of making available the pro-
16 visions contained in that or other Acts.

17 **SEC. 725. APPROPRIATIONS IN FUTURE YEARS.**

18 It is the sense of the Congress that, before requesting
19 the appropriation of additional amounts to carry out this
20 chapter, the President should take into account the
21 progress being made by the Government of the Philippines
22 toward achieving the reform objectives of this chapter, the
23 extent of financial and other participation of other bilater-
24 al donors and multilateral financial institutions, and ef-
25 forts to coordinate the multilateral assistance program for
26 which assistance under this chapter is authorized. Such

1 considerations will be primary factors in decisions by the
2 Congress to provide additional appropriations to carry out
3 this chapter.

4 **SEC. 726. DONOR COORDINATION.**

5 It is the sense of the Congress that critical to the
6 success of the multilateral assistance program for which
7 assistance under this chapter is authorized will be the abil-
8 ity of the bilateral donors, the multilateral financial insti-
9 tutions, and the Government of the Philippines to coordi-
10 nate effectively their objectives and programs. It is further
11 the sense of the Congress that all bilateral donors to this
12 multilateral assistance program should take steps to sim-
13 plify procurement and disbursement procedures and to en-
14 sure that any conditions on the provision or use of assist-
15 ance are complementary, and that the Government of the
16 Philippines should establish such internal procedures and
17 processes as will ensure the most effective use of the re-
18 sources provided by the bilateral donors and the multilat-
19 eral financial institutions.

20 **TITLE VIII—PRESIDENTIAL CONTINGENCY**

21 **FUND**

22 **SEC. 801. AUTHORITY.**

23 There are authorized to be appropriated to the Presi-
24 dent, in order to meet unanticipated contingencies in pro-
25 grams within the International Affairs Budget Function,

1 \$20,000,000 for the fiscal year 1992 to remain available
2 until expended. Amounts appropriated under this section
3 are authorized to be made available notwithstanding any
4 other provision of law.

5 **TITLE IX—AUTHORIZATIONS FOR FISCAL YEAR**

6 **1993**

7 **SEC. 901. AUTHORIZATIONS.**

8 Consistent with the Budget Enforcement Act of 1990
9 (Public Law 101-508), there are authorized to be appro-
10 priated for the fiscal year 1993 such sums as may be nec-
11 essary to carry out programs and activities for which ap-
12 propriations for the fiscal year 1992 are authorized by this
13 Act and the Foreign Assistance Act of 1961 as amended
14 by this Act.

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