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OF THE

**COMMITTEE ON FOREIGN AFFAIRS
U.S. HOUSE OF REPRESENTATIVES**

ON

H.R. 2508

together with

MINORITY, DISSENTING, AND ADDITIONAL VIEWS



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CONTENTS

Committee comment.....	Page 1
Committee action.....	6

SECTION-BY-SECTION ANALYSIS

Section 1—Short title.....	19
Section 2—Table of contents for this Act.....	19
Section 3—Table of contents for amended Foreign Assistance Act.....	19

TITLE I—ECONOMIC ASSISTANCE

Section 101—Revision of economic assistance programs.....	19
Chapter 1—Economic assistance policies:	
Section 1101—Findings and declarations of policy concerning economic assistance programs generally.....	19
Section 1102—Basic objectives of economic assistance programs and U.S. development cooperation policy.....	20
Chapter 2—Development Assistance:	
Subchapter A—Development Assistance Authorities:	
Section 1201—Assistance for development needs.....	31
Section 1202—Authorizations of appropriations.....	32
Section 1203—Funding for health, child survival, AIDS, and Vitamin A deficiency activities.....	32
Section 1204—Assistance for population planning.....	32
Section 1205—Funding for the United Nations Population Fund... ..	33
Section 1206—Nongovernmental organization family planning assistance activities.....	33
Subchapter B—Special Focus Programs and Activities:	
Section 1221—Assistance for human rights and democratic initiatives.....	34
Section 1222—Development education.....	36
Section 1223—Strengthening the capacity of nongovernmental organizations, including research and educational institutions..	36
Section 1224—Microenterprise development.....	36
Section 1225—Private voluntary organization activities.....	38
Subchapter C—Other authorities and requirements:	
Section 1241—Impact of development assistance on environment and natural resources.....	39
Section 1242—Cost sharing.....	40
Section 1243—Assistance limited to economic programs.....	40
Chapter 3—Economic Support Assistance:	
Section 1301—Assistance under special economic, political and security conditions.....	40
Section 1302—Authorizations of appropriations.....	40
Section 1303—Purchase of U.S. goods and services.....	42
Chapter 4—Voluntary Contributions to International Organizations and Programs:	
Section 1401—Authority to provide assistance.....	43
Section 1402—Authorizations of appropriations.....	43
Section 1403—Condition on contributions to the International Atomic Energy Agency.....	44
Section 1404—Withholding of U.S. proportionate share for certain programs of international organizations.....	44

	Page
Section 101—Revision of economic assistance programs—Continued	
Chapter 4—Voluntary Contributions to International Organizations and Programs—Continued	
Section 1405—Restriction on contributions to United States Relief and Works Agency.....	45
Section 1406—Reports on international organizations.....	45
Section 1407—Auditing of accounts of international organizations.....	45
Section 1408—Integration of women.....	45
Chapter 5—Guarantee Programs:	
Section 1501—Housing and urban development guarantee program	46
Section 1502—Private sector guarantee program.....	47
Chapter 6—International Disaster Assistance:	
Section 1601—Statement of policies.....	49
Section 1602—Authority to provide assistance.....	49
Section 1603—Authorizations of appropriations.....	50
Section 1604—Borrowing authority.....	50
Chapter 7—Other Economic Assistance Programs:	
Subchapter A—American Schools and Hospitals:	
Section 1701—Authority to provide assistance.....	50
Section 1702—Authorization of appropriations.....	51
Subchapter B—Debt for Development:	
Section 1721—Debt exchange.....	51
Chapter 8—Reimbursable Programs:	
Section 1801—Authority to conduct reimbursable programs.....	52
Section 1802—Use of payments.....	52
Chapter 9—Administration of Economic Assistance Programs:	
Subchapter A—Operating Expenses:	
Section 1901—Authorizations of appropriations for operating expenses generally.....	52
Section 1902—Authorizations of appropriations for operating expenses of the Inspector General.....	52
Section 1903—Additional funds for operating expenses.....	53
Subchapter B—Evaluation:	
Section 1921—Evaluation and accountability.....	53
Subchapter C—Cooperation with nongovernmental sector:	
Section 1941—Center for University Cooperation in Development.....	54
Section 1942—Center for Voluntary Cooperation in Development.....	55
Section 1943—Advisory Committee on Voluntary Cooperation in Development.....	55
 TITLE II—MILITARY ASSISTANCE, RELATED ASSISTANCE, AND MILITARY SALES PROGRAMS	
Chapter 1—Consolidation and Revision of Assistance Authorities:	
Section 201—Revision of assistance programs.....	55
Chapter 1—Policies regarding military assistance:	
Section 2101—Findings and statements of policies regarding military assistance.....	56
Section 2102—Objectives of military assistance.....	57
Chapter 2—Foreign military financing program:	
Section 2201—Authority to furnish assistance.....	58
Section 2202—Terms of financing assistance.....	60
Section 2203—Eligibility.....	61
Section 2204—Approval of third country transfers.....	62
Section 2205—Improved accountability with respect to financed commercial arms sales.....	63
Section 2206—Considerations in furnishing assistance.....	64
Section 2207—Authorizations of appropriations.....	64
Chapter 3—Transfers of Excess Defense Articles:	
Section 2301—Modernization of defense capabilities of military assistance recipients.....	66
Section 2302—Modernization of counternarcotics capabilities of major illicit drug producing or drug-transit countries.....	68
Section 2303—Natural resources and wildlife management.....	69
Section 2304—Annual ceiling on transfers of excess defense articles.....	71
Section 2305—Annual reports on transfers of excess defense articles.....	71

Chapter 1—Consolidation and Revision of Assistance Authorities—Continued	
Section 201—Revision of assistance programs—Continued	
Chapter 4—Overseas Management of Assistance and Sales Programs:	
Section 2401—Authorized functions.....	71
Section 2402—Limit on size of groups	72
Section 2403—Costs	72
Section 2404—Role of Chief of Mission.....	72
Chapter 5—International Military Education and Training:	
Section 2501—General authority	72
Section 2502—Terms of assistance	73
Section 2503—Exchange training	73
Section 2504—Training in maritime skills	73
Section 2505—Authorizations of appropriations.....	73
Chapter 6—Peacekeeping Operations:	
Section 2601—General authority	76
Section 2602—Special transfer and drawdown authorities.....	76
Section 2603—Administrative authorities	77
Section 2604—Authorizations of appropriations.....	77
Chapter 7—Stockpiling of Defense Articles for Foreign Countries:	
Section 2701—Restrictions on stockpiling.....	77
Section 2702—Location of stockpiles.....	77
Section 2703—Additions to war reserve stocks	78
Chapter 8—International Terrorism:	
Section 2801—Coordination of all U.S. terrorism-related assist- ance to foreign countries	78
Section 2802—Consideration in providing assistance	78
Section 2803—Antiterrorism assistance	78
Section 2804—Authorities and limitations	79
Section 2805—Reports to Congress.....	79
Section 2806—Administrative authorities	79
Section 2807—Authorizations of appropriations.....	80
Section 2808—Prohibition on assistance to countries supporting international terrorism.....	80
Chapter 9—Other Provisions:	
Subchapter A—Special drawdown authorities:	
Section 2901—Special drawdown authorities	80
Subchapter B—Exercise and coordination of functions:	
Section 2921—Responsibilities of the Secretary of State.....	81
Section 2922—Responsibilities of the Secretary of Defense.....	81
Section 2923—Security assistance coordination.....	81
Subchapter C—Miscellaneous:	
Section 2941—Personnel limited to nocombatant duties.....	81
Section 202—Conforming amendments.....	82
Section 203—Transition rule concerning disposition of certain previously provided military equipment.....	83
Chapter 2—Foreign Military Sales Program:	
Section 221—Arms transfer policy.....	84
Section 222—Improved accounting for military sales.....	85
Section 223—Designation of major non-NATO allies.....	87
Section 224—Certification thresholds.....	87
Section 225—Standardizing congressional review procedures for arms transfers	87
Section 226—Foreign availability	88
Section 227—Economic impact on United States of arms sales.....	89
Section 228—Coproduction agreements	89
Section 229—Enforcement of arms export licensing requirements.....	91
Section 230—Biennial review of the International Traffic in Arms Regu- lations	92
Section 231—Fair pricing	92
Section 232—Contract administrative service charges for NATO subsidi- ary bodies.....	92
Section 233—Amendments to eliminate obsolete and inconsistent provi- sions	92
Section 234—Technical corrections.....	93
Chapter 3—Other Provisions:	
Section 241—Depleted uranium shells.....	93
Section 242—Arms transfers restraint policy for the Middle East and Persian Gulf region.....	94

TITLE III—TRADE AND DEVELOPMENT PRIVATE INVESTMENT AGENCY AND OVERSEAS CORPORATION	
Section 301—Consolidation and revision of authorities	101
Chapter 1—Trade and Development Agency:	
Section 3101—Purpose	102
Section 3102—Authority to provide assistance	102
Section 3103—Director and personnel	102
Section 3104—Annual report	102
Section 3105—Advisory Board	102
Section 3106—Inspector General	102
Section 3107—Funding	103
Chapter 2—Overseas Private Investment Corporation:	
Section 3201—Purpose and policy	103
Section 3202—Stock of the corporation; organization and management	103
Section 3203—Investment insurance, guarantees, financing, and other programs	104
Section 3204—Enhancing private political risk insurance industry	104
Section 3205—Guidelines and requirements for OPIC support	105
Section 3206—Issuing authority, direct investment fund, equity fund, and reserves	106
Section 3207—Income and revenues	106
Section 3208—General provisions relating to insurance, guaranty, and financing program	106
Section 3209—General provisions and powers	107
Section 3210—Annual report; maintenance of information	108
Section 3211—Definitions	108
 TITLE IV—INTERNATIONAL NARCOTICS CONTROL 	
Section 401—Consolidation and revision of authorities and requirements	113
Chapter 1—General Policies:	
Section 4101—Statements of policy	113
Section 4102—Coordination of all U.S. antinarcotics assistance to foreign countries	113
Chapter 2—Narcotics Control Assistance:	
Section 4201—Authority to conclude agreements and provide assistance	114
Section 4202—Authorizations of appropriations	114
Section 4203—Contributions by recipient country	115
Section 4204—Use of herbicides for aerial eradication	115
Section 4205—Prohibition on procurement of weapons and ammunition	115
Section 4206—Permissible uses of aircraft and other equipment	116
Section 4207—Retention of title to aircraft	117
Section 4208—Prohibition on use of narcotics control assistance to acquire real property	118
Chapter 3—Foreign Assistance Generally and Narcotics Control:	
Section 4301—Prohibition on use of foreign assistance for reimbursements for drug crop eradications	118
Section 4302—Prohibition on assistance to drug traffickers	118
Section 4303—Transfer of funds when countries which fail to take adequate steps to halt illicit drug production or trafficking	119
Section 4304—Waiver of restrictions on narcotics-related economic assistance	119
Chapter 4—Reports and Annual Certification Process:	
Section 4401—Reporting requirements for fiscal years 1992 and 1993 ..	120
Section 4401A—Reporting requirements applicable after September 30, 1993	124
Section 4402—Annual certification procedures for fiscal years 1992 and 1993	125
Section 4402A—Annual certification procedures applicable after September 30, 1993	128
Section 4403—Determining major drug-transit and major illicit drug producing countries for fiscal years 1992 and 1993	131
Section 4403A—Determining major drug-transit and major illicit drug producing countries after September 30, 1993	132

VII

	Page
Section 401—Consolidation and revision of authorities and requirements— Continued	
Chapter 5—Miscellaneous provisions:	
Section 4501—Participation in foreign police actions	133
Section 402—Exemption of narcotics-related military assistance for fiscal years 1992 and 1993 from prohibition on assistance for law enforcement agencies.....	133
Section 403—Export-Import Bank financing of antinarcotics-related sales of defense articles or services.....	134
TITLE V—SPECIAL ASSISTANCE INITIATIVES AND OTHER REGION OR COUNTRY SPECIFIC PROVISIONS	
Section 501—Special initiatives and provisions	134
Chapter 1—Long-term Development Assistance for Sub-Saharan Africa:	
Section 5101—Development Fund for Africa	135
Section 5102—Support for SADCC projects.....	140
Section 5103—Authorizations of appropriations for the Development Fund for Africa	140
Chapter 2—Multilateral Assistance Initiative for the Philippines:	
Section 5201—Findings and statement of policy	141
Section 5202—Assistance	141
Section 5203—Report to Congress	142
Section 5204—Authorizations of appropriations	142
Section 5205—Appropriations in future years.....	142
Section 5206—Donor coordination.....	142
Section 5207—Administrative authorities	142
Chapter 3—Caribbean Regional Development:	
Section 5301—Short title.....	142
Section 5302—U.S. policies	142
Section 5303—Priority areas for assistance.....	143
Section 5304—Protection of worker rights	144
Section 5305—Protection of public health	144
Section 5306—Support for women's role in development.....	144
Section 5307—Consultation	144
Section 5308—Definition of Caribbean.....	145
Chapter 4—Enterprise for the Americas Initiative:	
Section 5401—Establishment of Enterprise for the Americans Facili- ty.....	145
Section 5402—Purpose of Initiative and the Facility	145
Section 5403—Eligibility for benefits under the Facility.....	145
Section 5404—Reduction of certain debt.....	146
Section 5405—Repayment of principal.....	147
Section 5406—Interest on new obligations.....	147
Section 5407—Establishment of, deposits into, and disbursements from Environmental Funds	147
Section 5408—Environmental Framework Agreements	147
Section 5409—Environment for the Americas Board	148
Section 5410—Encouraging multilateral debt donations.....	149
Section 5411—Annual report to and consultation with Congress.....	149
Chapter 5—Other Region and Country Specific Provisions:	
Section 5501—U.S. policy regarding the Eastern Mediterranean.....	149
Section 5502—Strengthening civilian control over the military in Latin America and the Caribbean.....	150
Section 5503—South Africa	150
Section 5504—Assistance for Pakistan	151
Section 5505—Assistance for Cuba.....	152
Section 502—Conforming amendments relating to environment.....	152
TITLE VI—SPECIAL AUTHORITIES, RESTRICTIONS, REPORTS, GENERAL PROVISIONS, AND TECHNICAL AND CONFORMING AMENDMENTS	
Chapter 1—Special Authorities, Restrictions and Reports:	
Section 601—Consolidation and revision of authorities and requirements...	152
Chapter 1—Special Authorities:	
Section 6101—Authority to transfer between accounts.....	152
Section 6102—Special waiver authority	153

Chapter 1—Special Authorities, Restrictions and Reports—Continued	
Section 601—Consolidation and revision of authorities and requirements—Continued	
Chapter 1—Special Authorities—Continued	
Section 6103—Nonmilitary assistance for unanticipated contingencies.....	154
Section 6104—Democracy contingency fund.....	154
Section 6105—Termination expenses.....	155
Section 6106—Exemption of assistance through nongovernmental organizations from restrictions.....	156
Section 6107—Exemption of training activities from prohibitions.....	156
Section 6108—Exemption for prohibitions for assistance to address certain special needs.....	156
Section 6109—Activities under certain other laws not affected.....	156
Chapter 2—Restrictions on Assistance:	
Section 6201—Ineligible countries and projects.....	157
Section 6202—Assistance for law enforcement agencies.....	158
Section 6203—Intelligence activities.....	158
Section 6204—Countries in arrears on assistance repayments.....	158
Section 6205—Family planning activities.....	159
Section 6206—Nuclear non-proliferation.....	159
Chapter 3—Reports and Notifications to Congress:	
Section 6301—Congressional presentation documents for economic assistance.....	159
Section 6302—Human rights policy and reports.....	160
Section 6303—Annual allocation report.....	162
Section 6304—Notification of program changes.....	162
Section 6305—Quarterly reports on obligations for development assistance and economic support assistance.....	162
Section 6306—Furnishing information requested by the Congress or the GAO.....	162
Section 6307—Information requested by Congress.....	162
Section 6308—Presidential findings and determinations.....	163
Section 6309—Reports regarding recipient expenditures for military purposes.....	163
Chapter 2—Administrative and General Provisions:	
Section 621—Consolidation and revision of provisions.....	163
Chapter 1—Exercise and Coordination of Functions:	
Section 7101—Delegations by the President.....	163
Section 7102—Designation of administering agency for title I.....	163
Section 7103—Authority to establish missions abroad.....	163
Section 7104—Coordination of U.S. policies and programs affecting development.....	164
Chapter 2—Administrative Authorities:	
Section 7201—Allocation of funds and reimbursements among agencies.....	164
Section 7202—General authorities.....	164
Section 7203—Authorized administrative uses of funds.....	164
Chapter 3—Special Requirements and Authorities Relating to Appropriations and Local Currencies:	
Subchapter A—Provisions Relating to Appropriations:	
Section 7301—Requirement for specific authorization of appropriations.....	165
Section 7302—Authority for extended period of availability of appropriations.....	165
Section 7303—Reduction of earmarks.....	165
Subchapter B—Local Currencies:	
Section 7321—Special accounts for and use of host-country owned local currency.....	165
Section 7322—Use of certain foreign currencies owned by the United States.....	165
Section 7323—Interest on foreign currency proceeds.....	166
Section 7324—Use of local currencies.....	166
Section 7325—Interest on local currency accruing to nongovernmental organizations.....	166
Chapter 4—Procurement and Disposition of Commodities and Defense Articles:	
Section 7401—Use of private enterprise.....	166

Chapter 2—Administrative and General Provisions—Continued	
Section 621—Consolidation and revision of provisions—Continued	
Chapter 4—Procurement and Disposition of Commodities and Defense Articles—Continued	
Section 7402—Procurement standards and procedures.....	167
Section 7403—Shipping on United States vessels.....	167
Section 7404—Excess and other available property.....	167
Section 7405—Retention and use of certain items and funds.....	167
Section 7406—Laws relating to contracts and government expenditures.....	167
Section 7407—Transportation charges incurred by the Red Cross or private voluntary organizations.....	168
Chapter 5—Personnel:	
Section 7501—Statutory officers in economic assistance agency.....	168
Section 7502—Employment of personnel.....	168
Section 7503—Experts, consultants, and retired officers.....	168
Section 7504—Detail of personnel to foreign governments and international organizations.....	168
Section 7505—Chief of economic assistance mission abroad.....	168
Section 7506—Chairman of OECD Development Assistance Committee.....	168
Section 7507—Assignment of DOD personnel to civil offices.....	169
Section 7508—Discrimination against United States personnel providing assistance.....	169
Chapter 6—Miscellaneous Provisions:	
Section 7601—Definitions.....	169
Chapter 3—Technical and Conforming Provisions:	
Section 641—Savings provisions.....	170
Section 642—Retention of certain provisions formerly in the Foreign Assistance Act.....	170
Section 643—Renaming of Trade and Development Program; conforming changes.....	171
Section 644—Conforming amendments.....	171
Section 645—Repeal of obsolete provisions.....	172

TITLE VII—LATIN AMERICA AND THE CARIBBEAN

Chapter 1—El Salvador:	
Chapter 2—Other Provisions Pertaining to Central America:	
Section 721—Providing Central American recovery and development.....	173
Section 722—Military aircraft transfers.....	173
Section 723—Assistance for Guatemala.....	174
Section 724—Assistance for Nicaragua.....	176
Section 725—Assistance for refugees and displaced persons.....	177
Section 726—Assistance for democratic legislatures.....	177
Chapter 3—The Caribbean:	
Section 741—Assistance for Haiti.....	177
Section 742—Haitian sugar cane harvesters in the Dominican Republic.....	178
Section 743—Assistance for Guyana.....	179
Section 744—Democracy in Suriname.....	179
Chapter 4—Andean Initiative:	
Section 761—Economic assistance and administration of justice programs for Andean countries.....	182
Section 762—Military and law enforcement assistance for Andean countries.....	182
Section 763—General provisions relating to assistance for Andean countries.....	183
Chapter 5—Other Provisions Pertaining to the Region:	
Section 781—Assistance for law enforcement.....	184
Section 782—Inter-American Foundation.....	185
Section 783—Military assistance and sales to Chile.....	186
Section 784—Central American Journalism Program and the Regional Administration of Justice Program.....	186

TITLE VIII—EUROPE AND THE MIDDLE EAST

Chapter 1—Middle East:	
Section 801—Assistance for Israel.....	187

	Page
Chapter 1—Middle East—Continued	
Section 802—Assistance for Egypt.....	188
Section 803—Promoting pluralism and democracy.....	189
Section 804—West Bank and Gaza program.....	189
Section 805—Middle East scientific and technological cooperative projects.....	189
Section 806—Cooperative development projects.....	189
Section 807—Israeli-Palestinian people-to-people activities.....	189
Section 808—Policy toward and assistance for Lebanon.....	189
Section 809—Restrictions and reports with regard to Syria.....	190
Section 810—Captured Iraqi equipment.....	191
Section 811—Iraqi compensation for damages to other countries.....	191
Section 812—Peace and stability in the Middle East.....	191
Section 813—Cumulative impact of conventional arms transfers to the Middle East.....	192
Section 814—Restrictions on negotiations with the Palestine Liberation Organization.....	192
Section 815—United Nations General Assembly Resolution 3379.....	193
Section 816—Israeli preemptive strike against the Iraqi nuclear reactor at Osirak.....	193
Section 817—Democratic reform and human rights in Kuwait.....	194
Chapter 2—Eastern Mediterranean:	
Section 821—Assistance for Cyprus.....	195
Section 822—Assistance for Greece.....	195
Section 823—Admission for Turkey.....	195
Section 824—Admission of Turkey into the European Community and the Western European Union.....	195
Section 825—United Nations Secretary General's peace initiatives regarding Cyprus.....	196
Chapter 3—Support for East European Democracy:	
Section 841—Amendments to SEED Act of 1989.....	196
Section 842—U.S. policy regarding Eastern Europe.....	196
Section 843—East European countries eligible for SEED benefits.....	197
Section 844—Structural adjustment.....	197
Section 845—Private sector development.....	198
Section 846—Trade and investment.....	199
Section 847—Educational, cultural, and scientific activities.....	200
Section 848—Other assistance programs.....	200
Section 849—Additional SEED Program activities.....	202
Section 850—Funding of SEED Program.....	202
Section 851—Conforming amendments to list of SEED actions.....	203
Chapter 4—Other Provisions Relating to Europe:	
Section 861—Contributions to the Anglo-Irish International Fund.....	203
Section 862—Technical assistance for Baltic states and for democratic governments and nongovernmental organizations in the Soviet Union.....	203
Section 863—Assistance for the Republic of Armenia.....	204
Section 864—Soviet-East European research and training program.....	205
Section 865—U.S. policy towards Yugoslavia.....	205
Section 866—Situation in Kosovo province of Yugoslavia.....	206
Section 867—Policy statements regarding the importation of sporting and hunting rifles and shotguns from certain East European countries.....	206
Section 868—Soviet aid to Cuba.....	206
TITLE IX—ASIA AND THE PACIFIC	
Chapter 1—East Asia and the Pacific:	
Section 901—Burma.....	206
Section 902—Cambodia.....	207
Section 903—Prohibition on military assistance to Fiji.....	209
Section 904—Malaysia.....	209
Section 905—South Pacific regional program.....	209
Section 906—Taiwan's contributions to Operations Desert Shield and Desert Storm.....	210
Section 907—Cooperation on POW/MIA issue.....	210
Section 908—Admission of Asian countries into the OECD.....	210
Section 909—Assistance to displaced Burmese in Thailand and Burma.....	210
Section 910—Arms transfers by the People's Republic of China to Iran, Iraq, Libya, Pakistan, and Syria.....	211

Chapter 2—South Asia:	
Section 921—Assistance for Afghanistan	211
Section 922—Mines in Afghanistan.....	211
Section 923—United States-Soviet dialogue on a political settlement in Afghanistan	212
Section 924—United States support for democracy and development in Bangladesh.....	212
Section 925—Nepal	212
Section 926—Promotion of human rights in Sri Lanka.....	213
Chapter 3—Industrial Cooperation Projects in China and Tibet:	
Section 941—Statement of principles.....	214
Section 942—Registration requirements.....	214
Section 943—Reporting requirements.....	215
Section 944—Export marketing support.....	215
Section 945—Definitions	215

TITLE X—AFRICA

Chapter 1—Authorizations of Assistance for Africa:	
Section 1001—African Development Foundation.....	215
Section 1002—Support for the Southern Africa Development Coordination Conference	216
Section 1003—Economic support assistance for sub-Saharan Africa	216
Section 1004—Support for democratization in sub-Saharan Africa	216
Section 1005—African Center for Conflict Resolution	217
Chapter 2—Provisions Relating to Specific Countries:	
Section 1021—Angola	218
Section 1022—Burundi.....	218
Section 1023—Ethiopia.....	219
Section 1024—Kenya	219
Section 1025—Liberia	220
Section 1026—Malawi.....	221
Section 1027—Mozambique	221
Section 1028—Somalia.....	222
Section 1029—South Africa.....	222
Section 1030—Sudan.....	223
Section 1031—Zaire.....	223
Chapter 3—U.S. Commission on Southern Africa:	
Section 1041—Short title	224
Section 1042—Findings	224
Section 1043—Establishment.....	224
Section 1044—Purpose of Commission	224
Section 1045—Membership; chairperson	225
Section 1046—President and staff of Commission	225
Section 1047—Powers of Commission.....	225
Section 1048—Requirements.....	225
Section 1049—Report.....	225
Section 1050—Funding.....	225
Chapter 4—Other Provisions:	
Section 1061—U.S. trade restrictions on products from sub-Saharan Africa	226
Section 1062—Recognition of sub-Saharan African support during the Persian Gulf conflict.....	226
Section 1063—Conditions on furnishing IMET for sub-Saharan Africa.....	226
Section 1064—International Fund for Agricultural Development	227
Section 1065—Exemptions from restrictions on assistance.....	227
Section 1066—United Nations Educational and Training Program for Southern Africa	227
Section 1067—Preemption of State and local sanction measures against Namibia.....	227

TITLE XI—OTHER PROVISIONS

Section 1101—Effective date	228
Section 1102—Definition relating to prior year military assistance.....	229
Section 1103—Peace Corps	229
Section 1104—Environmental security and foreign policy.....	229
Section 1105—U.S. support for UNCED	230

XII

	Page
Chapter 4—Other Provisions—Continued	
Section 1106—United Nations convention on the right to food.....	231
Section 1107—Reforming the United Nations response to international disasters.....	231
Section 1108—Authority to forgive repayment of an Alliance for Progress Loan.....	232
Required reports section:	
Cost estimate.....	232
Inflationary impact statement.....	232
Statements required by clause 2(1)(3) of House rule XI:	
(a) Oversight findings and recommendations.....	233
(b) Budget, credit, and spending authority.....	233
(c) Committee on Government Operations summary.....	233
(d) Congressional Budget Office cost estimate.....	233
Minority views of Hon. William S. Broomfield, Hon. Robert J. Lagomarsino, Hon. William Goodling, Hon. Jim Leach, Hon. Toby Roth, Hon. Henry J. Hyde, Hon. Dan Burton, Hon. John Miller, Hon. Ben Blaz, Hon. Elton Gallegly, Hon. Amo Houghton, Hon. Porter J. Goss, and Hon. Ileana Ros- Lehtinen.....	236
Dissenting views of Hon. Robert J. Lagomarsino, Hon. Henry J. Hyde, Hon. Christopher H. Smith, Hon. Dan Burton, Hon. Elton Gallegly, Hon. Porter Goss, and Hon. Ileana Ros-Lehtinen.....	238
Dissenting views of Hon. Lee H. Hamilton, Hon. Robert J. Lagomarsino, Hon. Jim Leach, Hon. Toby Roth, Hon. Henry Hyde, Hon. Doug Bereuter, Hon. Dan Burton, Hon. Jan Meyers, Hon. Ben Blaz, and Hon. Amo Houghton.....	240
Additional views of Hon. William S. Broomfield.....	244
Dissenting views of Hon. Henry J. Hyde.....	246

INTERNATIONAL COOPERATION ACT OF 1991

JUNE 4, 1991.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. FASCELL, from the Committee on Foreign Affairs,
submitted the following

R E P O R T

together with

**MINORITY, DISSENTING, AND
ADDITIONAL VIEWS**

[To accompany H.R. 2508]

[Including cost estimate of the Congressional Budget Office]

The Committee on Foreign Affairs, to whom was referred the bill (H.R. 2508) 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 to redesignate that Act as the Defense Trade and Export Control Act, to authorize appropriations for foreign assistance programs for fiscal years 1992 and 1993, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

COMMITTEE COMMENT

TASK FORCE ON FOREIGN ASSISTANCE

The worldwide authorities of H.R. 2508, titles I through VI, are based on the first six titles of H.R. 2655, legislation which was reported by the committee on June 15, 1989, and passed the House, as amended, on June 29, 1991, by a vote of 314-101.

H.R. 2508, and its predecessor H.R. 2655, represent the first attempt to revise the Foreign Assistance Act and related foreign assistance legislation completely since the basic act was written in

1961. The worldwide authorities of this bill were developed from recommendations of a year-long study of the U.S. foreign assistance program.

In January, 1988 the Committee on Foreign Affairs began a bipartisan review of the U.S. foreign assistance program. The Task Force on Foreign Assistance was organized at the request of Chairman Dante B. Fascell and Ranking Minority Member William S. Broomfield. The Honorable Lee Hamilton and the Honorable Benjamin Gilman served as co-chairmen of the Task Force, and participation on the Task Force was open to all members of the committee.

The establishment of the Task Force was a response to the confusion and misunderstanding surrounding the priorities and objectives of foreign aid. Many observers shared a growing sense of frustration that the current foreign assistance program was unfocused and had failed to achieve its intended purposes. Nearly 30 years after the enactment of the Foreign Assistance Act of 1961 and after years of accumulation of legislative additions, the foreign aid program was perceived to be fragmented, uncoordinated, and ineffective in advancing national objectives. Principal concerns about the program included: poor coordination; inadequate financial, program, and policy accountability; an excessive number of goals and priorities, some of which were conflicting; and decreased program relevancy in a rapidly changing and increasingly interdependent world. Further, the fact that U.S. foreign assistance has become an increasingly limited resource reinforced the belief that ways should be found to apply it more efficiently and effectively.

The work of the Task Force represents the first major review of U.S. foreign assistance since 1973, when the "New Directions legislation (orienting development aid towards basic human needs) was enacted. The Task Force engaged in an extensive review of U.S. bilateral development assistance, economic support fund, and military assistance programs, including consultations with a wide range of executive branch officials, non-governmental experts, private citizens, and foreign assistance organizations. The Congressional Research Service (CRS) and the General Accounting Office (GAO) also contributed substantial expertise and insight to the review. During the course of its year-long review, the Task Force received, reviewed, and requested a number of major reports and studies on foreign assistance. In addition, more than 50 written communications were received from individuals and organizations responding to a Task Force letter inviting comments on major aspects of the foreign program. Much of this material is contained in the publication "Background Materials on Foreign Assistance: Report of the Task Force on Foreign Assistance to the Committee on Foreign Affairs" Committee Print, 101st Congress, 1st Session, February, 1989). Additional material is contained in the volume "Foreign Assistance Policy Studies: A Review of Major Reports and Recommendations," prepared for the committee by the Foreign Affairs and national Defense Division, Congressional Research Service, Library of Congress (Committee Print, 100th Congress, 2nd Session, August, 1988).

On February 1, 1989, the Task Force presented its report (House Document 101-32) to the committee, recommending that the For-

eign Assistance Act of 1961 be rewritten. The Task Force report concluded that foreign assistance is vital in the promotion of U.S. foreign policy and domestic interests, but that the program has been hamstrung by conflicting objectives, legislative conditions, earmarks, and bureaucratic red tape.

The following is a summary of recommendations made by the Task Force:

ECONOMIC ASSISTANCE

Enactment of a new International Cooperation Act to replace the existing Foreign Assistance Act and sundry amendments;

Creation of a restructured foreign aid implementing agency to replace AID;

Identification of four principal objectives (economic growth, environmental sustainability, poverty alleviation, and democratic and economic pluralism);

Provision of greater flexibility in the implementation of assistance programs;

Provision of more effective accountability focused on results rather than on an allocations alone;

Improved coordination with other U.S. international economic policies, with other donors, and within country programs.

SECURITY ASSISTANCE

Separation of the grant and concessional assistance from cash sales authorities;

Creation of a new defense trade and export act to replace the Arms Export Control Act;

Establishment of one military assistance account;

Provision of more effective accountability, focused on results;

Phasing out over a 5-year period of military assistance as a quid pro quo for base access rights.

CONGRESSIONAL INITIATIVES

In addition to eliminating out-dated provisions and unnecessary reporting requirements, reducing and consolidating various restrictions and prohibitions, updating and consolidating the numerous operating authorities, and rationalizing the numerous policy guidelines, objectives, and priorities of the Foreign Assistance Act and the Arms Export Control Act, H.R. 2508 implements some two-thirds of the recommendations of the Task Force. Major initiatives included in the legislation are:

Rewrite of the Foreign Assistance Act;

Establishment of four basic objectives for economic assistance including sustainable economic growth, sustainable resource management, poverty alleviation, and democracy;

Provision of greater flexibility in pursuing those objectives;

Encouragement of cooperative development relations with advanced developing countries;

Consolidation of military assistance into one funding source;

Creation of a new Defense Trade and Export Control Act;

Clarification of the goals of military assistance;

Requirement for greater accountability of the use of both economic and military assistance; and

Establishment of an unearmarked regional contingency fund for small military assistance programs

Other significant initiatives in the bill include:

Authorizing exchanges of debt for development;

Establishing a Center for Voluntary Cooperation in Development and a Center for University Cooperation in Development;

Creating separate funding and authorities for development assistance for Africa;

Creating separate priorities for economic assistance for the Caribbean;

Establishing a Democracy Contingency Fund to provide assistance to countries emerging into democracy and from civil strife;

Authorizing U.S. participation in the Multilateral Assistance Initiative for the Philippines;

Placing certain restrictions and conditions on U.S. assistance for Guatemala;

Placing certain conditions regarding human rights on U.S. assistance for several countries in Africa; and

Authorizing continued funding for economic and military assistance for Israel and Egypt.

MILITARY ASSISTANCE RESOURCES AND BASE RIGHTS COUNTRIES

In its 1989 consideration of H.R. 2655, the committee gave serious consideration to, but decided not to adopt an amendment offered by Representative Hamilton, the chairman of the committee's Task Force on Foreign Assistance, that would have eliminated, after 1993, military assistance funding directly linked to base rights agreements with Portugal, Greece, Turkey, and the Philippines.

It is important that the executive branch begin to work with the Congress to move toward a responsible and effective approach to the problem of maintaining the base rights agreements necessary to advance U.S. national security objectives. The ever tighter linkage between military assistance and base rights access is destructive and cannot be politically or fiscally maintained. A bipartisan effort by the Congress and the executive branch is required to develop alternatives to the current approach to negotiating base rights access agreements linked to the provision of military and economic assistance.

POST-COLD WAR FOREIGN ASSISTANCE PROGRAM

In recent years, the committee has sought to address the need for revised U.S. foreign assistance policies and programs to reflect changing international political and economic realities.

The February 1989 report of the Task Force on Foreign Assistance reviewed U.S. foreign assistance and recommended a rewrite of the Foreign Assistance Act. The report noted that, with the lessening of tensions between the superpowers, "economic issues increasingly dominate the international agenda," making more important the need for effective programs of economic development

assistance and for greater attention to matters such as trade, debt, investment, and economic adjustment.

In the 1989 report accompanying H.R. 2655, the committee requested that the executive branch review "the extent to which the objectives and make-up of future U.S. foreign assistance might be recast in the light of the changing world geopolitical situation." The report stated that "While it would be premature to view the Cold War as over, the continued easing of East-West tensions may set the stage for major changes in U.S. foreign assistance policy. As progress continues, U.S. long-term security interests in the Third World may well warrant reexamination." [Report 101-80, pp. 138-9]

The committee at the same time expressed particular interest in having the United States play a leading role in assisting people whose lives had been disrupted by conflict. The committee requested the AID Administrator to "coordinate a report . . . within six months of the enactment of this legislation on the nature of the post-conflict challenge and on U.S. actual and projected involvement in these efforts." Mentioned in particular were the urgent needs in areas such as Afghanistan, Cambodia, Southern Africa, and Central America.

In 1990, and again in this legislation, the committee authorized the President "to provide assistance to countries which are emerging democracies or which are emerging from civil strife." This democracy contingency fund, authorized by section 6104 of this bill, is designed to respond to new opportunities created by democratic changes which are taking place in Eastern Europe and elsewhere in the world and by the easing of regional conflicts which had been fueled by the Cold War.

In 1990, the committee also requested CRS to examine the implications of the dramatic changes in international affairs for the U.S. foreign assistance program. In its report of January 2, 1991, entitled "U.S. Foreign Aid in a Changing World: Options for New Priorities," CRS noted that concern about anti-communism, which since the end of World War II had provided basic coherence to foreign aid, is no longer an appropriate integrating principle. "The country allocations of the current program," the report said, "reflect more of a world that was than the world that now exists." Looking to the future, the report suggests that "future U.S. policy will be more kaleidoscopic than before [and] will not have any overarching, unifying theme."

Unfortunately, the executive branch's request for foreign assistance for fiscal year 1992, in the allocation of funds both among programs and among countries, continues the look of a Cold War foreign assistance budget. Although the executive branch in early 1991 did respond to the committee's 1989 rewrite of the Foreign Assistance Act with its own proposed rewrite, the preoccupation of the executive branch since early August 1990 with the crisis in the Gulf preempted much attention that might have been directed to more radically reshaping foreign aid; at the same time, the Gulf Crisis underscores the need for a fundamental rethinking of U.S. aid policies. Collaboration at the United Nations between the United States and the Soviet Union in responding to the Gulf crisis

confirms the extent to which East-West antagonism has been replaced by collaboration.

The committee's differences with the executive branch are not over the assessment of the changing international landscape. However chaotic the current political and economic situation within the Soviet Union, all agree that the Berlin Wall will not be rebuilt or that Soviet control will be reasserted over the countries of Eastern Europe. Domestic upheaval in the Soviet Union may even work to reinforce Soviet policies of greater restraint in dealing with its allies in the developing world. In addition, executive branch officials testifying in support of the President's foreign assistance request have shared the committee's view of the growing importance of multilateral problem-solving and burdensharing.

At this point, it is becoming increasingly urgent that the executive branch and the Congress work together to structure a foreign assistance program that responds to revised international dynamics, rapidly emerging opportunities for multilateral cooperation, and transnational threats to individual and national well-being.

COMMITTEE ACTION

On February 27, 1991, the President transmitted a draft of proposed legislation to provide for the implementation of the Enterprise for the Americas Initiative, and for other purposes (House Doc. 102-49).

On March 12, 1991, the President of the African Development Foundation transmitted a draft of proposed legislation to authorize appropriations for the African Development Foundation (Executive Communication 849).

On April 9, 1991, the President of the Inter-American Foundation transmitted a draft of proposed legislation to amend the Foreign Assistance Act of 1969 to authorize appropriations for fiscal year 1992 for the Inter-American Foundation (Executive Communication 978).

On April 16, 1991, Hon. Dante B. Fascell, chairman of the committee, introduced by request legislation submitted by the executive branch by request for himself and Hon. William S. Broomfield, ranking minority member of the committee as H.R. 1792, the International Cooperation Act of 1991.

On April 23, 1991, the committee was formally referred by the Speaker of the House of Representatives a transmittal from the President containing draft legislation to amend the Foreign Assistance Act of 1961 to rewrite the authorities of that Act in order to 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 year 1992 and 1993, and for other purposes (Executive Communication 1132).

H.R. 2508 incorporates, in whole or in part, provisions of the following legislative measures:

H.R. 554, to set forth United States policy toward Central America and to assist the economic recovery and development of that region.

H.R. 665, to provide for the implementation of the foreign assistance provisions of the Enterprise for the Americas Initiative and for other purposes;

H.R. 964, to provide for the implementation of the foreign assistance provisions of the Enterprise for the Americas Initiative and for other purposes;

H.R. 994, to authorize supplemental appropriations for fiscal year 1991 for relief, rehabilitation and reconstruction in Liberia;

H.R. 1110, to authorize increased funding for international population assistance and to provide for a United States contribution to the United Nations Population Fund;

H.R. 1179, to prohibit the denial of international population assistance funds to nongovernmental organizations or multilateral organizations on the basis of any criterion that is not applicable to foreign governments that receive such funds;

H.R. 1328, to authorize supplemental appropriations for fiscal year 1991 for relief, rehabilitation and reconstruction in Liberia;

H.R. 1343, to encourage arms control in the Middle East and for other purposes;

H.R. 1360, to promote the integration of women in the development process in developing countries;

H.R. 1571, to encourage liberalization inside the People's Republic of China and Tibet;

H.R. 1608, to promote the development of microenterprises in developing countries;

H.R. 1633, to assist in implementing the plan of action adopted by the World Summit for Children;

H.R. 1697, to provide for the implementation of certain elements of the Enterprise for the Americas Initiative;

H.J. Res. 208, concerning the political and human rights situation in Kenya;

H. Con. Res. 22, condemning the deliberate and systematic activities of the military authority in Suriname to subvert constitutional democracy in that nation; and

H. Con. Res. 123, urging the provision of foreign assistance to support legislative development in Central America to strengthen democracy in that region.

SUBCOMMITTEES

The subcommittees, singly or jointly, conducted hearings and made recommendations for international development and security assistance as follows:

Subcommittee on Arms Control, International Security and Science (chairman, Hon. Dante B. Fascell)—March 14; and April 21

Subcommittee on Europe and the Middle East (chairman, Hon. Lee H. Hamilton)—March 6, 7, 13, 14, and 20; April 9, 17, and 18; and May 1

Subcommittee on Human Rights and International Organizations (chairman, Hon. Gus Yatron)—February 27; March 5 and 6; and April 17

Subcommittee on Asian and Pacific Affairs (chairman, Hon. Stephen J. Solarz)—March 6, 7, and 22; April 10 and 17

Subcommittee on International Economic Policy and Trade (chairman, Hon. Sam Gejdenson)—March 5 and 19; and April 18

Subcommittee on Africa (chairman, Hon. Mervyn M. Dymally)—March 13 and 14; and April 23

Subcommittee on Western Hemisphere Affairs (chairman, Robert G. Torricelli)—February 19, 21, and 26; March 7 and 13; and April 11 and 14

FULL COMMITTEE

In addition to the hearings conducted by the subcommittees and the actions discussed above, the full committee received testimony from the Secretary of State, the Secretary of Defense, the Administrator of the Agency for International Development (AID), the Director of the Peace Corps, the Administrator of the Environmental Protection Agency, and the Undersecretary of Agriculture for International Affairs. The full committee received recommendations from the subcommittees on May 7, 1991, and marked up a committee print at open sessions on May 9, 17, 21, 22, and 23, 1991.

On May 23, 1991, the committee approved a committee print authorizing international security and economic assistance and rewriting the authorities of the Foreign Assistance Act of 1961.

On June 4, 1991, Chairman Fascell introduced H.R. 2508, the International Cooperation Act of 1991, which was favorably reported by the committee the same day by voice vote, a quorum being present.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC, May 30, 1991.

HON. DAN ROSTENKOWSKI,
Chairman, Committee on Ways and Means, Longworth House Office Building, Washington, DC.

DEAR MR. CHAIRMAN: The Committee on Foreign Affairs has completed consideration of draft legislation authorizing foreign assistance for fiscal years 1992 and 1993. The Committee will introduce a clean bill on Monday, June 3, 1991 and report the legislation to the House on the same date. The Committee expects to go before the Rules Committee later the same week and to the Floor the following week.

At my direction, the Foreign Affairs Committee staff has been in consultation with your staff regarding certain provisions in the legislation which fall within the jurisdiction of the Committee on Ways and Means. Specifically, those provisions which relate to the embargo of Cuba, Section 138 of the Customs and Trade Act of 1990 with regard to Burma, and sense of the Congress language regarding trade barriers with sub-Saharan Africa. If you have no objection to the consideration of these provisions on the House Floor in their present form, without prejudice to your jurisdiction, I would be pleased to include our correspondence to this effect in the report on the bill.

Thank you for your consideration in this matter.

With best wishes, I am

Sincerely yours,

DANTE B. FASCELL, *Chairman.*

HOUSE OF REPRESENTATIVES,
COMMITTEE ON WAYS AND MEANS,
Washington, DC, May 30, 1991.

Hon. DANTE B. FASCELL,
*Chairman, Committee on Foreign Affairs, Rayburn House Office
Building, Washington, DC.*

DEAR MR. CHAIRMAN: Thank you for your May 30 letter requesting the Committee on Ways and Means to waive referral of draft legislation to amend the Foreign Assistance Act of 1961 and for other purposes.

You note in your letter that the draft bill contains three provisions falling under the jurisdiction of the Committee on Ways and Means. The first is a provision relating to the existing embargo on trade with Cuba, which merely restates current law. The second provision expresses a statement of Congress that it would welcome decisions by the President to impose economic sanctions, including import sanctions, against Burma, as authorized by section 138 of the Customs and Trade Act of 1990. The third provision expresses the sense of the Congress that special efforts should be undertaken to reduce trade barriers and to promote economic interchange between the United States and developing countries in sub-Saharan Africa.

I understand that you intend to introduce a clean bill on June 3 and schedule it for action by the House the following week. I am willing to expedite consideration of the legislation by waiving Committee jurisdiction over the trade-related provisions in the bill, with the understanding that a waiver in this instance in no way establishes a precedent or prejudices the Committee on Ways and Means' jurisdiction over provisions of the type described above. I note your confirmation of that understanding in your letter dated May 30. I also request that you enter this exchange of letters in the report accompanying the bill. On this basis, the Committee on Ways and Means would not seek sequential referral of the bill.

I appreciate the cooperation extended to the Committee on Ways and Means by you and your staff.

Sincerely yours,

DAN KOSTENKOWSKI, *Chairman.*

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC, May 30, 1991.

Hon. JACK BROOKS,
*Chairman, Committee on the Judiciary, 2138 Rayburn House Office
Building, Washington, DC.*

DEAR JACK: The Committee on Foreign Affairs has completed consideration of draft legislation authorizing foreign assistance for fiscal years 1992 and 1993. The Committee will introduce a clean

bill on Monday, June 3, 1991 and report the legislation to the House on the same date. The Committee expects to go before the Rules Committee later the same week and to the Floor the following week.

At my direction, the Foreign Affairs Committee staff has been in consultation with your staff regarding certain provisions in the legislation which fall within the jurisdiction of the Committee on Judiciary. Specifically, those provisions relate to: admission to the United States of certain alien participants in U.S. Foreign Assistance Programs; and a waiver of the Federal Act of State Doctrine. If you have no objection to the consideration of these provisions on the House Floor in their present form, without prejudice to your jurisdiction, I would be pleased to include our correspondence to this effect in the report on the bill.

Thank you for your consideration in this matter.

With best wishes, I am

Sincerely yours,

DANTE B. FASCELL, *Chairman:*

HOUSE OF REPRESENTATIVES,
COMMITTEE ON THE JUDICIARY,
Washington, DC, May 30, 1991.

Hon. DANTE B. FASCELL,
Chairman, Committee on Foreign Affairs, Rayburn House Office Building, Washington, DC.

DEAR MR. CHAIRMAN: Thank you very much for bringing to my attention two provisions contained in your May 6th Committee Print codifying the Foreign Assistance Act of 1961, which fall within the jurisdiction of the Committee on the Judiciary. I have reviewed these provisions and believe that the jurisdictional questions that they raise can be resolved without the necessity of this Committee seeking a sequential referral of the legislation. These provisions are as follows:

Section 621. Consolidation and Revision of Provisions. This section includes a provision under "Section 7202. General Authorities." authorizing the admission to the United States of alien participants in any program of furnishing assistance under the Foreign Assistance Act of 1961. This provision simply restates a provision of law that has existed for 30 years. By all accounts, this provision has operated effectively and without controversy during that time. The Committee would, therefore, have no objection to the inclusion of this provision in the legislation.

Section 642. Retention of Certain Provisions Formerly in the Foreign Assistance Act. Subsection (b) of Section 642 retains a provision of the Foreign Assistance Act relating to the Federal Act of State Doctrine as applied to cases in which property claims are asserted based on confiscations taking place after January 1, 1959, by an act of state in violation of the principles of international law. Inasmuch as this provision has also operated effectively and without controversy for a number of years, the Committee would have no objection to its inclusion in the legislation.

In deciding not to seek a sequential referral on these provisions, the Committee, of course, does not waive its jurisdiction over the underlying subject matter of those provisions. I would appreciate your including this correspondence in your report on the Foreign Assistance bill.

With every good wish, I am
Sincerely,

JACK BROOKS, *Chairman.*

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC, May 30, 1991.

HON. WILLIAM CLAY,
*Chairman, Committee on Post Office and Civil Service, Cannon
House Office Building, Washington, DC. 20515*

DEAR MR. CHAIRMAN: The Committee on Foreign Affairs has completed consideration of draft legislation authorizing foreign assistance for fiscal years 1992 and 1993. The Committee will introduce a clean bill on Monday, June 3, 1991 and report the legislation to the House on the same date. The Committee expects to go before the Rules Committee later the same week and to the Floor the following week.

At my direction, the Foreign Affairs Committee staff has been in consultation with your staff regarding certain provisions in the legislation which fall within the jurisdiction of the Committee on Post Office and Civil Service. If you have no objection to the consideration of these provisions on the House Floor in their present form, without prejudice to your jurisdiction, I would be pleased to include our correspondence to this effect in the report on the bill.

Thank you for your consideration in this matter.

With best wishes, I am
Sincerely yours,

DANTE B. FASCELL, *Chairman.*

HOUSE OF REPRESENTATIVES,
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,
Washington, DC, May 31, 1991.

HON. DANTE B. FASCELL,
*Chairman, Committee on Foreign Affairs, House of Representatives,
Washington, DC.*

DEAR MR. CHAIRMAN: This refers to your letter of May 30, 1991, concerning your Committee's consideration of legislation entitled the "International Cooperation Act of 1991".

As explained in your letter, the bill includes several provisions which pertain to matters that fall within the jurisdiction of the Committee on Post Office and Civil Service. You have requested our review of those provisions, prior to the reporting of the measure by your committee, in order to avoid a sequential referral of the bill and thereby expedite consideration of the bill by the House.

We have carefully reviewed the provisions in question, particularly the proposed sections 3103, 3202 and 7502 of the Foreign Assistance Act of 1961, and we have no objection thereto.

As a result of the cooperation you and your Committee staff have provided, we see no need to seek sequential referral of this legislation. However, our agreement to forgo consideration of the legislation should not be construed as a waiver of this Committee's jurisdiction as established by House Rule X, Clause 1(o).

We would appreciate your including a copy of this letter in your Committee's report accompanying this legislation.

Sincerely,

WILLIAM L. CLAY, *Chairman.*

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC, May 30, 1991.

Hon. WALTER B. JONES,
*Chairman, Committee on Merchant Marine and Fisheries, 1334
Longworth House Office Building, Washington, DC.*

DEAR MR. CHAIRMAN: The Committee on Foreign Affairs has completed consideration of draft legislation authorizing foreign assistance for fiscal year 1992 and 1993. The Committee will introduce a clean bill on Monday, June 3, 1991 and report the legislation to the House on the same date. The Committee expects to go before the Rules Committee later the same week and to the Floor the following week.

At my direction, the Foreign Affairs Committee staff has been in consultation with your staff regarding certain provisions in the legislation which fall within the jurisdiction of the Committee on Merchant Marine and Fisheries. If you have no objection to the consideration of these provisions on the House Floor in their present form, without prejudice to your jurisdiction, I would be pleased to include our correspondence to this effect in the report on the bill.

Thank you for your consideration in this matter.

With best wishes, I am

Sincerely yours,

DANTE B. FASCELL, *Chairman.*

HOUSE OF REPRESENTATIVES,
COMMITTEE ON MERCHANT MARINE AND FISHERIES,
Washington, DC, May 31, 1991.

Hon. DANTE B. FASCELL,
*Chairman, Committee on Foreign Affairs, 2170 Rayburn House
Office Building, Washington, DC.*

DEAR DANTE: Thank you for your letter of May 30, 1991 bringing to my attention certain provisions affecting the jurisdiction of the Committee on Merchant Marine and Fisheries in your draft legislation authorizing Foreign Assistance for Fiscal Years 1992 and 1993. In addition to the provisions which your staff has enumerated, I have identified three additional provisions, all identical and per-

taining to the preparation of environmental impact statements, which affect the interests of this Committee.

To assist you and the House leadership in bringing this legislation to the Floor as expeditiously as possible, and with the understanding that the Committee on Foreign Affairs will not make any changes to the pertinent sections without the concurrence of the Committee on Merchant Marine and Fisheries, I agree not to ask for a sequential referral of these provisions to the Foreign Assistance Act of 1961. This agreement is made, of course, without prejudice to the jurisdictional interests of the Merchant Marine and Fisheries Committee over the provisions specified in this letter. References are to the May 6, 1991 Committee Print and sections of the Foreign Assistance Act.

Section 7403, "Shipping on United States Vessels" (pages 379-380 of the Committee Print) essentially combines and makes no substantive changes to two provisions of existing law, sections 603 and 640C of the Foreign Assistance Act (22 U.S.C. 2353 and 2399d). Section 7403(a) makes section 901(b) of the Merchant Marine Act of 1936 inapplicable to the ocean transportation of commodities and defense articles purchased with foreign currencies. Section 7403(b) authorizes the use of financial assistance to pay shipping differentials between U.S. and foreign flag vessels. Under the Rules of the House of Representatives and the precedents under those Rules, both provisions fall within the jurisdiction of the Committee on Merchant Marine and Fisheries.

Section 1303, "Purchase of United States Goods and Services," was added by Congressman Torricelli and accepted in Committee. This amendment, as with Section 7403, would fall within the jurisdiction of the Committee on Merchant Marine and Fisheries, as it affects the waterborne transportation of goods procured by way of cash transfer assistance.

I also wish to express the Merchant Marine and Fisheries Committee's interest in sections 1241, 3205(c), and 502(k) of the revised Foreign Assistance Act (pages 31-32, 192, and 501-502 of the Committee Print). These provisions require the President to take into account the impact of certain programs and projects upon the environment and natural resources of developing countries.

These three sections are, in effect, an implementation of the National Environmental Policy Act of 1969 (NEPA, 42 U.S.C. 4321 et seq.) to foreign assistance projects affecting the environment outside the jurisdiction of the United States. NEPA was developed by the Merchant Marine and Fisheries Committee and is solely within its jurisdiction.

More specifically, these provisions require the President to undertake an initial environmental examination of certain programs and projects under the bill to ensure that environmental considerations are integrated into project conception and design and that each project is environmentally sustainable. The provisions also distinguish between these projects and programs affecting the environment of the global commons (i.e., outside the jurisdiction of any country) and those affecting the environment of a foreign country. In the case of programs or projects affecting the global commons, the bill mandates the preparation of an environmental impact statement. Where the program or project affects the environment

of a foreign country, the bill only requires the preparation of an environmental assessment.

This distinction between actions affecting the global commons and those affecting the environment of a foreign country mirrors the approach taken by recent legislation to clarify the scope of NEPA, introduced by Congressman Studts and referred to the Merchant Marine and Fisheries Committee. H.R. 1113, which passed the House in the 101st Congress, and H.R. 1271 in this Congress, would ensure that NEPA is applied extraterritorially to all major Federal actions significantly affecting the environment, including foreign assistance projects.

Similar legislation reported out of your Committee and enacted into law during the 95th Congress (22 U.S.C. 2151p) resulted in the promulgation of regulations by the Agency for International Development (AID) to implement NEPA for the AID program (22 C.F.R. 216). These regulations were, in turn, based on guidelines issued by the Council on Environmental Quality (CEQ) to assist agencies in adhering to NEPA. To ensure the continuation of this nexus between NEPA and the types of environmental assessment provisions contained in your bill, I am seeking your acknowledgment of the Merchant Marine and Fisheries Committee's jurisdictional interests in this matter. I also offer to work with you, if there is an additional opportunity, in the development of Floor amendments, or colloquies, to confirm further the relationship between these provisions and NEPA.

I do not wish in any way to disrupt or delay consideration of this important bill in the House. For this reason, I do not intend to request a sequential referral of this bill, provided that you acknowledge, by letter, this Committee's jurisdictional interests, as specifically outlined in this letter, and have no objection to having a small number of Members of the Merchant Marine and Fisheries Committee appointed as limited conferees to any conference on the Foreign Assistance Act of 1991. I would request, in addition, that our correspondence on this matter be included in your Committee report.

With kind regards, I am
Sincerely,

WALTER B. JONES, *Chairman.*

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC, May 31, 1991.

HON. WALTER B. JONES,
Chairman, Committee on Merchant Marine and Fisheries, Longworth House Office Building, Washington, DC.

DEAR MR. CHAIRMAN. Thank you for your response to my letter of May 30, 1991 regarding H.R. 250E authorizing foreign assistance programs for fiscal year 1992 and 1993 which will be introduced and reported by the Committee on Foreign Affairs on Monday, June 3, 1991.

I appreciate your agreement not to request sequential referral of those provisions of the legislation which fall within the jurisdiction

of the Committee on Merchant Marine and Fisheries in order to expedite floor consideration of this bill. Please be assured that I fully acknowledge your Committee's jurisdictional interests as described in our letter. You may also be assured of my cooperation and coordination with you on these issues throughout the legislative process on this bill.

Thank you for your cooperation.

Sincerely yours,

DANTE B. FASCELL, *Chairman.*

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC, May 31, 1991.

HON. HENRY B. GONZALEZ,
Chairman Committee on Banking, Finance and Urban Affairs, Rayburn House Office Building, Washington, DC.

DEAR MR. CHAIRMAN: The Committee on Foreign Affairs has completed consideration of draft legislation authorizing foreign assistance programs for fiscal years 1992 and 1993. The Committee will introduce a clean bill on Monday, June 3, 1991, and report the legislation to the House on the same day. The Committee expects to appear before the Committee on Rules later than same week and schedule this legislation for the Floor the following week.

At my direction, the Committee staff has been in consultation with your staff regarding certain provisions in the legislation which may fall within the shared or sole jurisdiction of the Committee on Banking, Finance, and Urban Affairs. A list of those provisions was provided to your staff early this week. If you have no objection to the consideration of these provisions on the House Floor in their present form, without prejudice to your jurisdiction. I would be pleased to include our correspondence to this effect in the report on the bill.

Thank you for your consideration in this matter.

With best wishes, I am

Sincerely yours,

DANTE B. FASCELL, *Chairman.*

HOUSE OF REPRESENTATIVES,
COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS,
Washington, DC, June 3, 1991.

HON. DANTE B. FASCELL,
Committee on Foreign Affairs, Rayburn H.O.B., Washington, DC.

DEAR MR. CHAIRMAN: On behalf of the Banking Committee, may I say that I appreciate the opportunity that you provided to review the provisions of the Foreign Assistance Act which are within the jurisdiction of our Committee.

To a large extent, the provisions of interest to the Banking Committee contained in the Committee Print either restate existing law or make conforming changes to existing federal statutes. For the purposes of bringing this important legislation to the floor as

soon as possible, this Committee will waive its right for a sequential referral at this time.

May I take this opportunity, however, to comment on a specific interest of the Banking Committee. Among a number of provisions within the Banking Committee's jurisdiction contained in your bill, the language of the Foreign Assistance Act concerning the operation of the Export-Import Bank lies directly within the core jurisdiction of this Committee and the Subcommittee on International Development, Trade, Financing and Monetary Policy. The activities of the Export-Import Bank are under careful review within the Banking Committee as evidenced by two public hearings on April 11 and May 2 of this year, which have explicitly addressed such important issues as the appropriateness of using Ex-Im Bank guarantees for military sales. It is our responsibility to authorize Ex-Im Bank activities that protect the best interests of our nation and the Bank and it is for this purpose that this Committee asks that you refrain from additional authorizations of the activities of the Export-Import Bank in the future.

It should be clearly understood that waiver of the Banking Committee referral is without prejudice to the jurisdiction of the Committee. The Committee reserves the right to defend its position during floor consideration of the bill and to seek the full representation of the Banking Committee in conference with the Senate.

Sincerely,

HENRY B. GONZALEZ, *Chairman.*

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC, May 30, 1991.

Hon. JOHN D. DINGELL,
*Chairman, Committee on Energy and Commerce, 2125 Rayburn
House Office Building, Washington, DC.*

DEAR MR. CHAIRMAN: The Committee on Foreign Affairs has completed consideration of draft legislation authorizing foreign assistance for fiscal years 1992 and 1993. The Committee will introduce a clean bill on Monday, June 3, 1991 and report the legislation to the House on the same date. The Committee expects to go before the Rules Committee later the same week and to the Floor the following week.

At my direction, the Foreign Affairs Committee staff has been in consultation with your staff regarding a provision in the legislation which falls within the jurisdiction of the Committee on Energy and Commerce. That provision, which relates to coordination and cooperation between the Agency for International Development and the Environmental Protection Agency on U.S. Assistance to Eastern Europe, is similar to a provision on which we exchanged correspondence with regard to the Foreign Assistance Authorization bill in 1990. If you have no objection to the consideration of this provision on the House Floor in its present form, without prejudice to your jurisdiction, I would be pleased to include our correspondence to this effect in the report on the bill.

Thank you for your consideration in this matter.
 With best wishes, I am
 Sincerely yours,

DANTE B. FASCELL, *Chairman.*

HOUSE OF REPRESENTATIVES,
 COMMITTEE ON FOREIGN AFFAIRS,
 Washington, DC, June 3, 1991.

HON. DANTE B. FASCELL,
 Chairman, Committee on Foreign Affairs, Rayburn House Office
 Building, Washington, DC.

DEAR CHAIRMAN FASCELL: By letter dated May 30, 1991, you notified the Committee on Energy and Commerce that the Committee on Foreign Affairs intended to report a clean bill authorizing foreign assistance for fiscal year 1992 and 1993 to the House on June 3, 1991. Your letter further acknowledged the jurisdiction of the Committee on Energy and Commerce over provisions in the legislation in Chapter 3 relating to assistance in eligible East European countries. Specifically, amendments relating to Section 502 of the Support for East European Democracy Act (SEED) of 1989 which pertain to environmental and energy initiatives in Eastern Europe fall within the jurisdiction of the Committee on Energy and Commerce.

As a result of discussions between our two Committees which have led to certain changes and the inclusion of additional language in the reported bill, I am agreeing not to seek sequential referral of foreign assistance authorization for fiscal years 1992 and 1993 in this instance so that the bill can be considered expeditiously by the House. Such action is without, of course, waiving this Committee's jurisdiction over the provisions in question.

I would appreciate your including this letter as part of the report on the foreign assistance authorization and as a part of the record during consideration of this bill by the House.

With every good wish, I am
 Sincerely,

JOHN D. DINGELL, *Chairman.*

JURISDICTIONAL ISSUES

Several existing provisions of law which the committee included in this legislation, as well as some new provisions, fall within the shared or sole jurisdiction of other committees of the House of Representatives. The correspondence from these committees on such provisions received by the committee follows:

AUTHORIZATIONS

One of the principal purposes of H.R. 2508 is to authorize the appropriation of \$12,399,201,000 in fiscal year 1992 and \$13,035,985,000 in fiscal year 1993. The following table compares the amounts appropriated for fiscal year 1991, the executive branch request as reestimated by the Congressional Budget Office for fiscal year 1992, and the committee recommendations for fiscal years 1992 and 1993 for the international security and economic assistance authorized in this legislation:

(By fiscal year, in thousands of dollars)

	1991 actual	1992 request (reestimate)	1992 committee recommendation	Plus or minus 1992 request	1993 committee recommendation
Development assistance (151):					
International organizations	284,730	250,212	1,300,612	50,400	1,318,712
Bilateral DA	1,259,083	1,277,000	* 1,077,000	(200,000)	* 1,027,000
Population			* 300,000		* 350,000
Fund for Africa	788,000	800,000	* 1,000,000	200,000	* 1,200,000
Special assistance initiative.....	529,675	560,000	548,500	(11,500)	548,500
Enterprise for the American initiative.....	0	285,000	242,356	(42,644)	224,644
ASHA	29,500	30,000	35,000	5,000	35,000
Disaster assistance	40,000	40,000	* 45,000	5,000	* 45,000
AID operating expenses.....	456,200	483,300	483,300		483,300
Supplemental operating expenses.....	6,000	0	0		37,379
AID IG.....	33,884	37,739	37,739		37,379
Housing guarantees	48,000	9,500	10,500	1,000	8,500
TDP	35,000	35,000	55,700	20,700	70,000
OPIC.....	0	10,649	12,300	1,651	6,000
Private Security Loan Program	0	1,367	1,500	133	1,500
Peace Corps	186,000	200,000	200,000		200,000
IAF	25,000	28,794	28,800	6	31,000
ADF.....	13,000	14,950	14,950		14,950
Narcotics control.....	150,000	171,500	171,500		171,500
Soviet-East European research and training....	5,000	0	5,000	5,000	5,000
Presidential contingencies	0	20,000	0	(20,000)	0
Subtotal.....	3,889,072	4,255,011	* 4,569,757	314,746	* 4,777,985
Security assistance (152):					
FMF.....	4,663,421	4,640,000	* 4,411,444	(228,556)	* 4,840,000
FMF buydown	(270,000)	270,000	0	(270,000)	0
ESF	3,130,800	3,228,000	* 3,322,500	94,500	* 3,322,500
Emergency Supply/Israel.....	650,000	0	0		0
Emergency Supply/Turkey.....	200,000	0	0		0
MAP.....	0	10,000	0	(10,000)	0
Peacekeeping	32,800	28,000	28,000		28,000
IMET	47,196	52,500	52,500		52,500
Anti-terrorism.....	12,026	15,000	15,000		15,000
Subtotal.....	8,736,243	8,243,500	* 7,829,444	(414,056)	* 8,258,000
Total (151 & 152).....	12,625,315	12,498,511	* 12,399,201	(99,310)	* 13,035,985

¹ Earmarks International Organizations as follows: FY 1992: \$125 million for UNDP, \$83 million for UNICEF, \$18 million for UNEP, \$18.362 million for IFAD, \$4 million for Special Program for Africa of IFAD, \$500,000 for UNU; FY 1993: \$135 million for UNDP, \$83 million for UNICEF, \$25 million for UNEP, \$18.362 million for IFAD, \$4 million for Special Program for Africa of IFAD, \$1 million for UNU, \$600,000 for GAS information network.

² Earmarks Development aid as follows: for FY 1992 and 1993, Health, Child Survival Fund, AIDS: \$327 million (subearmarked respectively at \$135 million, \$130 million, \$62 million); Vitamin A: \$12 million for FY 1992, \$15 million in FY 93; for both FY 1992 and 1993, \$5 million for US/Israel/LDC cooperation, \$6 million for Lebanon (for other DA earmarks, see below).

³ Earmarks Population as follows: for FY 1992 and 1993, \$20 million for UNHFA.

⁴ For each of fiscal years 1992 and 1993, transfers \$6 million from DFA to IO's only for IFAD, and transfers \$400,000 from DFA to IO's and earmarks for the United Nations Educational and Training Program for Southern Africa.

⁵ Disaster aid: \$5 million provided for Soviet Armenia.

⁶ Funds earmarked from combined sources, for both FY 1992 and 1993: of funds available to promote human rights funds: \$1.5 million (permanently) for S. African PVOs, \$10 million for human rights/democracy in Middle East; from all sources: \$5 million for Cambodian children; from DA/DFA: \$275.4 million for PVOs; from DA/ESA: \$2.8 million for C. American journalism, \$20 million for S. Pacific Regional, \$1 million for Burmese refugees, \$25 million for Nepal; from DA/DFA/ESA: \$40 million for disadvantaged S. Africans; from DA/DFA/ESA/Local currencies: \$85 million for micro-enterprise; from DA/ESA/Local currencies: \$3 million for Guyana.

⁷ FMF: \$1.8 billion for Israel (2.0 billion for FY 93), \$1.3 billion for Egypt, \$350 million for Greece, \$500 million for Turkey, \$5A: \$1.2 billion for Israel, \$815 million for Egypt, \$16 million for West Bank/Gaza, \$7 million for regional cooperative IME projects, \$4 million for Lebanon, \$15 million for Cyprus, \$20 million for Ireland, \$15 million for Baltic States, \$25 million for Central American refugees, \$28.3 million for sub-Saharan Africa.

⁸ Includes decrease to offset increased funding for refugee and migration assistance contained in H.R. 1415, the Foreign Relations Authorization Act, Fiscal Years 1992 and 1993.

SECTION-BY-SECTION ANALYSIS

Section 1—Short title

This section states that this act may be cited as the "International Cooperation Act of 1991."

Section 2—Table of contents for this act

Section 2 provides a table of contents for this act.

Section 3—Table of contents for amended Foreign Assistance Act

Section 3(a) amends the Foreign Assistance Act of 1961 to provide that the Act may be cited as the "Foreign Assistance Act of 1961".

Section 3(b) provide a table of contents for the Foreign Assistance Act.

TITLE I—ECONOMIC ASSISTANCE

Section 101—Revision of economic assistance programs

This section states that the Foreign Assistance Act of 1961 (hereafter referred to as the Foreign Assistance Act or current law) is amended by striking out part I and inserting a new title I. The committee takes this action to rewrite the basic economic assistance authorities in response to the February 1989 recommendations of the committee's Task Force on Foreign Assistance. Similar legislation was enacted by the House in 1989 as H.R. 2655 but was not considered by the Senate. In 1991 the executive branch, using H.R. 2655 as a general outline, submitted to the Congress its own rewrite of the Foreign Assistance Act, which was introduced by request as H.R. 1792. The first seven titles of this bill represent a melding of those two pieces of legislation.

Title I consolidates the many competing priorities for development assistance in current law into four basic objectives and eliminates a number of reporting requirements. At the same time that it provides greater flexibility to the Agency for International Development (AID) to respond to the requirements of specific countries, it also imposes greater accountability regarding the ability of U.S. assistance to accomplish its objectives.

The following is an analysis of new title I of the Foreign Assistance Act:

CHAPTER 1—ECONOMIC ASSISTANCE POLICIES

Section 1101—Findings and declarations of policy concerning economic assistance programs generally

Section 1101 substantially revises the policy statements concerning economic assistance in section 101 of current law.

Section 1101(a) establishes the reasons for U.S. involvement, through its economic assistance program, in efforts of developing countries to achieve broad-based, sustainable development. This section states that worldwide economic, political, and technological changes have transformed relationships among nations, made global interdependence a pervasive reality, and created awareness among the American people that their well-being and prosperity

are closely linked to the well-being and prosperity of others. The section recognizes the generosity of the American people and U.S. traditional concern for helping those in need. While the United States should continue to assist in meeting the development needs of others, this section states that successful development depends primarily on the efforts of developing countries.

Section 1101(b) calls on the President to develop and implement coordinated policies and programs to achieve the objectives of this title. The basis for this provision is recognition that economic assistance is only one component, and currently a diminishing component, of a successful development policy. Other factors which profoundly affect development, including U.S. trade, monetary, debt, science and technology, environmental, and agricultural policies, must be coordinated in order to maximize progress toward the achievement of the objectives of this title. This legislation does not propose any specific reorganization of the executive branch. It does, however, anticipate that greater efforts will be made to bring together diverse aspects of U.S. policy in order to use limited economic assistance funds effectively, and that the executive branch will take steps to ensure effective coordination among the various executive departments and agencies. This section also recognizes the need for the United States to coordinate its development assistance policies and programs with those of other donors and international institutions.

Section 1102—Basic objectives of economic assistance programs and United States development cooperation policy

Section 1102 rewrites the development assistance policies of current law, found primarily in section 102 and also reflected in the delineation of functional accounts, sections 103-106 and in sections 117-119, and other provisions setting forth objectives and priorities for the Foreign Assistance Act.

Section 1102(a) defines the purpose of U.S. economic assistance as promotion of broad-based, sustainable, participatory development, with particular focus on the poor. It sets out four interrelated and mutually reinforcing basic objectives for economic assistance programs for U.S. development cooperation policy generally: sustainable economic growth, sustainable resource management, poverty alleviation, and democracy. The committee believes that these objectives reflect the U.S. national interest and the concerns and generosity of the people of the United States. The objectives represent a consensus among numerous groups and individuals with extensive experience and expertise in development as to what development means and how best to achieve it. In setting forth these objectives, the committee intends that they provide sufficient flexibility to encompass the diversity and complexity of the developing world.

Section 1102(b) sets forth the rationale for and an elaboration of the objective of sustainable economic growth. It states that broad based, sustainable economic growth is in the U.S. interest because it permits countries to progress toward economic self-reliance, to improve the living standards of their citizens, and to increase international markets for trade and investment. Market-oriented economic growth establishes the basis for sustainable development and reinforces democratic ideals and practices. Economic growth is

a necessary condition for the sustainable reduction of poverty in developing nations, but growth is not the only solution necessary for poverty reduction.

The term "broad based growth" is used repeatedly in this Act to refer to growth throughout all sectors of a society, particularly that which provide opportunities for economic advancement of the poor. The provision states that a primary test of the effectiveness of programs designed to promote broad based economic growth is the extent to which the poor and disenfranchised participate in and benefit from such programs. The committee believes that broad based growth can be achieved when all citizens have the right and the opportunity to participate in the economy. It recognizes that in many developing countries there are many barriers to this participation, such as inappropriate government policy and discriminatory practices. AID should assist in the development of programs to support the reduction of these barriers to broad based economic growth.

The committee also recognizes the need for increased efficiency in order to promote economic growth. It expects that programs in support of economic efficiency will have as a principle consideration the question of impact on the poor.

Section 1102(c) sets forth the rationale for and an elaboration of the objective of sustainable resource management. It recognizes that both the economic and social well-being and the security of the United States and other countries are affected by how the world's environment and physical resources are managed. The committee expects that the executive branch will give increasing attention to the linkage between environment and national well-being and that AID will make an effort to expand its portfolio of environmental and energy activities in order to assist in limiting environmental deterioration and in promoting environmental education and public awareness activities. The committee recognizes that because the environment is not defined by national borders, environmental problems require regional and global, as well as national solutions, while within countries action is also required at the local and regional level.

This provision represents a substantial elevation in the importance attached to environmental concerns as part of U.S economic assistance programs. The provision focuses on the fundamental premise that the world cannot afford to pursue short term economic gain by sacrificing the environment and resource base which make future civilized life possible. Systems of production and consumption which threaten the destruction of the environment must be modified. Policies and institutions which reward non-sustainable economic behavior cannot be justified. Science and technology must be refocused on the constraints to sustainable development, in the short run through the development of environmentally protective and restorative technologies, and in the long run, through the creation of new technologies of energy and the production of goods and services to meet human needs without threatening the environment. Ways must be found to share efficiently and fairly the financial burden for environmental protection and restoration among rich and poor peoples and nations.

While the committee believes that AID has made commendable progress in responding to the requirements of environmental soundness in the formulation of programs and projects, it must continue to strengthen its technical capabilities to analyze and address the full range of environmental and resource management issues linked to international development and to incorporate environmental components in all appropriate activities.

In particular, AID must direct greater attention to the relationships among demographic pressures, poverty, and environmental degradation, and, to that end, AID's Office of Population should undertake a study of those relationships to ensure that environmental planning is not sabotaged by the effect of excessive population growth. AID must be able to collaborate with other U.S. Government agencies, universities, and the nongovernmental environmental community; provide effective technical advice on the environmental repercussions of broader U.S. foreign economic policy issues which effect economic development and collaborate with advanced developing countries such as Brazil, Venezuela, and Malaysia toward the development of sound resource management and environmental protection policies.

In working toward meeting the objective of sustainable resource management, the committee believes that AID should build on and broaden its traditional strength in the agricultural sector. An efficient and productive agricultural system remains a key element in achieving a pattern of development which reduces the incidence of poverty. Agricultural productivity must be enhanced, however, in ways which protect and restore the natural resource base. Continued emphasis is needed on both basic and applied agricultural research, utilizing technologies ranging from age-old production methods to the most advanced biotechnology methodologies, in order to achieve sustainable increases in productivity.

The committee recognizes that the loss of diverse genetic materials poses a major threat to long term agricultural productivity gains. The United States should expand its efforts to improve the capacity of developing countries to preserve, manage, and share the world's heritage of diverse genetic materials. In agro-industry technology, the U.S. private sector sets the standard for the creative and efficient use of agricultural products. The agency should build on its efforts to bring U.S. private agro-industrial capabilities to bear on the problem of resource sustainable development.

The objective of sustainable resource management also requires emphasis on improved water use management, forestry management and reforestation, on more efficient and resource conserving energy production systems in order to reduce the growing threat of global warming, and resource conserving systems of urban development and industrialization.

The committee reiterates its support for the principles set in sections 118 and 119 of current law concerning protection of tropical forests and endangered species. Although these provisions are not included specifically in this new legislation, there is no loss of interest in the goals that they mandate, and the committee expects AID to continue its commitment to these provisions.

The committee recognizes that AID needs to enhance its institutional capacity to address international environmental and energy

issues effectively. AID is urged to increase its direct-hire staff in this field and to hire individuals with education and experience in appropriate environment and energy related disciplines. In addition, AID should consider short term contracts for periods of up to 5 years in order to bring in special expertise which may not be needed on a long-term basis. The committee endorses AID's attempts to provide environmental and energy training for its staff in Washington and the field.

Section 1102(d) sets forth the rationale for and an elaboration of the objective of poverty alleviation. It states that it is in the U.S. interest to assist developing countries to achieve patterns of growth and development which will measurably alleviate the worst manifestations of poverty in rural and urban areas and allow all people to lead economically and socially productive lives. This objective focuses both on the alleviation of the physical deprivations of poverty and on the building of human capacity in order that individuals can participate in normal social and economic activities.

The measurable and significant reduction in the incidence and condition of poverty in which millions of people live is a fundamental motivation of the committee in enacting this legislation. The alleviation of poverty is both an end and a means for sustainable development in the broadest sense.

Having recognized that broad based economic growth is a necessary but not sufficient condition for the reduction of poverty, the growth process must be linked as closely as possible to alleviation and reduction of poverty. In this section, the committee authorizes AID to develop policies, programs, and projects which will directly increase the capacity of the poor to develop the assets which permit them to participate more effectively in the economic, political, and social life of their country. While the ultimate responsibility for the reduction of poverty must rest in the hands of the people and governments of the developing world, U.S. assistance can inform, persuade, support, and assist governments and peoples to help create the human capacity which is needed to ensure sustainable development.

The committee believes that governments must be responsible for ensuring that all segments of a society enjoy access to health, education, and family services, and that the quality of these services remains of the highest possible order. Poverty alleviation should be a subject for bilateral policy dialogue, and U.S. assistance should be directed to nations and peoples which demonstrate commitment to poverty alleviation objectives.

Public investment in such areas as education, medical research, and epidemiology, is vital to the functioning of society. Beyond that, government must pursue policies which support the expansion of health and educational services to all classes of the society, including the direct provision of services when necessary. AID's role should be to focus attention on the best combination of policies and programs, and public and private sector involvement, which can meet the objective of measurable, sustainable improvements in the health and education of all segments of society, with special focus on the poor. Poverty alleviation efforts which result merely in temporary reduction in the symptoms of poverty are not consistent with broad-based, sustainable development.

Unless there is a significant and measurable reduction in the rate of population growth in most developing countries, the pressure of exponential growth in population will increasingly erode the capacity of the world to sustain a civilized existence. The committee strongly supports the principle of voluntarism in family planning policies, program, and practices. It also strongly supports the maintenance of consistent or increasing levels of support for the variety of programs which have proven effective.

The objective of poverty alleviation directs attention to some of the most difficult challenges of development. It is difficult but sound economic development policy to insist that women's economic and social roles are no less important than those of men. It is also difficult but important to find ways to improve the outreach of good quality basic education to the poorest sections of urban and rural society. It is extraordinarily difficult but increasingly necessary to find acceptable alternative means of livelihood to replace environmentally destructive practices of poor rural people attempting to eke out of living on marginal lands. The continuing emphasis on poverty alleviation as a central tenet of U.S. economic assistance programs is a statement of the intention of the committee to continue to seek answers to these problems.

Section 1102(e) sets forth the rationale for and an elaboration of democracy as an objective of U.S. economic assistance. While this section builds on concepts contained in current law, including sections 116, 281, 461, and 534, it substantially expands current law by establishing the promotion of democracy and pluralism to be one of the four objectives of U.S. economic assistance programs authorized under this title.

In setting out this purpose, the committee recognizes the fundamental relationship which exists between economic development and political development. The objective is premised on the view that societies in which power and authority are widely diffused and legitimately exercised, in which government is democratically elected and responsive to the will of the people, and in which internationally recognized human rights are respected, are better able to achieve sustainable and responsible development. Furthermore, democracy can be sustained only in a society in which the legitimacy of the government rests firmly on the expressed consent of the governed, the rights of all citizens are respected, and there is effective civilian control over the military and security forces.

This objective stresses three dimensions of democracy: democratic institutions, political participation, and human rights. The committee is encouraged in setting forth this objective by the growing strength and success of indigenous democratic movements in many parts of the world. The committee believes that practical support for such democratic movements can and should be provided through a conceptually broadened foreign assistance program.

The committee believes that the U.S. non-governmental organization (NGO) community can play an important role in developing and implementing specific programs under this objective. Recognizing the sensitivity of sovereign nations with regard to internal political arrangements as well as the experience and expertise of many in the NGO community, the committee believes that U.S. NGOs may be more effective propagators of democratic ideas and

institutions than government-to-government programs. It is especially important that U.S. NGOs funded under this title support the development and institutional capacity of similar indigenous organizations in developing countries. Assistance to support the efforts of civic organizations, free trade unions, private enterprise groups, democratic political parties, press associations, and human rights organizations, among others, in developing and other countries should be encouraged. This strengthened capacity of democratic institutions may be the most valuable and long lasting contribution the NGO community can provide toward the attainment of the objective of democracy in developing countries.

The committee recognizes that there is a role for government programs, particularly in the strengthening of local government capacity to administer laws fairly and consistently. Whether in the administration of judicial or electoral systems or in the development and implementation of revenue administration, there is considerable scope for technical and managerial improvements which, if successful, can have a powerful impact on a government's responsiveness to its citizenry. The committee encourages AID to develop programs in this area and to work with other countries and multilateral institutions to offer this assistance.

The committee recognizes that another essential element for democratic development is the acceptance of and respect for civilian authority by all elements of society. This concept is especially difficult to implement in those developing nations undergoing transitions from military regimes to democratically-elected civilian governments. The committee encourages AID to develop and expand programs in this area.

The committee notes AID's emphasis on the policy dialogue as a means to foster better economic policies in developing countries. While the committee supports policy discussions at the government-to-government level, it believes that, in the long term, to be effective government policy must emerge from an internal dialogue within the developing country. NGO's have an important role in articulating viewpoints and in shaping overall outcomes. AID's policy dialogue can frequently benefit from the existence of well organized and active internal groups, and ways should be found to support the expansion of the analytic and organizational capacity of these groups.

It is not the committee's intent to prescribe a specific doctrine of political or governmental organization which AID must impose through its development programs in this area. The committee believes that flexibility and sensitivity to cultural and historical differences should be guiding principles in developing specific programs in support of this objective. This objective summarizes a core set of beliefs, however, which should guide development assistance programs and U.S. relationships with developing countries generally. It is the intent of the committee to give those beliefs practical expression through the establishment of pluralism as one of the four basic objectives of the act.

In expanding beyond current law the mandate for the U.S. foreign assistance program to promote democracy and pluralism, the committee does not intend the Agency for International Development to engage broadly in areas of democracy and human rights in

which other agencies and departments of the U.S. Government have established expertise and knowledge.

Section 1102(f) establishes various "cross-cutting" guidelines for the design and implementation of economic assistance programs. These guidelines are based on two principal tenets: first, the U.S. development efforts must be guided by broadly accepted concepts of justice which are deeply rooted in the American culture and political system, including equality of opportunity and treatment for all citizens; and second, that U.S. economic assistance programs should take advantage of the historical strength of U.S. development experience and the comparative advantage of American institutions.

In setting forth these guidelines the committee intends to provide flexibility in the design and implementation of programs in furtherance of the basic objectives of this title. Nevertheless, the committee believes that these guidelines represent the values of the American people and a summary of lessons learned from almost 40 years of development assistance experience, and as such, should be applied to the maximum extent possible in planning, implementing, and evaluating U.S. economic assistance activities.

Section 1102(f)(1), dealing with participation and consultation, provides that those persons who are expected to carry out or benefit from development projects and programs should participate in the design and implementation of those activities. Development experience demonstrates that projects and programs which are divorced from the concerns of the people they are intended to benefit are generally not effective. For example, irrigation projects designed without taking into consideration the views of farmers or regard for farm practices and requirements generally result in inefficient and wasteful use of irrigation water. Without the participation of beneficiaries, it is also more difficult to create incentives to maintain such a system. In child survival activities, mothers' participation is needed to insure that the interventions proposed are workable in the social and economic conditions of the local environment. Similarly, programs affecting workers should involve consultation with their trade union representatives in the planning process.

As many evaluations of development projects have indicated, projects most likely to demonstrate sustained benefits are those which produce an outcome that is valued by the intended beneficiaries. For many types of projects, the probability of success will be higher if the beneficiaries are able to secure some sense of ownership of the project, or are able to influence the outcome in some way. Frequently, a local NGO is the best intermediary for securing such consultation. Participation can take many forms, including consultation, financial participation, advisory roles, and major share of management and maintenance responsibility. The degree and direction of consultation and participation will vary based on the type of project or its expected outcome. As a general proposition, however, the committee expects this guidance to be followed with vigor and constancy. AID's design and evaluation documents should clearly reflect the incorporation of this guidance.

Section 1102(f)(2) recognizes that women must be an integral part of all aspects of the development process. The committee acknowledges that cultural and social practices in many countries define

standards for the treatment of women which differ from those set forth in this legislation. The committee is convinced, however, that the objectives of this title can not be achieved without the full and equal participation of women in the process and in the benefits of sustainable and broad based economic development. The design and implementation of sound development programs must reflect the integral role women already play in the economy.

The committee's intent in providing this guidance is to highlight the need for positive social and economic change as part of the development process. It intends that the agency should be as persistent in its concern for the incorporation of and sensitivity to the role of women as it is for other aspects of development policy and programs. The committee expects this concern to be fully reflected in AID's planning, policy, program, evaluation, and congressional reporting documents. It can be accomplished through such actions as improved collection and use of sex-disaggregated data, improved access to training opportunities for women, increased efforts to train mid- and senior-level AID employees on women in development issues, and increased efforts to require AID contractors and grantees, including PVOs, to address women in development issues. Better measurement of the involvement of women and concern about impact on women in all public and private organizations involved in overseas development is critical to effective U.S. development policy.

Section 1102(f)(3) encourages AID to fully utilize nongovernmental organizations in achieving the objectives of this title. The committee is conscious of the growth of non-governmental organizational capacity and interest in promoting broad based, sustainable economic development. It recognizes the special capability of many of these organizations for working at the local level in developing countries. Many NGO's already work in partnership with AID, and their capacity to assume more sophisticated and complex developmental tasks is growing. Cooperatives, credit unions, and other PVOs can play a significant role both in introducing free-market principles and techniques and in exposing individuals and groups in other countries to the pluralism which is the strength of the American society.

The committee shares the concern many of these organizations have for preserving their independence and unique *grass roots* character. The committee is encouraged by the growing strength and competence of these organizations to use their own resources in concert with the U.S. foreign assistance program to design and implement development projects. The committee strongly believes that, in addition to the delivery of particular project outputs such as potable water or support for entrepreneurial development programs, NGO's are uniquely positioned to strengthen the capacity and organizational power of non-governmental groups in developing societies. Use of NGO's in this capacity can contribute significantly to the promotion of pluralism.

Section 1102(f)(4) highlights the importance of promoting the use of technology that is appropriate for the available resources of a country. The committee is cognizant of the vast literature and considerable effort by public and private agencies to define and develop appropriate technology. It is the committee's intent to focus

AID's attention on supporting the introduction of technologies which advance the objectives of this title. In considering what is appropriate, economic, social, cultural, and environmental criteria must be addressed. The committee stresses the importance of relying on the private sector for the promotion and dissemination of appropriate technology, including continuation and expansion of AID's current support programs. It also recognizes that government policies and institutions have an important role in the development and diffusion of appropriate technology. In the long run, a society's ability to create and utilize technology appropriate to local conditions constitutes a major determinant of its development success.

Section 1102(f)(5), which focuses on collaboration, takes note of the increasing capabilities and diversity in the developing world and stresses the need for collaborative efforts toward common development objectives. These efforts should include U.S. support for institutions which permit developing countries to become more active participants in collaborative efforts, including the United Nations system and regional organizations. Collaborative efforts to deal with development issues under the four basic objectives of this title should include programs with advanced developing countries, including those which no longer receive concessional development assistance. It is the committee's expectation that the executive branch explore ways to engage these countries in a continuing development relationship with the United States which can serve mutual interests and contribute to solutions to global problems.

Section 1102(f)(6), dealing with U.S. utilization of U.S. institutional capabilities, highlights the importance of taking advantage of U.S. institutional capabilities, particularly in science and technology and in education and training, in focussing on critical development problems. The relationship between investments in science and technology and development success is clearly established by experience and analysis of a variety of successful development cases. Higher economic growth rates are linked to the availability of advanced technologies appropriate to a country's resources. Scientific and technological developments have provided the tools for dramatic reductions in disease and mortality. The green revolution and continued investments in agricultural science and technology have contributed to the ability of the world to feed its growing population. As nations become increasingly conscious of threats to the environment and the long-term resource sustainability of both agricultural and industrial production, the focused application of science and technology will become even more critical in finding environmentally acceptable means of producing goods and services. In this context, the social and organizational sciences have to become integral to the development research agenda.

The committee believes that U.S. economic assistance programs must continue to exercise strong policy and programmatic leadership in science and technology. U.S. guidance can help to set an agenda of scientific research which is focused on key constraints to the achievement of sustainable development while charting a course through the rapidly changing maze of international science and technology issues. U.S. assistance should seek out and support innovative partnerships between U.S. public and private sector in-

stitutions and emerging institutions in the developing nations in order to translate knowledge more effectively into viable technology, in particular, supporting long term science programs which are not attractive commercially.

The committee believes that country programs can be strengthened by maintaining centrally funded science and technology programs. Positive collaboration between central and mission funded activities has been demonstrated in many areas and should be broadened. The committee recognizes that limited resources can be effectively used by establishing centralized technical expertise on which country missions can draw.

Education and training also play important roles in increasing the capacity of people in developing countries to manage their own affairs, master the intellectual requirements of the modern world, and exercise informed choice. Retrospective studies of successful developing countries, such as Korea and Thailand, demonstrate the importance of investment in education at all levels. Increased and training opportunities for women contribute to their economic integration, improving the health of their children, and to limiting family size. Long term higher educational experience in the United States by individuals who return to positions of leadership strengthens relationships between the United States and developing countries and contributes to positive policy dialogue over a wide range of economic and development issues. The networks formed by common educational experience also support scientific and private sector collaborative efforts between the United States and developing countries.

The committee recognizes that financial constraints limit U.S. support for education in most developing countries. Priorities must be established based upon the developing nation's requirements, ability to absorb improvements, and receptivity to U.S. involvement in educational programs. The United States has many public and private educational institutions, training institutions, and non-profit educational institutions whose abilities and expertise can be utilized in furthering education and training in the development process.

Section 1102(f)(7) highlights the importance of the United States' firm and long-standing commitment to promote and encourage increased respect for internationally-recognized human rights, as set forth in the 1948 Universal Declaration of Human Rights, throughout the world, and that U.S. economic assistance policies and programs should reflect that commitment. This commitment to human rights is in keeping with the constitutional heritage of the United States and with U.S. international obligations as set forth in the Charter of the United Nations. The committee recognizes that AID, in the development and implementation of economic assistance programs, must be respectful of differences in cultural values and national histories in developing nations but, nonetheless, believes that U.S. economic assistance programs and policies should reflect the U.S. commitment to the promotion of respect for human rights.

Section 1102(g)(1) states that assistance under this title should be concentrated in countries which will make the most effective use of that assistance in promoting the four basic objectives of the title. Economic assistance should be concentrated in those countries in

which macro-economic and sectoral policies are conducive to the effective implementation of foreign assistance programs and projects. Relevant sectoral policies to be considered include those affecting environmental, natural resource management, poverty alleviation, and social and political pluralism, as well as those appropriate to stimulating broad based economic growth. The committee recognizes that assistance may be made available premised on a country's intention to modify its policies or otherwise strengthen its capabilities to use the assistance effectively and that a reasonable time interval may be required to ascertain the viability of those changes. The committee expects that the rationale for provision of assistance required as part of the annual congressional presentation materials will reflect a recipient country's ability to make effective use of that assistance.

Section 1102(g)(2) states that assistance should be undertaken in regions of countries which offer potential for successful development and should not be provided for if the relevant national or sector policies are unfavorable to the long term sustainability and broad impact of the program or project. Stimulating small enterprise development in market towns, for example, may provide a greater return for limited U.S. assistance than would efforts to increase agricultural productivity on marginal lands. The committee stresses the importance of appropriate public policies conducive to development progress. The committee believes that 40 years of development experience demonstrates that good policy is the foundation for effective, sustainable programs and projects, although it recognizes that "good" is a relative, not an absolute, standard. Without progress toward policies consistent with the objectives of the act, the committee does not believe that recipient nations can make effective use of economic development assistance.

Section 1102(g)(3) states that assistance should focus on those types of activities which the United States can provide most effectively.

Section 1102(g)(4) requires the President to establish programs in support of health for all (such as health care initiatives, child survival activities, access to potable water and basic sanitation, and basic nutrition, including nutrition programs under Public Law 480) in each country receiving assistance from the United States that is identified as a child survival priority country, unless he provides an explanation to the appropriate congressional committees for not including such programs. A child survival priority country is a developing country with a mortality rate for children under five years of age that is greater than 70 deaths per 1,000 live births.

Section 1102(g)(5) requires the President to establish basic education programs in each country receiving assistance from the United States that is identified as a basic education priority country, unless he provides an explanation to the appropriate congressional committees for not including such programs. A basic education priority country is a developing country in which fewer than 80 percent of primary school-age children complete primary education.

CHAPTER 2—DEVELOPMENT ASSISTANCE

Subchapter A—Development Assistance Authorities

Section 1201—Assistance for development needs

Section 1201(a) sets forth the relationship between the authorities described in this section and the objectives and principles of section 1102. These authorities are to be used to furnish both development and economic support assistance to support long-term development in furtherance of the objectives of this title. In the case of economic support assistance, the objectives and principles set forth in section 1102 of this legislation apply to the maximum extent feasible.

Section 1201(b) provides that assistance authorized by this section is to be furnished as project and program assistance.

Section 1201(c) states that the purpose of U.S. development assistance is to support a process of long-term development and economic growth in urban and rural areas of developing countries that is broad-based, participatory, and sustainable, with particular focus on the poor.

Section 1201(d) is a consolidation of a number of provisions of current law, including sections 103-106, 116-119, section 126, and section 531.; It provides 19 specific authorities and one general authority applicable to development assistance. The authorities define specific program areas and suggest measurable outcomes which support broad based, sustainable, participatory economic growth in urban and rural areas of developing countries. These authorities are broader than current law and permit AID to address complex development issues in a more comprehensive and flexible fashion. The authorities direct the President to use development assistance to promote the following:

(1) Economic policies that advance the four basic objectives set forth in section 1102, taking into account the need to protect vulnerable groups;

(2) Increased agricultural productivity, especially food production and processing;

(3) Improved health conditions, preventive care programs, and self-sustaining primary health care systems, with special emphasis on meeting the needs of mothers and children, including increased access to maternal, prenatal, and neonatal health care initiatives;

(4) Activities utilizing simple, available technologies which can reduce childhood morbidity and mortality;

(5) Prevention and control of acquired immune deficiency syndrome (AIDS), with a special emphasis on community-based education programs focussed on changing attitudes and behavior;

(6) Activities to address the health, education, nutrition, and other special needs of displaced children who have been abandoned or orphaned as a result of poverty, or man-made or natural disaster;

(7) Voluntary population planning, including increased access to voluntary family planning services;

(8) Improved quality and increased availability of educational opportunities;

(9) Environmentally sound, sustainable resource management, including projects in agricultural production and processing, forestry management, land and water management, and preservation of biological diversity.

(10) Increased respect for internationally recognized human rights and the rule of law;

(11) Improved performance of institutions of democratic governance, and the growth of independent associations;

(12) More efficient energy systems;

(13) Expanded availability and improvements in the quality of basic infrastructure, such as shelter, water, and electricity;

(14) The development of income-generating opportunities, with special emphasis on the promotion of small and micro-enterprises;

(15) Improved management accountability of public and private institutions;

(16) Basic and applied research relevant to overcoming constraints to broad based, sustainable development;

(17) Research and projects to devise and support new strategies to attack transnational threats that endanger the security and social and economic well-being of individual nations of the global community;

(18) Programs to increase awareness of the effects of production and trafficking of illicit narcotic and psychotropic drugs and to reduce illicit narcotic and psychotropic cultivation by stimulating broader development opportunities; and

(19) Other means of promoting a process of long-term development and economic growth that is broad-based, participatory, and sustainable, with particular focus on the poor.

Section 1202—Authorizations of appropriations

Section 1202 authorizes to be appropriated \$1.077 billion for fiscal year 1992 and \$1.027 billion for fiscal year 1993 for the purposes of carrying out this chapter.

Section 1203—Funding for health, child survival, AIDS, and Vitamin A deficiency activities

Section 1203(a) earmarks \$327 million for health, child survival, and AIDS prevention and control activities for each of fiscal years 1992 and 1993. Within this total, the section establishes funding targets of \$135 million for health, \$130 million for child survival activities, and \$62 million for AIDS prevention and control programs in each fiscal year. In addition, the committee urges that AID allocate at least \$250 million from all its funding sources for child survival activities in fiscal years 1992 and 1993. Section 1203(b) earmarks \$12 million in fiscal year 1992 and \$15 million in 1993 for activities to prevent Vitamin A deficiency through nutrition, nutrition supplementation, and other related programs.

Section 1204—Assistance for population planning

Section 1204 revises section 104(b) of current law. It maintains a functional account for population and family planning, authorizing

\$300 million for fiscal year 1992 and \$350 million for fiscal year 1993 for these purposes. Section 1204(d) provides that the amounts available for population assistance shall not be reduced by a greater proportion than other development activities in order to meet other earmarks.

The committee recognizes that the world's population continues to grow by approximately 95 million a year, with much of this growth occurring in the poorest countries, and with population pressure contributing to environmental devastation, famine, economic stagnation, and political and social instability. At the same time, the World Bank estimates that an average fertility rate of 2.4 children, which at current death rates will bring eventual population stabilization, can be achieved by the year 2000 if the proportion of couples in developing countries using contraception increases from the current 40 percent to 72 percent. This goal can be reached through a mixture of bilateral and international population assistance to make voluntary family planning services universally available. The United States has long been a leader in promoting the right to voluntary family planning, and the committee expects that U.S. assistance activities will continue to emphasize and support extension of voluntary family planning programs, as well as other activities to build motivation for smaller families.

Section 1205—Funding for the United Nations Population Fund

Section 1205 earmarks \$20 million or 16 percent of the amount appropriated for section 1204 (whichever is less) for a U.S. contribution to the United Nations Population Fund (UNFPA). The contribution shall be subject to the following conditions which ensure that U.S. funds are used only to support voluntary family planning programs and will not be available for programs in China or for any abortion activities;

- (1) The UNFPA shall be required to maintain these funds in a separate account and not commingle them with other funds;
- (2) None of these funds shall be made available for programs for the People's Republic of China; and
- (3) an agreement between the United States and the UNFPA obligating these funds include a provision expressly stating that the full amount of the U.S. contribution will be refunded if any U.S. funds are used for any family planning programs in the People's Republic of China or for abortions in any country.

Section 1206—Nongovernmental organization family planning assistance

Section 1206 provides that economic assistance funding, including assistance under Title I, and assistance provided through the Development Fund for Africa and the Multilateral Assistance Initiative for the Philippines shall not be denied to nongovernmental or multilateral organizations on the basis of any criterion that is not applicable to foreign governments that receive such funds.

Subchapter B—Special Focus Programs and Activities

Section 1221—Assistance for human rights and democratic initiatives

Section 1221 establishes the framework by which the United States may provide assistance to governments and NGOs to promote democracy and respect for human rights. Section 1221(a) authorizes the President to use funds made available for development assistance, economic support assistance, and the Development Fund for Africa for programs and activities to promote increased respect for internationally-recognized human rights, improve the performance of institutions of democracy, and otherwise promote the objective of democracy. The programs and activities authorized under this section are an expansion of current law, including section 116(e), the human rights fund, and section 534, the administration of justice program, of the Foreign Assistance Act.

Section 1221(b) elaborates on the specific programs and activities for which funds may be authorized including: to enhance the independence and performance of institutions of democratic governance including judicial, electoral and legislative processes; to encourage the growth and organizational capabilities of independent associations such as trade unions, professional, civic, business, community, political and other organizations; to increase respect for internationally-recognized human rights and the rule of law; to support victims of human rights abuses, including the provision of legal services and rehabilitation services for victims of torture; to support organizations seeking to bring to justice the perpetrators of such abuses; to support a free and independent press; to provide legal training and materials; and to support the revision and modernization of legal codes and procedures.

Section 1221(c) describes the eligible recipients of assistance under this section. Assistance may be furnished to countries and organizations, both public and nongovernmental, including national, regional and international organizations. In recognition of the effectiveness of existing U.S. NGO activities to promote democracy and human rights throughout the world, and in acknowledgment of the importance of similar indigenous efforts in developing and other countries, the committee requires that a substantial portion of the funds be provided to and through NGOs.

Section 1221(d) continues a prohibition in current law, section 116(e), relating to elections. Assistance furnished under this section may not be used to influence the outcome of any election in any country. The committee intends that this language prohibit the financing of campaigns or candidates for public office. This prohibition does not preclude efforts to ensure free, fair and open electoral processes. Assistance may be provided to: strengthen the political process and political institutions; register voters and ensure voter participation in elections; ensure equitable access to media outlets; develop democratic election laws; monitor elections; and support other efforts to "level the playing field" in those countries where democratic political forces are at a distinct disadvantage in relation to the government. The committee is sensitive to potential pitfalls in this area and cautions against identification of the United States

with narrow political interests through the provision of U.S. economic assistance to only one political tendency within any country.

Section 1221(e) limits the use of assistance for the Development Fund for Africa provided under this section to countries in sub-Saharan Africa.

The committee notes that AID this year declared the promotion of democracy to be one of its primary functions and wholeheartedly endorses the use of foreign aid for such purposes. Yet, the committee remains concerned about the apparent lack of executive branch coordination in devising and structuring, as well as funding, U.S. support for democracy abroad. As viewed by the committee, there appears to be significant overlap and fragmentation among the various U.S. funded agencies involved in the promotion of democracy, namely the Department of State, the National Endowment for Democracy, the United States Information Agency and the Agency for International Development. The committee strongly urges greater coordination by the executive branch to ensure that the appropriate agencies are utilized and funded to carry out the various programs.

The committee is further troubled by the fact that AID proposes to involve itself in activities within the traditional purview of USIA and NED. To ensure that U.S. assistance for democratic development is implemented in a coordinated and effective manner, the committee urges and expects AID to engage in regular consultations and active cooperation with USIA and NED and to utilize those agencies to implement programs authorized under this section.

The committee believes that AID has developed and managed successfully projects designed to strengthen the capacity and accountability of governmental institutions of democracy such as legislatures, judiciaries, electoral systems, and local government, and that the agency's strength lies in this area.

The committee believes that USIA has successfully designed and implemented programs in support of democracy overseas in the fields of information, education, and culture. The committee believes that USIA should plan and implement those programs authorized under this section that deal with these aspects of democratic development and in which that agency has a proven capability of performance.

In general, however, the committee believes that support for the non-governmental institutions of civil society authorized under this section is best left to the National Endowment for Democracy. Because the committee believes that great care must be taken to structure U.S. democracy assistance programs so as to minimize political and diplomatic interference in them, the committee believes that it would be a great mistake for AID to become involved in directly assisting political parties or groups in civil society that have explicitly or potentially political missions and that risk coming into conflict with their governments. NED is a non-governmental entity with a proven track record of grant-giving to private, politically active organizations, parties, institutions or media whose independence from government is essential to their work. The committee strongly urges AID to fully utilize this experience, expertise and in-

dependence in the planning and implementation of programs authorized under section 1221.

Section 1222—Development education

Section 1222 rewrites section 316 of the International Security and Development Cooperation Act of 1980, generally referred to as the "Biden-Pell" development education provision. This provision authorizes the use of development assistance, economic support assistance, and Development Fund for Africa assistance to support development education programs within the United States. It calls for emphasis on programs conducted by PVOs and cooperatives to educate U.S. citizens about the issues involved in international development and the importance to the United States of developing countries. It is the committee's expectation that this program should continue to be administered as a competitive grant program, with funding based on objective review and ranking of all applications.

Section 1223—Strengthening the capacity of nongovernmental organizations, including research and educational institutions

Section 1223 rewrites section 122(d) of current law. It authorizes the use of development assistance, economic support assistance, and assistance for the Development Fund for Africa, to assist nongovernmental organizations, including U.S. research and educational institutions, to strengthen their capacity to develop and carry out programs concerned with economic and social development in developing countries.

Section 1224—Microenterprise development

Section 1224, nearly identical to H.R. 1608 reported on April 18, 1991, by the Subcommittee on International Economic Policy and Trade, authorizes a program to support microenterprise development.

This legislation was drafted to address three matters in AID's current microenterprise program which came to the attention of the committee through two hearings and a GAO report:

- (1) AID was not targeting its program to reach the poorest of the poor or women;
- (2) AID's average loan size was above \$300 (generally speaking, small-dollar lending is seen as an effective way to reach the very poor, as only the poorest are interested in such small loans); and,
- (3) AID did not have a system to track detailed information concerning its microenterprise credit activities.

This section reflects the efforts of the committee to understand the constraints facing AID and those who implement microenterprise programs in reaching the poorest of the poor. The committee recognizes that access to credit alone may not be appropriate or sufficient for generating opportunities for successful microenterprise development. The committee embraces AID's current four-pronged approach aimed at providing credit, institutional strengthening, training and technical assistance, and policy reform. However, the committee believes that "poverty lending" (loans of \$300 or

less) should be an essential component of AID's overall microenterprise activities.

Within its general authority to conduct microenterprise activities, the legislation calls upon AID to devote a portion of its work to poverty lending activities. The legislation lays out reasonable benchmarks for funding poverty lending activities over the next 2 fiscal years. AID is directed to disburse \$20 million for loans of \$300 or less in fiscal year 1992 and \$30 million in 1993, leaving \$65 million in fiscal year 1992 and \$55 million in fiscal year 1993 for other microenterprise activities including loans greater than \$300.

Section 1224(a) contains findings concerning microenterprise development.

Section 1224(b) establishes the purposes of the microenterprise program as providing for continued and expanded AID commitment to microenterprise development, increasing the amount of assistance for credit activities that reach the poorest sector of developing countries and increasing the percentage of such credit to go to women.

Section 1224(c) sets forth the general authority to provide assistance for programs of credit and other assistance for microenterprise, including direct credit activities and institutional development of indigenous financial intermediaries, technical assistance, training, and policy reform. These activities shall be carried out primarily through indigenous financial intermediaries and private and voluntary organizations that are oriented toward working directly with the poor and women.

Section 1224(d) requires AID to establish criteria for determining eligible financial intermediaries. The criteria to be considered shall include the extent to which:

- (1) the recipients of credit lack collateral;
- (2) the recipients of credit do not have access to the local formal financial sector;
- (3) the recipients of credit have relatively limited amounts of fixed assets;
- (4) the recipients of credit are among the poorest people in the country;
- (5) interest rates charged by the intermediary reflect the real cost of lending;
- (6) the intermediary reaches women as recipients of credit; and
- (7) the intermediary is oriented toward working directly with the poor and women.

Section 1224(e) directs that a significant portion of assistance made available by this section be used to support direct credit assistance by, and the institutional development of, financial intermediaries with a primary emphasis on assisting people living in absolute poverty, especially women.

Section 1224(f) directs the AID Office of Small and Microenterprise Development, working in consultation with AID's Women in Development Office, to include in its annual action plans a strategy for increasing the access of women in developing countries to credit and other microenterprise development activities, with the goal of increasing to at least 50 percent the percentage of microenterprise credit that goes to women.

Section 1224(g) lists the various funding sources for assistance under this section, including from sources of local currency.

Section 1224(h) authorizes economic assistance to be provided as loans repayable in local currencies, in order to generate local currencies for use in providing microenterprise assistance.

Section 1224(i) provides that local currencies used under this section shall not be subject to the requirements of section 1306 of title 31 USC, or any other laws governing the use of foreign currencies owned by, owed to, or accruing to the United States.

Section 1224(j) provides that no less than \$85 million shall be used for microenterprise assistance in each of the fiscal years 1992 and 1993. Of that amount, no less than \$20 million shall be used in fiscal year 1992 and \$30 million in fiscal year 1993 to support loans having a purchasing power equal to or less than \$300; of which, to the maximum extent practicable, initial loans should have a purchasing power equal to or less than \$150; assistance toward financial intermediaries whose lending levels meet this criteria can be counted toward this sub-earmark of funds. For the purpose of reporting requirements, AID and financial intermediaries are not required to track loans of \$150 or less. The language regarding initial loans was included to encourage AID and indigenous organizations to work with the very poorest sectors of the developing world.

Section 1224(k) directs AID to develop a system to monitor microenterprise activities, including effectiveness in reaching the poor and women and impact on economic development in each beneficiary country. In developing this system, AID shall consult with the appropriate congressional committees and with PVOs.

Section 1224(l) requires AID to report to the Congress annually on its microenterprise development activities, including the agency's strategy for complying with the minimum funding requirements.

Section 1225—Private voluntary organization activities

Section 1225(a) contains findings that participation of poor people in development activities can be assisted through an increase in activities carried out through PVOs and cooperatives. Section 1225(b) earmarks \$275.4 million of the amount authorized for development assistance and assistance from the Development Fund for Africa in each of the fiscal years 1992 and 1993 for activities of private voluntary organizations which promote the basic objectives set forth in section 1102.

Concerns about Appropriate Technology International

The Committee on Foreign Affairs continues its strong interest in the activities of Appropriate Technology International (ATI), a development organization established and funded by AID pursuant to section 117 of the Foreign Assistance Act. The committee supports the provision of Public Law 101-513 which directs that ATI qualify for development assistance funds available to U.S. private and voluntary organization, and is pleased that confirmation of that status was received in May 8, 1991, correspondence to the committee. The committee also supports the provision of that law which provided an additional \$1 million to leverage ATI's resources and capabilities with other donor organizations and believes that

AID should provide an additional \$2 million or more during fiscal year 1992.

ATI has developed a unique capability to identify the policy environment and technological needs of small entrepreneurs in developing countries and in assisting them to become more productive. ATI is focusing its resources on technology solutions that can be commercialized and transferred to a critical mass of small entrepreneurs. The committee believes that ATI has developed an approach to small entrepreneur development that is worthy of being shared with, and would benefit from collaboration with, other organizations in other countries. The committee believes that such collaboration would further the development process.

Therefore, the committee calls on ATI to explore the creation of a multinational consortium of appropriate organizations to build a concerted global effort to serve small producers and entrepreneurs. Specifically, the goal of the consortium should be to help small producers to develop new and appropriate technologies, as well as organizational and financial capacities, and to overcome major external barriers that constrain this central and exceptionally vital part of developing societies.

This international project would seek to develop, demonstrate, and spread new solutions that would allow small producers, who lack the staff capability of large economic units, to compete and contribute more effectively. Since the purpose of the project is entrepreneurial problem-solving and not on-going administration, it should be organized in a manner designed to maximize entrepreneurial behavior and for a specific period of time, probably 10 years. The project should be supported by a consortium of organizations that is broadly representative but all of whose members subscribe to the entrepreneurial goals and organization of the project. There should be representation from North America, Europe, Japan and major developing countries.

Activities of the proposed project would include:

- (1) development, dissemination, and commercialization of technologies relevant to developing country needs;
- (2) multiple interventions in the way particular commodities are produced, processed, marketed and sold;
- (3) alternative funding mechanisms for small enterprises, including venture capital; and,
- (4) technology dissemination for improved natural resources management by small entrepreneurs.

Within 2 years, Appropriate Technology International should submit a report on the project to the House Committee on Foreign Affairs, the Senate Committee on Foreign Relations, and the House and Senate Appropriations Committee.

Subchapter C—Other Authorities and Requirements

Section 1241—Impact of development assistance on environment and natural resources

Section 1241 retains section 117(c) of current law requiring environmental impact statements and adds a new subsection (a) which reflects current practice within AID in requiring environmental ex-

aminations or reviews of all development assistance projects and programs.

AID presently has environmental regulations (22 CFR 216), patterned on Council on Environmental Quality guidelines issued under the National Environmental Policy Act, which satisfy the requirements of this section. The committee does not intend AID to modify these regulations without congressional consultation and formal notice and public comment on any proposed changes.

Exception to the requirement of initial environmental examinations, environmental assessments and impact statements is authorized for emergency conditions and where compliance would be seriously detrimental to the foreign policy interests of the United States.

Section 1242—Cost sharing

Section 1242 rewrites section 110 of current law. It states that a country receiving economic assistance should contribute an appropriate share of the costs of the project or program for which assistance is furnished in order to ensure local commitment to and sustainability of these activities. A country may bear such costs on an "in kind" basis.

Section 1243—Assistance limited to economic programs

Section 1243 reflects section 531(e) of current law. It provides that development assistance, economic support assistance, and assistance for the Development Fund for Africa may not be used for military or paramilitary purposes.

CHAPTER 3—ECONOMIC SUPPORT ASSISTANCE

Section 1301—Assistance under special economic, political, and security conditions

Section 1301 provides basically the same authorities as section 531(a) of current law. It renames the economic support fund (ESF) as economic support assistance (ESA). Like current law, this section states that under special economic, political, or security conditions, U.S. national interest may require economic support for countries in amounts which could not be justified under development assistance. In such cases, the President is authorized to furnish assistance to countries and organizations in order to promote economic or political stability. To the maximum extent feasible, such assistance shall be furnished consistent with the four basic objectives set forth in section 1102 and the authorities specified in sections 1201(c) and (d) of this legislation.

Section 1302—Authorizations of appropriations

Section 1302 authorizes \$3,322,500,000 for each of fiscal years 1992 and 1993 for economic support assistance.

The following table shows the executive branch request for economic support assistance for fiscal year 1992 and the committee recommendations for fiscal years 1992 and 1993.

ECONOMIC SUPPORT ASSISTANCE

(In millions of dollars)

	Fiscal year—	
	1992	1992/93 request recommendation
Europe/Middle East:		
Israel.....	1,200.0	¹ 1,200.0
Egypt.....	815.0	¹ 815.0
Cyprus.....	3.0	¹ 15.0
Portugal.....	40.0	40.0
Turkey.....	75.0	190.0
Jordan.....	30.0	30.0
Lebanon.....	2.0	¹ 4.0
ME Regional.....	6.0	¹ 7.0
Oman.....	15.0	15.0
Ireland.....	0	¹ 20.0
Baltics.....	0	¹ 15.0
West Bank/Gaza.....	12.0	¹ 16.0
Subtotal.....	2,198.0	2,367.0
Asia:		
Afghanistan.....	30.0	30.0
Pakistan.....	100.0	0
Cambodian resistance.....	5.0	² 5.0
Philippines.....	120.0	120.0
Fiji.....	0.3	0.7
Indonesia.....	5.0	5.0
Affected Thai villages.....	2.5	2.5
South Pacific.....	10.0	¹ 10.0
Subtotal.....	272.8	17.32
Africa:		
Morocco.....	12.0	12.0
Ivory Coast.....	4.0	4.0
Djibouti.....	3.0	3.0
Nambia.....	5.0	5.0
Senegal.....	3.0	3.0
Seychelles.....	3.3	3.3
Tunisia.....	3.0	3.0
Africa Regional.....	10.0	³ 10.0
Subtotal.....	43.3	43.3
Latin America:		
Bolivia.....	25.0	
Costa Rica.....	20.0	20.0
Dominican Republic.....	5.0	⁴ 5.0
El Salvador.....	120.0	120.0
Guatemala.....	30.0	⁴ 30.0
Guyana.....	2.0	⁴ 3.0
Haiti.....	24.0	24.0
Honduras.....	50.0	50.0
Jamaica.....	15.0	15.0
Nicaragua.....	150.0	150.0
Panama.....	10.0	10.0
Caribbean Regional.....	3.0	3.0
LAC Regional.....	9.9	9.9
Andean Initiative.....	250.0	⁵ 300.0
Central American refugees.....	0	⁶ (25.0)
Subtotal.....	713.9	739.9
Total, ESF.....	3,228.0	3,322.5

¹ Earmarked for FY 1992 and FY 1993.² \$5 million for Cambodian children is earmarked from all funds available in the bill for fiscal year 1992 and 1993.³ \$28 million in available ESA is earmarked for fiscal year 1992 and 1993 for Sub-Saharan African countries.⁴ Certain conditions apply.⁵ \$25 million for Central American refugees is earmarked from available ESF for fiscal year 1992 and 1993.

Section 1303—Purchase of United States goods and services

Section 1303 mirrors a provision adopted by the committee in 1989 in H.R. 2655.

Section 1303(a) provides that economic support assistance should be provided principally through commodity import programs, project assistance, sector programs, or the provision of U.S. goods and services. The purpose of this section is to ensure that such cash transfers do not have the effect of enabling countries to increase their purchases of non-U.S. goods and services at the expense of U.S. goods and services.

Section 1303(b) provides that assistance may be provided as a cash transfer only pursuant to an agreement requiring the recipient country to spend an amount equal to the amount of the cash transfer on the purchase of U.S. goods and services. However, this requirement shall not prevent a country from purchasing with the U.S. cash transfer goods and services produced in that country. The committee intends that only purchases made by the government of the recipient nation shall be considered in determining whether that government is spending an amount equal to the amount of the cash transfer in the United States. Private transactions between purely commercial entities in the United States and the recipient country are not to offset the requirement for recipient government purchases of U.S. goods and services. U.S. goods purchased pursuant to such an agreement shall be deemed to have been furnished in connection with funds advanced by the United States, the effect of which is to require that fifty percent of such goods be transported on U.S. flag vessels. The President shall ensure that purchases of U.S. goods pursuant to such agreements, and the ports of departure, are distributed equitably throughout the United States. The U.S. goods purchased pursuant to such agreements shall be U.S. goods which are available in the United States at fair prices.

Section 1303(c) requires that each agreement pursuant to which a cash transfer is provided shall include provisions to ensure that representatives of the General Accounting Office have access to the records and personnel necessary to monitor and audit such transactions.

Section 1303(d) exempts from the requirements of this section any country which:

(1) receives less than \$25 million of economic support assistance cash transfers in any fiscal year;

(2) as of April 1, 1989, was receiving economic support assistance cash transfers and has an agreement with the United States under which the country agrees (a) to spend an amount equal to the amount of the cash transfer on the purchase of U.S. goods and services, and (b) to carry 50 percent of all bulk shipments of U.S. grain on privately owned U.S.-flag commercial vessels, to the extent such vessels are available at fair and reasonable rates; and, (c) to purchase U.S. grain at levels comparable to levels purchased in prior years; except that a coun-

try shall be exempted pursuant to this clause only as long as the country continues to agree to those conditions;

(3) as of the effective date of this section, has an agreement with the United States requiring that the country spend an amount equal to the amount of any economic support assistance cash transfers to purchase U.S. goods and services; except that a country shall be exempted only so long as it continues to agree to that condition and any U.S. goods purchased pursuant to such agreement shall be deemed to have been furnished in connection with funds advanced by the United States. The intent of this provision is to encourage cash transfer recipients to enter, as soon as possible, into agreements regarding the purchase of U.S. goods and services as required in subsection (b) in order to prevent any gap in the provision of cash transfers. The committee notes that there is no difference between the requirements and obligations imposed by subsection (d)(3) and those imposed by subsection (b).

Section 1303(e) authorizes the President to waive the requirements of this section with respect to a country if he determines that it is important to the national interest. Any such waiver shall be reported to the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate. The committee intends that this Presidential waiver authority be exercised in only such extraordinary circumstances that the national interests of the United States would be seriously damaged if the provisions were not waived. The committee expects to receive sufficient prior notification of any Presidential waiver of the requirements of subsection (b).

Section 1303(f) defines the term "United States goods" as goods and commodities grown, processed, produced, or manufactured in the United States.

CHAPTER 4—VOLUNTARY CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS AND PROGRAMS

Section 1401—Authority to provide assistance

Section 1401 rewrites section 301(a) of current law to authorize the provision of voluntary contributions to international organizations and to programs administered by international organizations in order to promote the four basic objectives contained in section 1102 and to otherwise support such organizations and programs.

Section 1402—Authorization of appropriations

Section 1402 revises section 302 of current law. Section 1402(a) authorizes \$300.612 million for fiscal year 1992 and \$318.712 million for fiscal year 1993 to carry out this chapter.

Section 1402(b) earmarks \$125 million in fiscal year 1992 and \$135 million in fiscal year 1993 for the United Nations Development Program (UNDP); \$83 million in each fiscal year 1992 and 1993 for the United Nations Children's Fund; \$18 million in fiscal year 1992 and \$25 million in fiscal year 1993 for the U.N. Environment Program; \$18.362 million each fiscal year 1992 and 1993 for the International Fund for Agricultural Development (IFAD); \$4 million in fiscal year 1992 and 1993 for the IFAD Special Program

for Africa; \$500,000 in fiscal year 1992 and \$1 million in fiscal year 1993 for the United Nations University; and \$600,000 in fiscal year 1993 for the Organization of American States to establish an electronic network for exchange of science and technology information among universities located in member countries, to be additional to the fiscal year 1993 contribution from the United States for general support.

In earmarking funding for the United Nations University, the committee intends that a modest amount of the funds be used to support the Institute for Natural Resources in Africa (INRA).

The committee has departed from its practice of recent years of earmarking on an organization-by-organization basis. In giving the executive branch greater flexibility in the allocation of remaining funds in this account, the committee notes its support for maintaining a U.S. contribution to organizations which were funded for fiscal year 1991 but for which there is no executive branch request for fiscal year 1992.

The committee also supports continued and adequate U.S. funding for the U.N. Development Fund for Women (UNIFEM) and the International Research and Training Institute for the Advancement of Women (INSTRAW)

The committee requests that the President urge the World Heritage Program, administered under the auspices of the World Heritage Convention, to expend \$190,000 to enable the National Parks Service Office of International Affairs to offer technical assistance to developing countries with internationally significant heritage sites that are threatened or endangered.

The committee further requests the President to urge the U.N. Environment Program to increase its cosponsorship of the 1992 Fourth World Congress on National Parks and Protected Areas by providing sufficient sums to enable Parks International to provide to the Congress the services of a marine consultant and to develop and sponsor a cost recovery workshop at the Congress.

Section 1403—Condition on contributions to the International Atomic Energy Agency

Section 1403 reflects the provision currently in appropriations legislation, and also carried in H.R. 2655 and H.R. 1792, permitting a U.S. contribution to the International Atomic Energy Agency (IAEA) only if the Secretary of State determines and reports to Congress that Israel is not being denied its right to participate in IAEA activities.

Section 1404—Withholding of U.S. proportionate share for certain programs of international organizations

Section 1404 reflects section 307 of current law. It provides that no U.S. funds shall be available for the U.S. proportionate share for programs for Libya, Iran, Cuba, or the Palestine Liberation Organization (PLO) or entities associated with it. It states that funds not made available pursuant to this section shall remain available for use under this chapter.

Section 1405—Restriction on contributions to United Nations Relief and Works Agency

Section 1405 restates section 301(c) of current law. It permits no U.S. contribution to the United Nations Relief and Works Agency (UNWRA) unless all possible measures are taken to assure that no part of a U.S. contribution be used to furnish assistance to any refugee who is receiving military training as a member of the PLO or any other guerrilla-type organization, or who has engaged in any act of terrorism.

Section 1406—Reports on international organizations

Section 1406 rewrites section 306 of current law. Section 1406(a) requires that the reports on all U.S. cash contributions to international organizations be submitted within 9 months after the end of the fiscal year to which they relate. Section 1406(b) requires an annual report on all U.S. voluntary contributions to international organizations during the previous fiscal year from all sources and including all cash and "in kind" contributions.

Section 1407—Auditing of accounts of international organizations

Section 1407 reflects section 301(d) and (e) of current law. It directs the President to support the establishment of independent audit capabilities in the United Nations and its affiliated organizations and in the multilateral development banks.

Section 1408—Integration of women

Section 1408 rewrites section 305 of current law. It requires the President to instruct U.S. representatives to international organizations to encourage and promote the integration of women into the national economies of member or recipient countries and into professional and policy-making positions within these organizations.

Staffing in international organizations

The committee remains concerned regarding the representation of U.S. citizens among the personnel of international organizations in the United Nations system. While the Department of State has increased its efforts to identify and place qualified Americans in vacancies in U.N. organizations, such efforts have not resulted in significant increases in the numbers of Americans selected. In fact, in many cases, the percentages of Americans in these organizations has fallen in recent years.

The committee is also concerned with the methods used by certain U.S. specialized agencies to determine the percentage of employees deemed appropriate from each member state. In many cases, the committee understands that these percentages are far lower than the goals for regional distribution of employees set under normal U.N. guidelines. To remedy this situation, the committee believes that the subject of U.S. employment opportunities should be raised as a high priority issue in U.S. relations with international organizations and should be considered as the United States evaluates its contribution priorities in future years.

CHAPTER 5—GUARANTEE PROGRAMS

Section 1501—Housing and urban development guarantee program

Section 1501 rewrites sections 221–223 of current law which provide the authorities for the Housing Guarantee Program. In maintaining the basic program, section 1501 updates or eliminates many outdated provisions.

Section 1501(a), which sets forth findings and policy, is virtually identical to section 221 in current law, except that the scope of the program is broadened beyond just shelter to also include “urban services”. This language reflects the committee’s awareness that human settlements may require urban services such as sewage and irrigation systems for safe habitation.

Section 1501(b) authorizes the President to issue guarantees and section 1501(c) authorizes the issuance of regulations related to eligible lenders and terms of the guarantees. These two sections repeat the language of section 222(a) of current law, with the addition of the codification of the current practice that guarantees shall cover one hundred percent of principal and interest.

Section 1501(d) outlines the specific types of shelter and urban services authorized to be provided under this legislation, including projects which provide home sites for poor families on which to build shelter, expanding existing shelter sites, slum upgrading projects, community facilities to improve urban services, shelter for low income people designed for demonstration purposes, and urban services which will directly aid the poor. This language is virtually identical to section 222(b) of current law, except that the focus on “shelter” has been expanded to “urban services.” Again, this language reflects the committee’s awareness that human settlements may require urban services such as sewage and irrigation systems for safe habitation.

Section 1501(e) instructs the President to prescribe the maximum interest rate allowable to the eligible investor. This section is similar to section 223(f) of current law.

Section 1501(f) raises to \$50 million the face value of guarantees issued in any fiscal year to any one country. This is an increase from \$25 million set in section 223(j) of current law.

Section 1501(g) raises the average face value of guarantees issued under this section in any fiscal year to \$25 million. This is an increase from \$15 million set in section 223(j) of current law.

Section 1501(h) raises to \$3.4 billion the maximum total principal of guarantees outstanding at any one time from the \$2.558 billion set in section 222(a) of current law.

Section 1501(i) states that the total principal amount of guarantees issued for any fiscal year shall be comparable to the amount issued in 1984 (\$150 million). This language is similar to section 222(k) of current law.

Section 1501(j) states that new guarantees shall be issued only to the amount covered by an appropriation act.

Section 1501(k) prohibits the payment of any claim arising due to fraud or misrepresentation. This language is virtually identical to section 223(h) of current law.

Section 1501(l) authorizes the Administrator to charge fees for guarantees. This language is similar to section 223(a) of current law.

Section 1501(m) permits the use of fees collected under this section to partially offset the cost of guarantee obligations. Fees were formally used to offset the cost of administering the guarantee program.

Section 1501(n) directs that fees collected, earnings on those fees, and other income be placed in a finance account to be maintained by the Treasury, which may be used for the purposes specified in section 1501(m). The finance account replaces the revolving fund in section 223(b) in current law. This reflects compliance with the Federal Credit Reform Act of 1990 which eliminates all revolving funds maintained by the Treasury.

Section 1501(o) establishes the order to draw upon funds to discharge liabilities under this section. This language is similar to section 223(c) of current law.

Section 1501(p), virtually identical to section 223(d) of current law, pledges the full faith and credit of the United States for guarantees issued under this section.

Section 1501(q)(1) authorizes the appropriation of \$2 million in fiscal year 1992 and \$8.1 million in fiscal year 1993 to pay for the cost of guarantee obligations under this section with a face value of \$150 million for each fiscal year. The rather large increase to \$8.1 million for fiscal year 1993 reflects the fact that the administering agency will be operating in countries which are a greater credit risk. Through consultations with the administering agency, it is expected that the Agency shall distribute guarantees as follows: for fiscal year 1992, \$10 million for Portugal, \$1 million for Morocco, \$9 million for Tunisia, \$25 million for Pakistan, \$25 million for Indonesia, \$25 million for India, \$5 million for Paraguay, \$25 million for Czechoslovakia and \$25 million for Turkey; for fiscal year 1993, \$10 million for Portugal, \$10 million for Morocco, \$10 million for Tunisia, \$25 million for India, \$10 million for Paraguay, \$10 million for Chile, \$25 million for Hungary, \$25 million for Thailand and an additional \$25 million for either India or Indonesia.

Section 1501(q)(2) authorizes the appropriation of administrative expenses of \$8.5 million for each fiscal year 1992 and 1993.

Section 1501(r) states that the term eligible investor has the same meaning that term is given in section 3211(3) of this act and in section 238 of current law, which is a U.S. citizen or a U.S. owned corporation.

Section 1501(s) extends the operating authority of this section to September 30, 1993.

Section 1501(t) states that guarantees issued under previous guarantee authority shall continue subject to the provisions of law applicable to those guarantees. This language is similar to section 223(g) of current law.

Section 1502—Private sector guarantee program

Section 1502 replaces section 108 of current law, which provides the authority for the Private Sector Revolving Fund.

Section 1502(a) contains congressional findings and policy concerning the role of U.S. assistance activities in supporting the development of private enterprise in developing countries.

Section 1502(b) sets forth the types of activities which may be supported under this program and states that activities must be consistent with the objectives outlined in section 1102. The program activities should address credit imperfections and should be primarily directed toward making credit and support services available to small business enterprises and cooperatives which are not otherwise available to them.

The committee recognizes that guarantees and loans can be important to increase the flow of capital and credit to encourage the privatization of state-owned enterprises into small, private sector entities.

This section also states that it is appropriate for the U.S. private sector to engage in projects to meet the needs of developing countries.

Section 1502(c)(1) provides the President with the authority to issue guarantees for loans provided by intermediary financial institutions to support the activities outlined in section 1502(b).

Section 1502(c)(2) pledges the full faith and credit of the United States for guarantees issued under this section.

Section 1502(c)(3)(A) and (B) set the terms by which a guarantee may be issued. The total amount of all guarantees provided for one project cannot exceed 50 percent of the total cost of a project or \$6 million, whichever amount is less. This section also limits guarantees to 10 years in duration.

Section 1502(c)(3)(C) states the conditions under which a guarantee may be provided to a lender. This section addresses the fact that collateral can often exceed 200 percent of the amount of a loan, prohibiting most new entrepreneurs from qualifying for credit. In order to receive a guarantee, the lending institution shall reduce the collateral requirement for a loan to the maximum extent possible. Loans to be guaranteed must either go to a new borrower or to an existing borrower that is seeking additional credit. A guarantee cannot be provided for an existing loan.

This section also outlines the parameters for the size of loans which the President has the authority to guarantee. This is to ensure that the program will be targeted to small entrepreneurs. Eighty-five percent of all loans to be guaranteed must be below \$325,000 for a recipient that is a sole proprietor, or, if the recipient is an enterprise other than a sole proprietor, the loan must not amount to greater than \$325,000 for each co-owner, shareholder, cooperative member or other owner of an enterprise. The legislation also directs the administering agency to work with lenders to develop training and technical assistance programs in cash flow analysis and lending to encourage lenders to reduce collateral requirements.

Section 1502(c)(3)(D) directs the President to maintain a data system with respect to loans guaranteed for this program which includes information on the beneficiaries of each project. The data system should also track the developmental impact of each project, including the effect on employment, the gender of the loan recipient, and loan collateral practices. This section also directs the

President to provide an annual report to the Congress by January 31 of each year.

Section 1502(c)(3)(E) limits to 20 percent the total amount of funds loaned and contingent liabilities incurred for any one country.

Section 1502(c)(3)(F) instructs the President to define a small enterprise in an appropriate manner for each host country. This reinforces the committee's position that this program is intended to assist small enterprises in developing countries.

Section 1502(c)(4) states that a guarantee issued under this section will be conclusive evidence that the underlying obligation qualifies for the guarantee.

Section 1502(c)(5) describes the appropriate forms of payment for possible liabilities associated with guarantee obligations.

Section 1502(c)(6) establishes the order to draw upon funds to discharge liabilities under this section.

Section 1502(c)(7) authorizes a pilot direct loan program. No loan can be provided which exceeds 50 percent of the total cost of a project or \$3 million, whichever amount is less. In any fiscal year, the President can issue up to \$10 million in loans. All loans must be for a duration of 10 years or less. This section also requires the President to notify and consult with the relevant congressional committees at least 30 days in advance of an issuance of a loan.

Section 1502(c)(8) authorizes the President to charge fees for guarantees and loans issued under this program and directs the President to place fees collected, earnings on those fees, and other income in a finance account to be maintained by the Treasury. This section also permits the President to use the amounts in the financing account to offset the cost of guarantee obligations and liabilities on loans issued under this section.

Section 1502(d) states that guarantee commitments and loan obligations shall be issued only to the amount covered by an appropriation act.

Section 1502(e) places a \$10 million ceiling for the pilot loan program for each fiscal years 1992 and 1993, and a \$57 million ceiling for fiscal year 1992 and \$75 million for fiscal year 1993 for contingent liabilities for guarantees.

Section 1502(f) authorizes the appropriation of \$1.5 million for each fiscal year 1992 and 1993 to cover the administrative expenses for this section.

CHAPTER 6—INTERNATIONAL DISASTER ASSISTANCE

Section 1601—Statement of policies

Section 1601 reflects sections 491(a) and (c) of current law. It affirms U.S. willingness to provide assistance for disaster relief and rehabilitation abroad and directs the President to assure, to the maximum extent possible, that this assistance reaches those most in need.

Section 1602—Authority to provide assistance

Section 1602 reflects section 491(b) of current law. It authorizes the President, notwithstanding any other provision of law, to furnish disaster assistance, including assistance related to disaster

preparedness, prevention, mitigation, prediction, and contingency planning. Section 493 of current law is not included because the committee believes that the AID Administrator has sufficient authority to authorize coordination of disaster assistance with other bilateral and multilateral assistance organizations and to authorize the formulation and updating of contingency plans for providing disaster relief.

Section 1603—Authorizations of appropriations

Section 1603 reflects section 492(a) of current law. It authorizes the appropriation of \$40 million in each of the fiscal years 1992 and 1993 for international disaster assistance.

Section 1604—Borrowing authority

Section 1604 reflects section 492(b) of current law. It provides that up to \$100 million (increased from \$50 million in current law) in any fiscal year, taken from any account in this act (current law makes only development assistance and ESF available) may be obligated for international disaster assistance. In any fiscal year, the sum of the amount obligated under this section against appropriations for development assistance and the amount obligated under this section against appropriations for assistance from the Development Fund for Africa may not exceed 30 percent of the total amount obligated under this section.

CHAPTER 7—OTHER ECONOMIC ASSISTANCE PROGRAMS

Subchapter A—American Schools and Hospitals

Section 1701—Authority to provide assistance

Section 1701 reflects section 214(a) of current law. It authorizes assistance for schools, libraries, and hospitals outside the United States which are founded or sponsored by U.S. citizens and which serve as study and demonstration centers for U.S. ideas and practices.

The committee believes that guidelines for the American Schools and Hospitals Abroad (ASHA) program should be strengthened in order to help this program accomplish its goals. Although consideration was given to legislating such guidelines, the committee recognizes the need for administrative flexibility, and therefore recommends that AID incorporate the following guidelines and publish them in the Federal Register:

The American Schools and Hospitals Abroad program is designed to support institutions of excellence, flagship institutions which serve as study and demonstration centers for American ideas and practices in education and in medicine;

The ASHA program is not intended for institutions which are pervasively sectarian. A religiously affiliated school must offer and enroll its students in a principally non-sectarian curriculum if it seeks ASHA support;

The ASHA program should not support institutions defined primarily as schools for U.S. dependents;

Institutions receiving ASHA support must be licensed or approved to conduct educational programs in the country in which the institution is located; and

At least 25 percent of the course work at any institution receiving ASHA support should be in the English language, excluding the teaching of English as a foreign language.

Further, the committee believes that no more than approximately 30 percent of the institutions supported should be in any one geographic region, and approximately 50 percent of the funds in this program should be available for requests submitted by new applicants or institutions which have not received continuous support in the past.

The committee has not attempted to try to define the term "school" because it believes that AID should have some flexibility in determining that definition. The committee does believe that non-degree offering institutions can qualify for ASHA funding. There are instances in which U.S.-sponsored non-degree institutions are meritorious and deserving of funding consideration.

The committee is also concerned to learn that on ASHA applications, institutions are not required to provide detailed explanations of how previous grants have been used, what the status of their implementation is, and what benefits have been provided. It is essential to have an accounting of previous monies received in order to evaluate any follow-on funding requests. Such an accounting would also be useful in program oversight, which the committee believes should be strengthened.

Section 1702—Authorizations of appropriations

Section 1702 reflects section 214(c) of current law. It authorizes \$35 million in each of the fiscal years 1992 and 1993 to carry out the purposes of section 1701.

Subchapter B—Debt for Development

Section 1721—Debt exchange

Section 1721 authorizes the President to use economic assistance funds for grants to nongovernmental organizations to enable them to purchase debt obligations owed by a developing country to any commercial lending institution or other private party; and to cancel such debt in exchange for that country making available assets or policy commitments to promote the four basic objectives set forth in section 1102 under this legislation. Grantees are authorized to retain any interest received on such funds. These exchanges can be used to support important environmental efforts such as expanding tropical forest parks; to support grassroots programs for the poor who have been adversely affected by cutbacks in social services and reductions in development programs; and to spur economic development through providing capital for small business.

The committee strongly supports debt for development programs as an important approach to reducing debt and stretching limited resources for economic development. It suggests that nongovernmental organizations may wish to work together in order to use these resources more effectively. Further, the committee supports

the donation by commercial banks and other firms of their debts as charitable contributions to not-for-profit organizations under IRS ruling 87-124.

CHAPTER 8—REIMBURSABLE PROGRAMS

Chapter 8 reflects section 607 of current law, which authorizes the U.S. Government to make available assistance to other countries, to be paid for by the recipient.

Section 1801—Authority to conduct reimbursable programs

Section 1801 authorizes the President, when it is consistent with the purposes of this act, to furnish services and commodities on an advance-of-funds or reimbursement basis to countries and organizations. When a U.S. agency provides such services, that agency may hire contract personnel to perform such tasks without such personnel being regarded as employees of the U.S. Government. Limitations in this or any other act do not apply with respect to this authority.

Section 1802—Use of payments

Section 1802 provides that advances and reimbursements may be credited to the applicable appropriations account or fund of the agency concerned and shall be available until expended.

CHAPTER 9—ADMINISTRATION OF ECONOMIC ASSISTANCE PROGRAMS

Subchapter A—Operating Expenses

Section 1901—Authorizations of appropriations for operating expenses generally

Section 1901 reflects section 667(a) of current law. It authorizes \$483.3 million for each fiscal year 1992 and 1993 to cover the general costs of domestic and overseas operating expenses of AID, including development assistance, economic support assistance and Public Law 480 programs.

Operating costs include administrative expenses, support costs, and management of program and projects such as technical planning and management of projects, contracting, procurement, engineering services, and handling of trainees abroad.

AID estimates that by the end of fiscal year 1991, agency personnel will total 4,309 full-time equivalent (FTE) employees, including 3,201 U.S. nationals of whom 1,181 will be in overseas missions. By the end of fiscal year 1992, personnel will total 4,311 FTEs, including 3,204 U.S. nationals, of whom 1,151 will be in overseas missions.

Section 1902—Authorizations of appropriations for operating expenses of the Inspector General

Section 1902 reflects a provision in section 667(a) of current law which earmarks a portion of operating expenses for operations of the Office of the Inspector General of AID. The section authorizes the appropriation of \$37.739 million for each fiscal year 1992 and 1993. The Inspector General estimates an FTE level of 251 for each

of the fiscal years 1991 and 1992 including 231 U.S. nationals of whom 97 will be in overseas missions.

Section 1903—Additional funds for operating expenses

Section 1903 is a new provision. Section 1903(a) permits AID to use a limited amount of funds from the development assistance, economic support assistance, and assistance for the Development Fund for Africa for its operating expenses. Section 1903(b) authorizes AID to make available to the Inspector General a limited amount of the funds provided for the general operating expenses of the agency or program funds. Section 1903(c) limits the amounts that may be transferred under subsections (a) and (b) to no more than 5 percent more than the amounts appropriated to carry out those sections for that fiscal year.

Subchapter B—Evaluation

Section 1921—Evaluation and accountability.

Section 1921 revises and expands the authorities contained in section 125 and 128 of current law.

Section 1921(a) sets forth the rationale for an objective, strategically focused evaluation system competent to assess AID's progress toward the achievement of specific results. The committee stresses the importance of evaluation and accountability in the context of the expanded flexibility this legislation provides for the implementation of U.S. economic assistance programs.

Section 1921(b) directs AID to take specific actions to fulfill the requirements of an objective, strategically focused evaluation system. These include development of a program performance information system for monitoring achievement of impact and performance of AID programs, preparation and dissemination of objective reports and AID's progress in meeting stated development objectives, and strengthening the use of evaluation as a management tool in the planning, designing, and implementation of foreign assistance projects and programs. This section also calls on AID to improve coordination between the Inspector General and AID's evaluation operations.

Section 1921(c) requires the President to insure that AID is carrying out its responsibilities for: developing, implementing, and disseminating, programmatic evaluations of the economic assistance programs administered by AID; designing and managing technical assistance and support programs to enhance the integrity and quality of project and program evaluation; maintaining and making available the data based on project and program experience; coordinating information exchange on evaluation with other donors; and, ensuring the quality, objectivity, and independence of evaluation by such measures as external review of findings and use of outside governmental and nongovernmental expertise.

Section 1921(d) calls for an annual report to inform the Congress of AID's progress toward achieving the four basic objectives of the act, based on evaluation studies and other such empirical information as may be needed. The annual report shall also include an analysis of the impact of economic development assistance on a country-by-country basis. Each country program shall be assessed

at least once every five years, and the assessment is to include a description of the development results achieved by the country, the contribution of the agency's program to those results, and an analysis of the process by which development has or has not occurred.

Subchapter C—Cooperation with Nongovernmental Sector

The provisions of Subchapter C are new provisions which replace section 123 and title XII of the Foreign Assistance Act, dealing with relations between AID and PVOs and universities. Subchapter C is indicative of the committee's continuing interest in the contribution which can be made by PVOs, and universities, in the fulfillment of AID's mandate. The committee looks forward to being informed of the results of dialogue between AID and these groups and believes that AID will be strengthened by this relationship with the nongovernmental sector. The committee expects to be consulted as AID organizes the centers and advisory boards required by this subchapter.

Section 1941—Center for University Cooperation in Development

Section 1941 directs the President to maintain within AID a Center for University Cooperation in Development to strengthen the partnership for development among the U.S. Government and public and private institutions of higher education. Section 1941(a) contains findings concerning the role of U.S. public and private institutions of higher education in contributing to the development process and in supporting the internationalization of education in the United States. Section 1941(b) defines the role of the Center as the promotion and strengthening of mutually beneficial development cooperation and partnership between AID and U.S. public and private institutions engaged in education, research, and public service programs relevant to development needs and institutions of higher education, research and extension in those countries. The Center is to develop basic policies, procedures and criteria for programs involving U.S. higher education institutions and developing country institutions; encourage the development of collaborative programs to strengthen the capacity of U.S. universities to undertake sustainable partnerships with developing country institutions; encourage cooperative programs between U.S. universities and the private sector which contribute to sustainable development; utilize the capabilities of historically black colleges and universities and strengthen their international capacity; facilitate access to the development resources of U.S. colleges and universities; and undertake studies and analyses and specialized reviews necessary to the accomplishment of the activities of the Center.

The Center replaces the Board for International Food and Development (BIFAD). It is expected to carry forward BIFAD's existing activities and to expand AID cooperation with universities in areas in addition to agriculture such as health, family planning, and environment.

Section 1941(c) authorizes the President to make available necessary funding from development assistance funds and from funding available for the Development Fund for Africa.

Section 1942—Center for Voluntary Cooperation in Development

Section 1942 requires the President to maintain within AID a Center for Voluntary Cooperation in Development to strengthen the partnership for development among the U.S. government and U.S. PVOs, cooperatives, and credit unions.

The Center is to participate in the development of policies, procedures, and criteria for all AID programs involving PVOs, cooperatives, and credit unions, to develop policies, procedures, and criteria which apply to centrally-funded AID activities involving PVOs, cooperatives and credit unions. The Center is also responsible for administering comprehensive grant programs which support long term, worldwide programs of such entities.

Nongovernmental organizations represent an important cross-cutting element for increasing the participation of the rural and urban poor in broad based, sustainable development and for supporting more pluralistic and open societies. The role of the Center is to assure that these organizations and indigenous PVOs, cooperatives and credit unions are appropriately utilized in meeting the objectives of this legislation. An important role for the Center, and for its advisory board, will be to work closely with AID's regional bureaus in order to encourage and facilitate appreciation of the contributions of NGOs. The committee expects that all current programs within the Office of Private Voluntary Cooperation will be made part of the Center, including administration of the farmer-to-farmer program and development education programs as authorized in section 1226 of this legislation.

To carry out this section, the President may make available development assistance funds and assistance from the Development Fund for Africa.

Section 1943—Advisory Committee on Voluntary Cooperation in Development

Section 1943 requires the creation of a permanent Advisory Committee on Voluntary Cooperation in Development. The membership of that Committee is to consist primarily of representatives from PVOs, cooperatives and credit unions who have experience working in developing countries. The committee's function is to assess the impact and effectiveness of policies and programs under this title to promote partnership between the U.S. government and U.S. and indigenous PVOs, cooperatives, and credit unions.

TITLE II—MILITARY ASSISTANCE AND SALES PROGRAMS

CHAPTER 1—CONSOLIDATION OF MILITARY ASSISTANCE ACCOUNTS

Chapter 1 and Section 201 of this title establish a new Foreign Military Financing Program (FMFP). The program consolidates the existing Foreign Military Sales (FMS) credit program and the grant Military Assistance Program (MAP) into one account for purposes of enhancing fiscal accountability and legislative oversight of the overall military assistance and sales program. Insofar as more than 99 percent of the FMS program as proposed by the executive branch for fiscal year 1992 is fully a grant program and that 100 percent of all MAP authorities are carried out on a grant basis,

there is no programmatic or practical reason for two separate military assistance accounts. The consolidation achieved by chapter 1 and section 201 will enable the Congress to examine all military assistance programs in one funding account which enhances the prospect for examining such programs in their fiscal and political totality. Accomplishing this consolidation has necessitated the rewriting of a number of existing sections of law.

Section 201—Establishment of foreign military financing program

Section 201 creates a new title of the Foreign Assistance Act as follows:

TITLE II—MILITARY ASSISTANCE PROGRAMS

CHAPTER 1—POLICIES REGARDING MILITARY ASSISTANCE

Section 2101—Findings and statements of policies regarding military assistance

Section 2101 establishes a number of findings and statements of policy with respect to the provision of military assistance which are designed to serve as general policy guidelines for enhanced program implementation and oversight of military assistance programs in foreign countries. Accordingly, the Congress finds that:

(1) the provision of U.S. military assistance is made in order to promote democratic values and peace, to foster economic progress through the encouragement of market forces and international cooperation in countering transnational dangers such as terrorism and narcotics trafficking—as such, the provision of U.S. military assistance is aimed at fostering a climate in which all nations can live in security and stability;

(2) threats to such a climate arise through the persistence of regional conflicts, military imbalances among neighboring states, the proliferation of weapons of mass destruction, the continued proliferation of conventional weapons of increasing capability, or persistent attempts by armed groups violently to overthrow democratically elected governments—as such, it is in the interest of the United States to address those threats;

(3) so long as foreign countries lack the resources to meet their security needs without external assistance, military assistance provided by the United States remains one of the principal foreign policy instruments available to the United States to advance principal United States foreign policy goals;

(4) together with other assistance provided under this act, military assistance can contribute to the development of economic and social improvements that enhance the development and maintenance of democratic political systems;

(5) military assistance facilitates (a) the development of comprehensive political relationships with the leadership of friendly foreign countries, and (b) the development of cooperation, through such means as treaty alliances and other security arrangements, in meeting threats to international security; and

(6) military assistance can also support multinational efforts through the United Nations and other international organizations to promote peaceful settlements of disputes.

In addition to these guidelines, it is expected that the military assistance program will have as an ultimate goal the elimination of the dangers and burdens of armaments, so that conflicts and the use of force are subordinated to the rule of law and regional arms races are brought to an end. In furtherance of that goal, it remains the policy of the United States to encourage regional arms control and disarmament agreements, and confidence building measures as may be necessary in order to bring regional rivalries and conflicts to peaceful and negotiated ends.

Section 2101(b) states congressional findings that the President should seek the support of member countries of the North Atlantic Treaty Organization and other allies in providing enhanced military assistance so as to bring about a more equitable distribution of the responsibilities of collective defense, particularly with respect to assistance associated with the maintenance of military bases in foreign countries.

Section 2101(c) provides that military assistance to friendly foreign countries should serve as a necessary transition to effective self-help measures that will make such assistance unnecessary in the future. This provision is consistent with the long-standing congressional interest in systematically and effectively bringing about a transition from grant military assistance to a defense relationship based on military sales and equitable arrangements for sharing the responsibilities of mutual defense.

Section 2101(d) provides that the President should continue to seek, through negotiations with the Soviet Union and other countries, the establishment of effective multilateral controls on the transfer of defense articles and services.

Section 2102—Objectives of military assistance

Section 2102 outlines objectives for the new FMFP program, as well as for the international military education and training (IMET) and peacekeeping operations (PKO) programs. The purpose of this section is to identify the goals for military assistance, which has operated without broad policy objectives in the past. The military assistance program should promote military as well as political and strategic objectives. The justification for military assistance to a given country on the basis of "national security interest" or "foreign policy interest" has led to unrealistic expectations as to what might be achieved with a given amount of assistance.

Focusing program goals and legislative oversight on narrower military objectives assists in providing a basis for improved accountability of the uses of military assistance. While foreign policy or political objectives cannot and should not be entirely eliminated, congressional oversight has often been focused on unrealistic political linkages, particularly when the amount of assistance is small. The objectives cited in section 2102 will enable the Congress to return to traditional oversight functions concerning how money is spent and whether specific programmatic objectives are being advanced. These objectives, designed to provide an effective foundation for program implementation and oversight, are as follows:

- (1) promoting self-defense and defense cooperation by financing acquisition by friendly foreign countries of U.S. major defense equipment and other defense articles and services;

- (2) promoting the effectiveness of military forces of friendly foreign countries with respect to command, control, communications, intelligence, mobility, training, and logistical support;
- (3) promoting rationalization, standardization, and interoperability of the military forces of friendly countries with U.S. Armed Forces;
- (4) supporting peacekeeping operations and related activities;
- (5) increasing the awareness of nationals of friendly countries of basic issues involving democratic values and institutions;
- (6) supporting the establishment of civil-military relations appropriate to a democratic system of government;
- (7) improving the capability of the armed forces of friendly countries to carry out, at the direction of the civilian government, activities which are complementary to economic development projects that benefit the civilian population;
- (8) enhancing the military capability of friendly countries to meet their security needs; and
- (9) providing support to friendly countries to combat the flow of illicit narcotics and psychotropic substances, and to combat international terrorism.

CHAPTER 2—FOREIGN MILITARY FINANCING PROGRAM

Section 2201—Authority to furnish assistance

Section 2201(a) rewrites the general authority to provide military assistance (MAP) under section 503 of the Foreign Assistance Act of 1961 and foreign military sales (FMS) credits under section 23 of the Arms Export Control Act. The provision extends general authority to the President to furnish military assistance to any friendly country or international organizations: (1) by acquiring from any source and providing by grant and loan any defense article or defense service; (2) by financing the sale of defense articles or defense services; and (3) by financing procurement for commercial leasing in the case of major allies.

Section 2201(b) provides that Foreign Military Financing Program (FMFP) assistance may be provided to any member country of the North Atlantic Treaty Organization or any major non-NATO ally (currently defined to be Australia, Japan, the Republic of Korea, Israel, and Egypt) for the procurement of defense articles by leasing from commercial sources, if the President determines that there are foreign policy or national security reasons for those defense articles being provided by commercial lease rather than by government-to-government sale. Any exercise of this authority by the President is subject to 15-day prior notification to the Committees on Foreign Affairs and Appropriations of the House of Representatives and the Committees on Foreign Relations and Appropriations of the Senate. This section is based on section 23 of the Arms Export Control Act and section 580 of the fiscal year 1989 Foreign Operations Appropriations Act.

Section 2201(c) is based on the provisions contained in annual appropriations legislation under which foreign military financing assistance is considered obligated upon apportionment of funds by the Office of Management and Budget. The provision thus enables

the executive branch to obligate FMFP funds without the need for signing bilateral grant agreements with recipients, thus avoiding the conclusion of agreements that are both time consuming and may be perceived as creating a legal entitlements in recipient countries to FMFP funds, and which ordinarily serve no substantial interest of the United States. However, under paragraph (2), FMFP funds would be available to finance commercial sales only if the recipient country or international organization has first signed a grant agreement specifying the conditions under which commercial procurements may be financed. Paragraph (3) provides that any agreement to provide assistance under this section shall include a provision expressly granting the U.S. Government the right to deobligate funds furnished under the agreement that have not been committed for an approved use by the end of the three-year period beginning on the date on which the agreement is entered into.

Section 2201(d) is based on current sections 505(b) and 505(c), and would govern the conditions under which defense articles could be provided on a loan basis under the military assistance authorities of the new Foreign Assistance Act. The committee has made one change from the existing provisions, under which the out-of-pocket and depreciation expenses that would normally be charged to the military assistance appropriation account would, in the case of a drawdown, instead be counted against the annual ceiling applicable to the use of the drawdown authority.

Section 2201(e) maintains section 503(a)(3) of current law, which provides that military sales financed by the grant MAP and grant FMS financing programs not include the costs of salaries of members of the U.S. Armed Forces (other than members of the Coast Guard) assigned to implement such sales.

Section 2201(f) essentially retains existing provisions (sections 42 (b) and (c) of the Arms Export Control Act) which prohibit the use of military assistance funds for coproduction or licensed production of defense articles outside the United States unless the President, before approving or funding the proposed transaction, furnishes full information on the proposed transaction to the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate and the Appropriations Committees of the House of Representatives and the Senate. Full information includes a description of defense articles coproduced or licensed outside the United States, the estimated value of such coproduction or licensed production and an analysis of the economic impact on the United States of either furnishing or not furnishing the proposed assistance.

Section 2201(g) specifies, however, that this prohibition does not apply with respect to a vessel of war which is built in the foreign country which is the recipient of United States assistance or is built pursuant to a prime contract signed before the effective date of this legislation. Section 2201(g) notes that the assistance subject to the prohibition applies with respect to any obligation of assistance under this section, and any expenditure of MAP or FMS assistance, totalling more than \$1 million.

Section 2201(g) defines the terms "MAP and FMS assistance" as any assistance under the former authorities of chapter 2 of part II

of the Foreign Assistance Act of 1961 or section 23 of the Arms Export Control Act. Section 2201(g) also defines the term "vessel of war" as any vessel of war in Category VI of the United States Munitions List, without regard to whether the vessel is imported into or exported from the United States. Category VI of the United States Munitions List includes any vessels of war and special naval equipment.

Section 2201(h) further specifies that funds made available in title II of this Act may be used for civic action programs in Africa. The section also waives section 6204 of this act, the Brooke-Alexander provision. As a result of the waiver provision, African countries that are more than 1 year in arrears on their payments to the U.S. Government may still receive funds that are appropriated to the African Regional account for civic action programs.

The African Civic Action Program provides for a variety of basic civilian infrastructure and health projects, financed with FMFP credits, including the following: Military Civic Action which supports African military infrastructure projects that benefit the civilian sector; African Coastal Security—which improves the ability of littoral states to patrol their exclusive economic zones and enforce fishing provisions and environmental protection regulations; and Military Health Affairs—which provides selected militaries with medical equipment, supplies, and in-country training. In addition to these activities, the African Civic Action Program will emphasize preparing militaries for peacekeeping activities and providing emergency repair assistance in support of previously delivered U.S. equipment.

Section 2202—Terms of financing assistance

Section 2202(a) provides that FMFP financing may be provided on a grant, or credit basis, or as guaranties, subject to the Federal Credit Reform Act of 1990.

Section 2202(b) establishes criteria to be taken into account in determining whether financing should be extended on a grant or credit basis. These criteria include:

- (1) the national security and foreign policy interests of the United States in furnishing assistance to a particular country;
- (2) the legitimate national security and self-defense needs of that country, taking into account regional and other threats to its security; and
- (3) the economic conditions and circumstances of that country, including its per capita gross national product, debt service ratio, and other factors.

The purpose of this section is to give greater emphasis to the principle of assistance "graduation" as recommended by the committee's Task Force on Foreign Assistance. Military assistance programs should have as one of their objectives the eventual transition of a recipient country from a grant program or a credit program to a defense relationship on the basis of unsubsidized arms sales alone. By giving the President discretionary authority to establish economic, political and military criteria, the transitional process to a fully mature defense relationship will be accelerated.

Section 2202(c) maintains a current law provision (section 23 (b) and (c) of the Arms Export Control Act) which requires that mili-

tary assistance on a credit basis be provided on repayment terms in which the loan period is not to exceed 12 years after a loan agreement is signed and the interest rate may be at such rate as the President considers appropriate but may not be less than 5 percent.

Section 2202(d) stipulates that funds used to finance the procurement of defense articles and defense services under the FMFP program shall be disbursed either to suppliers, including the United States military departments, on behalf of the recipient country or organization; or to the recipient country or organization as reimbursement upon submission of satisfactory proof of payment to suppliers.

Section 2202(e) stipulates that any guaranties issued pursuant to this chapter shall be backed by the full faith and credit of the United States.

Section 2202(f)(1) specifies that funds appropriated pursuant to the implementation of this chapter may be used by a foreign country to make payments of principal and interest that that individual country owes the United States in connection with sales of defense articles or defense services on account of credits previously guaranteed under this chapter or under the former authorities of the Arms Export Control Act or any other predecessor military sales or military assistance legislation, subject to a prohibition on prepayment.

In this regard, section 2202(f)(2) clearly stipulates that funds appropriated pursuant to the implementation of this chapter may not be used for the purposes of prepayment of principal or interest pursuant to the authorities established in section 2202(f)(1).

Section 2202(g) specifies that the President shall notify the appropriate congressional committees at least fifteen days prior to the obligation of funds made available to carry out this chapter for a fiscal year for credits or guaranties (1) for any country for which credits or guaranties (as the case may be) were not justified for that fiscal year, or (2) for any country in an amount greater than the amounts of credits or guaranties (as the case may be) justified for that country for that fiscal year.

Section 2203—Eligibility

Section 2203 rewrites the eligibility provisions for grant MAP in sections 502 and 505 of the Foreign Assistance Act of 1961. Section 2203(a) provides that military assistance and sales may not be provided to any foreign country unless that country has agreed that it will not, without the consent of the President: (1) transfer title to, or possession of, such articles or services to anyone who is not an officer, employee, or agent of that country, or (2) use or permit the use of such articles and services for purposes other than those for which furnished.

Section 2203(a) also requires recipients to maintain the security of defense articles and services provided and maintain substantially the same degree of protection as afforded such articles and services by the U.S. Government. Foreign countries must permit, as the President may require, observation and review at any time by representatives of the U.S. Government with respect to the use of such defense articles and services.

Section 2203(b)(1) provides that military assistance shall be terminated and new commitments may not be made to any country which uses defense articles or defense services in substantial violation of any agreement pursuant to which those articles or services were furnished. Such substantial violations can occur if a foreign country uses such articles or services for a purpose not specified in this section, without the consent of the President, by transferring such articles or services to, or permitting any use of such articles or services by, anyone not an officer, employee, or agent of the recipient country, or by failing to maintain the security of such articles or services.

Section 2203(b)(2) stipulates that the standards for ineligibility detailed in the previous paragraph apply to all military assistance under the Foreign Assistance Act of 1961, sales and leases under the Defense Trade and Export Control Act and any furnishing of military assistance and sales under predecessor foreign assistance or military sales legislation.

Section 2203(b)(3) states that the purposes for which military assistance and sales may be used are: (1) legitimate self-defense; (2) participation in regional or collective arrangements or measures consistent with the Charter of the United Nations, or participation in collective measures requested by the United Nations for the purpose of maintaining or restoring international peace and security; (3) internal security; (4) construction of public works or other activities which contribute to the economic and social development of the recipient country; and (5) such other provisions as may be provided for in particular provisions of law.

Section 2203(b)(4) provides that military assistance, deliveries and new commitments of and for military assistance shall be terminated if pursuant to the requirements of section 2203(b)(1), the President determines a substantial violation has occurred or the Congress so finds such a violation by joint resolution.

Section 2203(b)(5) requires the President to report promptly to the Congress the receipt of information that a violation described in section 2204(b)(1) may have occurred.

Section 2203(b)(6) provides that military assistance to a country shall remain terminated until such time as the President determines that the violation has ceased and the country concerned has given satisfactory assurances to the President that the violation will not recur.

Section 2204—Approval of third country transfers

Section 2204 retains a current law authority (section 505(e) of the Foreign Assistance Act of 1961) which requires that the President: (1) not give his approval to any transfer of any defense article on the United States Munitions List (other than any such defense article the useful life of which has expired) or defense service to a third country, unless the United States would itself make such a transfer to such country; and (2) not give his consent to the transfer of any significant military equipment on the United States Munitions List unless the foreign country requesting consent to transfer, or the proposed recipient, provides a commitment in writing to the U.S. Government that it will not transfer such equipment if

not demilitarized, to any other foreign country or person without first obtaining the consent of the President.

Section 2205—Improved accountability with respect to financed commercial arms sales

Section 2205(a) states congressional findings that unlike government-to-government arms sales which receive military assistance financing, commercial arms sales do not have comparable accountability requirements and that more stringent eligibility standards and fiscal and accounting controls (including improved access to records) need to be established with respect to financed commercial arms sales.

Section 2205(b) requires the President to establish controls to require that financed commercial arms sales shall be subject to monitoring and auditing requirements relating to improper business practices and personal conflict of interest, at least as stringent as requirements of the Federal Acquisition Regulations that are applicable to sales under the Defense Trade and Export Control Act.

The Congress is also concerned that monitoring requirements include quality assurance, price, payment and profit criteria which are also requirements of the Federal Acquisition Regulations.

Section 2205(c) establishes definitions of terms including: (1) "Federal Acquisition Regulations", which refers to the single system of Government-wide procurement regulation referred to in section 6(a) of the Office of Federal Procurement Policy Act; and (2) "financed commercial arms sales," which means any procurement of defense articles and services (other than by sale or lease under the Defense Trade and Export Control Act) which is financed in whole or in part with FMFP funds and with respect to which an export license under section 38 of the Defense Trade and Export Control Act is required.

Section 2205(d) provides that the effective date of controls established pursuant to this section shall be not later than one year after enactment. It is the committee's intent that in those areas of monitoring which already have controls as stringent as the Federal Acquisition Regulations, no new controls need be promulgated.

The purpose of this section is to implement one of the military assistance program accountability recommendations endorsed by the committee's Task Force on Foreign Assistance. The discrepancy in current law and regulatory practice, under which Federal Acquisition Regulations apply to the use of financing for government-to-government arms sales but not to the financing of commercial arms sales, has created problems for implementation of the program by the Department of Defense as well as law enforcement agencies. Several cases of corruption and kickbacks using millions of taxpayer dollars for commercial sales have occurred in recent years.

These cases point to the need for tighter regulation of commercial arms sales using military assistance funds. The companies involved in corruption had no real track record or capability to transact commercial sales. The cases took several years to prosecute, because of the inability of the State Department, the Defense Department, the Justice Department, and other agencies to obtain the necessary evidence often located in bank records abroad.

As a result, the United States was unable to recover the full amounts stolen. Executive branch officials have also privately admitted to the committee that other cases of corruption may also exist which cannot be properly prosecuted for lack of evidence. Accordingly, without making controls as least as stringent as the Federal Acquisition Regulations in a variety of areas which apply to financed commercial sales, problems of corruption are likely to persist. In some instances, like in the area of bank records, it will be necessary to establish controls even more stringent than the Federal Acquisition Regulations.

The committee recognizes that in some instances foreign governments have already established fiscal and accounting controls, and eligibility standards, including improved access to records of commercial contractors that are no less stringent than the controls and standards under the Federal Acquisition Regulations. In such instances, the executive branch will not be required to issue new controls for commercial sales to such countries.

Section 2206—Considerations in furnishing assistance

Section 2206 retains current law (section 511 of the Foreign Assistance Act of 1961) which requires that decisions to furnish military assistance be made in coordination with the United States Arms Control and Disarmament Agency, including that agency's expert opinion as to whether such assistance will contribute to an arms race, increase the possibility of outbreak or escalation of conflict, or prejudice the development of bilateral or multilateral arms control arrangements.

Section 2207—Authorizations of appropriations

Section 2207(a) places a ceiling of \$4,411,444,000 for fiscal year 1992 and \$4,840,000,000 for fiscal year 1993 for the FMFP program.

The following chart shows the executive branch request for foreign military financing assistance for fiscal year 1992 and the committee recommendations for fiscal years 1992 and 1993.

FOREIGN MILITARY FINANCING PROGRAM

(In millions of dollars)

	Fiscal year	
	1992 request	1992/93 recommendation
Europe/Middle East:		
Israel.....	1,800.0	¹ 1,800.0
Egypt.....	1,300.0	¹ 1,300.0
Portugal.....	103.0	² 103.0
Greece.....	65.0	² 65.0
Turkey.....	625.0	² 500.0
Jordan.....	25.0	25.0
Oman.....	5.0	5.0
Subtotal.....	3,923.0	3,798.0
Asia:		
Pakistan.....	106.6	⁴ 0
Philippines.....	200.0	200.0
Fiji.....	0.3	⁵ 0
Nepal.....	.5	0.5

FOREIGN MILITARY FINANCING PROGRAM—Continued

(In millions of dollars)

	Fiscal year	
	1992 request	1992/93 recommendation
Subtotal.....	307.4	200.5
Africa:		
Morocco.....	40.0	40.0
Botswana.....	1.0	1.0
Chad.....	2.0	2.0
Djibouti.....	2.0	2.0
Kenya.....	4.0	* 4.0
Malawi.....	1.0	1.0
Niger.....	.5	.5
Senegal.....	1.0	1.0
Tunisia.....	10.0	10.0
Zaire.....	3.0	* 3.0
Africa Regional.....	10.0	10.0
Subtotal.....	74.5	74.5
Latin America:		
Argentina.....	1.0	1.0
Belize.....	.5	.5
Bolivia.....	40.0	* 40.0
Chile.....	1.0	* 1.0
Colombia.....	58.0	* 58.0
Costa Rica.....	2.4	2.4
Dominican Republic.....	2.0	2.0
Ecuador.....	5.0	5.0
El Salvador.....	85.0	85.0
Guatemala.....	2.0	* 2.0
Haiti.....	2.2	* 2.2
Honduras.....	19.1	19.1
Jamaica.....	3.0	3.0
Paraguay.....	.5	.5
Peru.....	39.0	* 39.0
Trinidad.....	.5	.5
Uruguay.....	1.0	1.0
Caribbean Regional.....	4.2	4.2
Subtotal.....	266.4	266.4
Other.....	28.7	28.7
Program costs.....	40.0	40.0
Total, FMFP.....	4,640.0	* 4,411.4

* Earmarked for FY 1992 and FY 1993. For FY 1993, \$2.0 billion is earmarked for Israel FMFP.

* Does not include FMFP concessional financing of \$258 million for Greece, and \$22 million for Portugal; total FMFP funding for Greece is earmarked at \$350 million for FY 1992 and 1993.

* Represents both a ceiling and an earmark for FY 1992 and 1993.

* Prohibits funding contingent on Presidential certification on nuclear non-proliferation; if certification is made, funding for Pakistan must be reallocated from other country programs.

* Aid is prohibited contingent on a Presidential certification that Fiji has held elections.

* Suspend or conditions aid to Kenya and Zaire.

* Conditions aid to Bolivia, Colombia, and Peru; to total military aid to these three countries is subject to a \$150 million ceiling.

* Conditions aid for FY 1992 and 1993.

* For FY 1993, includes a \$200 million increase for Israel, and \$229 million in unallocated funds.

Section 2207(b) provides that two percent of the aggregate amount of financing provided on a grant or credit basis for the FMFP program for each of the fiscal years 1992 and 1993 shall be available only for assistance to otherwise eligible countries for which the Congress has not by law specified in minimum or maximum amount of assistance to be provided under this chapter for

that fiscal year. Countries otherwise limited by ceilings or earmarks would not qualify for the amounts set aside under this section. Section 2207(b) in no way affects those provisions that establish the minimum authorization for FMFP financing for Israel and Egypt. Section 2207(b) also provides that at least 15 days before obligating funds under this section, the President shall notify the Committees on Foreign Affairs and Appropriations of the House and the Committees on Foreign Relations and Appropriations of the Senate.

The purpose of section 2207(b) is to implement a major recommendation of the committee's Task Force on Foreign Assistance dealing with the reduction of earmarking. This earmarking hampers the military assistance program and curtails its operational efficiency. Many legitimate defense and security needs of countries friendly to the United States are not met or are significantly underfunded because earmarking of other countries crowds out available program funds.

Section 2207(b) is designed to allow the executive branch greater flexibility in meeting the legitimate security needs of countries that are important to the United States foreign policy and national security objectives without resort to further earmarking. It also enables the executive branch to meet unforeseen emergencies that may not have been envisioned when the overall military assistance program proposal was sent to the Congress, and will hopefully correct the problem of having programs proposed and then eliminated because of earmarking of other countries.

CHAPTER 3—TRANSFERS OF EXCESS DEFENSE ARTICLES

Chapter 3 authorizes the provision of excess defense articles, and establishes the terms and conditions under which articles may be transferred to eligible foreign countries.

Section 2301—Modernization of defense capabilities of military assistance recipients

Section 2301(a) provides that the President may transfer such excess defense articles as may be necessary to modernize the defense capabilities of an eligible foreign country.

Section 2301(b) limits transfers of excess defense articles to those drawn from existing Defense Department stocks. It also prohibits the use of Defense Department funds to transfer such excess articles and requires the President to determine that the transfer of such articles will not have an adverse impact on the military readiness of the United States; requires that such articles can be transferred only if it is preferable to selling such articles after taking into account the potential proceeds from, and likelihood of, such sales, and comparative foreign policy benefits to the United States as a result of either a transfer or a sale; and allows only transfers which are not prohibited by section 6202 (relating to assistance for law enforcement agencies).

Section 2301(c) provides that excess defense articles may be transferred under this section without cost to the recipient country.

Section 2301(d) exempts this section from the requirements of section 7201(d) of this act which requires that U.S. Government

agencies be reimbursed when its assets are used for military assistance programs.

Section 2301(e)(1) prohibits the use of Defense Department funds for crating, packing, handling and transportation unless the President directs that Defense Department funds may be used for such purpose.

Section 2301(f)(1) requires that at least 15 days prior to the designation of a country as an eligible country to receive excess defense articles the President must notify the relevant congressional committees.

Section 2301(f)(2) requires that 15 days prior to the transfer of excess defense articles the President shall notify the relevant congressional committees and include the following information: a discussion of the need for such transfers; an assessment of the impact of such transfers on U.S. military readiness; and the value of such excess defense articles.

Section 2301(f)(3) requires that notifications pursuant to this subsection shall be considered in accordance with the procedures applicable to reprogramming notifications submitted to relevant congressional committees.

Section 2301(g) establishes that it is U.S. policy that excess defense articles be made available consistent with established policy in current law that military assistance maintain the military balance in the eastern Mediterranean. This section also requires the President to ensure that over a three-year period beginning on October 1, 1991 the ratio of the values of excess defense articles made available to Greece and Turkey closely approximate the value of foreign military financing assistance provided to those two countries. The requirements of this subsection do not apply if either Greece or Turkey ceases to be eligible to receive excess defense articles.

Section 2301(h) defines the term: "eligible country" as a country: (1) for which FMFP assistance has been justified for the fiscal year in which the transfer of EDA is authorized; (2) that is eligible to receive foreign military financing assistance at the time of the transfer; and (3) that is either a grandfathered country or has been designated by the President as an eligible country.

A "grandfathered country" means a country that is a member of NATO, a major non-NATO ally (current law has designated Israel, Egypt, Korea, Australia, and Japan). A "North African country" means Morocco. "Excess Coast Guard Property" means excess property of the Coast Guard and for the purposes of this section the term DOD is deemed to include such excess property of the Coast Guard. "Made available" means that a good faith offer is made by the U.S. to furnish the excess defense articles to an eligible country. "Relevant congressional committees" means the Committee on Armed Services, the Committee on Foreign Affairs and the Committee on Appropriations of the House of Representatives and the Committee on Armed Services, the Committee on Foreign Relations and the Committee on Appropriations of the Senate.

Section 2302—Modernization of counternarcotics capabilities of major illicit drug producing or drug-transit countries

Section 2302(a) states that the President may transfer to an eligible drug producing or transit country such excess defense articles as may be necessary to carry out subsection (b).

Section 2302(b) provides that excess defense articles may be transferred to an eligible drug producing or transit country under subsection (a) only for the purpose of encouraging military forces and law enforcement agencies of that country to participate cooperatively in a comprehensive national counternarcotics program, conceived and developed by the government of that country, by conducting activities within that country and on the high seas to prevent the production, processing, trafficking, transportation, and consumption of illicit narcotic or psychotropic drugs or other controlled substances.

Section 2302(c) states that excess defense articles may be transferred under subsection (a) to an eligible drug producing or transit country only if that country ensures that those excess defense articles will be used primarily in support of counternarcotics activities.

Section 2302(d) provides that the Secretary of State shall determine the eligibility of countries to receive excess defense articles under subsection (a), and that in accordance with section 4102 of this act, the Secretary shall ensure that the transfer of excess defense articles under subsection (a) is coordinated with other counternarcotics enforcement programs assisted by the U.S. Government.

Section 2302(e) limits the value of excess defense articles transferred under subsection (a) to an eligible drug producing or transit country in a fiscal year to \$10 million. This limitation is a per-country limitation.

Section 2302(f) contains the same limitations on the transfer of excess defense articles as those contained in section 2301(b)(1-4).

Section 2302(g) provides that excess defense articles may be transferred under this section without cost to the recipient country.

Section 2302(h) states that section 7201(d) does not apply with respect to transfers of excess defense articles under this section.

Section 2302(i) contains the same requirements relating to transportation and related costs as those contained in section 2301(e).

Section 2302(j) requires 15-day advance notification of a proposed transfer under this section to relevant congressional committees, and requires the notification to include a discussion of the need for the transfer, an assessment of the impact of the transfer on the military readiness of the United States, and a statement of the value of the excess defense articles to be transferred. Notifications pursuant to this subsection shall be considered in accordance with the procedures applicable to reprogramming notifications submitted to the relevant congressional committees.

Section 2302(k)(1) defines an eligible drug producing or transit country as a country that is a major illicit drug producing country or a major drug-transit country (as defined in section 4403 of this act), that has a democratic government, and whose security forces do not engage in a consistent pattern of gross violations of internationally recognized human rights, and that is eligible to receive for-

eign military financing assistance at the time the excess defense articles are transferred. Section 2302(k)(2), for purposes of this section and section 2304 and 2305, defines the term "excess defense articles" to include excess property of the Coast Guard, and for purposes of this section defines the term "Department of Defense", with respect to such excess property, to include the Coast Guard. Section 2302(k)(3) defines relevant congressional committees, for the purposes of this section, to include the Committees on Armed Services, Foreign Affairs, and Appropriations of the House and the Committees on Armed Services, Foreign Relations, and Appropriations of the Senate.

Section 2302 is similar to section 517 in current law, with the following differences: it expands the authority to provide excess defense articles for narcotics-related purposes from major drug producing countries in Latin America to major drug producing and transit countries worldwide; it clarifies that excess Coast Guard property may be transferred; it reduces the current thirty day prior notification period to 15 days; and it clarifies the purposes for which such articles may be provided to include counternarcotics cooperation between host country police and military units. Under section 402 of this act, for fiscal years 1992 and 1993 excess defense articles for narcotics-related purposes under this section may also be provided to host country police forces, subject to the same limitations as those on aid to military forces, including those relating to the requirement for democratic governments and respect for human rights.

The committee notes that its efforts to provide the executive branch with increased flexibility with regard to excess defense articles has resulted in some discrepancies in the limitations on such articles provided under section 2301 for modernization of military capabilities and section 2302 for modernization of counternarcotics capabilities. The committee intends to resolve these discrepancies as expeditiously as possible.

Section 2303—Natural resources and wildlife management

Section 2303(a) provides the authority for the President to transfer eligible articles to an eligible country, international organization or a private voluntary organization for the purpose of protecting and maintaining wildlife habitats and developing sound wildlife management and plant conservation programs.

Section 2303(b) limits the transfer of eligible articles under this section to those drawn from existing DOD stocks. This subsection also prohibits the use of DOD funds to transfer eligible articles and requires the President to determine that the transfer of such articles will not have an adverse impact on the military readiness of the United States. Finally, this subsection requires that such articles can be transferred only if it is preferable to selling them after taking into account the potential proceeds from, and likelihood of, such sales, and the comparative foreign policy benefits to the United States as a result of either a transfer or sale.

Section 2303(c) provides that eligible articles may be transferred under this section without cost to the recipient country.

Section 2303(d) exempts this section from the requirements of section 7201(d) of this act which requires that U.S. Government

agencies be reimbursed when its assets are used for military assistance programs.

Section 2303(e) prohibits the use of DOD funds for crating, packing, handling, and transportation unless the President directs that DOD funds may be used for such purposes, subject to three criteria: first, that the recipient country has a base rights agreement with the United States; second, that the recipient country is eligible for assistance under the International Development Association; and three, that the eligible articles are being provided to the recipient country under the authority of this section.

Section 2303(f)(1) requires the President to notify the relevant congressional committees at least 15 days prior to designating a country as eligible to receive articles under this section.

Section 2303(f)(2) requires that 15 days prior to the transfer of articles under this section the President shall notify the relevant congressional committees and include the following information: a discussion of the need for such transfers; an assessment of the impact of such transfers on U.S. military readiness; and the value of such articles.

Section 2303(f)(3) requires that notifications pursuant to this subsection shall be considered in accordance with the procedures applicable to reprogramming notifications submitted to relevant congressional committees.

Section 2303(g)(1) defines, for purposes of this section, the Department of Defense, with respect to excess property of the Coast Guard, to include the Coast Guard.

Section 2303(g)(2) defines the term 'eligible country' as a country: (1) for which foreign military financing was justified for the fiscal year in which the transfer of articles under this section is authorized; (2) that is eligible to receive foreign military financing assistance at the time of the transfer; and (3) that is a grandfathered country (defined as Botswana, Central African Republic, Cameroon, Kenya, Malawi, Tanzania, and Zimbabwe) or that has been designated by the President as an eligible country for purposes of this section.

Section 2303(g)(3) defines 'eligible articles' as nonlethal excess defense articles, nonlethal excess property of the Coast Guard and small arms.

It is the view of the committee that small arms include and are limited to: pistols; rifles; and shotguns.

Section 2303(g)(4) stipulates that eligible articles transferred under the authority of this section are subject to two other sections in the title, section 2304, an annual ceiling of transfers of EDA, and section 2305, an annual report of transfers of EDA.

Section 2303(g)(5) defines the term 'relevant Congressional committees' as the Committee on Armed Services, Committee on Foreign Affairs, and the Committee on Appropriations of the House of Representatives and the Committee on Armed Services, Committee on Foreign Relations and the Committee on Appropriations of the Senate.

Section 2304—Annual ceiling on the transfers of excess defense articles

Section 2304 establishes a ceiling of \$250 million on the value of excess defense articles which may be transferred under this chapter to foreign countries or international organizations. Transfer of defense articles made pursuant to Section 36(b) of the Defense Trade and Export Control Act are exempted from the annual ceiling.

Section 2305—Annual report on transfers of excess defense articles

Section 2305 stipulates that the annual presentation material to the Congress for security assistance programs include a table listing by country the total value of all deliveries of excess defense articles during the preceding fiscal year under various authorities of law, including the FMFP program, the special drawdown authority, the excess defense articles authority, or under sales under the Defense Trade and Export Control Act. Both aggregate original acquisition cost and the aggregate value at the time of delivery to foreign countries should be provided in the annual presentation materials.

CHAPTER 4—OVERSEAS MANAGEMENT OF ASSISTANCE AND SALES PROGRAMS

Chapter 4 modifies an existing section of law (section 515 of the Foreign Assistance Act of 1961) concerning the operation of U.S. military personnel administering military assistance and sales programs abroad.

Section 2401—Authorized functions

Section 2401(a) provides that in order to carry out responsibilities for the management of military assistance and sales programs, the President may assign members of the U.S. Armed Forces to perform one or more of the following functions: (1) equipment and services case management; (2) training management; (3) program monitoring; (4) evaluation and planning of host government military capabilities and requirements; (5) administrative support; (6) promoting rationalization, standardization, interoperability, and other defense cooperation measures, and (7) liaison functions exclusive of advisory and training assistance.

In outlining the functions which U.S. military personnel may perform, the committee does not intend that a military assistance management group be established in every country which receives military assistance. Where alternative arrangements have been established, such as in small programs where management functions are handed by the defense attache at the U.S. Embassy, or where bilateral military relations are handled by a joint military planning group, as in the case of Israel, section 2401 does not require the establishment of a military assistance group.

Section 2401(b) stipulates that advisory and training assistance conducted by members of the U.S. Armed Forces assigned under this chapter shall be kept to an absolute minimum. Advising and training assistance in countries to which members of the Armed Forces are assigned under this chapter should be provided primarily

ly by other personnel who are not assigned under this chapter and who are detailed for limited periods to perform specific tasks.

Section 2401(c) provides that at least one member of the Armed Forces assigned to each country under this chapter be given responsibility primarily for monitoring the international security assistance and sales program in that country. The purpose of this subsection is to strengthen program monitoring controls with respect to illicit third-country transfers of U.S.-origin defense articles, which is a serious accountability problem that has developed in the operation of the military assistance and sales program.

Section 2402—Limit on size of groups

Section 2402 provides that the total number of members of the U.S. Armed Forces assigned under this chapter to a foreign country in a fiscal year may not exceed the number justified to the Congress for that country in the congressional presentation materials for that fiscal year, unless the Committees on Foreign Affairs and Foreign Relations of the House of Representatives and the Senate respectively are notified 30 days in advance of the introduction of the additional military personnel.

The committee notes that section 8 of the International Narcotics Control Act of 1990 (Public Law 101-623) requires the President to submit monthly reports to the Congress listing the number of members of the U.S. Armed Forces who were assigned or detailed to, or otherwise performed functions in, each Andean country at any time during that month. The committee will continue to monitor closely U.S. military personnel levels in that region.

Section 2403—Costs

Section 2403 mandates that the entire costs (excluding salaries of members of the U.S. Armed Forces, other than the Coast Guard) of overseas management of military assistance and sales programs be charged to or reimbursed from funds made available to carry out the FMFP program, other than any such costs which are either paid directly under a sale of services from the stocks of the Defense Department, or reimbursed from administrative services and other charges paid directly by foreign governments.

Section 2404—Role of chief of mission

Section 2404 provides that members of the U.S. Armed Forces assigned to a foreign country under this chapter shall serve under the direction and supervision of the Chief of the United States Diplomatic Mission to that country.

CHAPTER 5—INTERNATIONAL MILITARY EDUCATION AND TRAINING

Chapter 5 largely retains the authorities of the current chapter five of the Foreign Assistance Act of 1961, which authorizes the terms, conditions, and funding of the grant IMET program.

Section 2501—General authority

Section 2501 authorizes the President to furnish IMET assistance to military and related civilian personnel of foreign countries. Specifically, the IMET program may be provided to civilians other

than at defense ministries and may be provided to legislators of foreign countries, if the military education and training would (1) foster greater respect for and understanding of the principle of civilian control of the military; (2) improve military justice systems and procedures in accordance with internationally recognized human rights; (3) contribute to responsible defense resource management; or (4) contribute to cooperation between military and law enforcement personnel with respect to counternarcotics law enforcement efforts.

The committee notes the strong support for training of legislators and believes such training is an effective use of IMET funds and will further enhance the objectives of the program.

Training and education under this chapter may be provided through attendance at military educational and training facilities in the United States (other than service academies) and abroad, through attendance in special courses of instruction at schools and institutions of learning or research in the United States and abroad, and through observation and orientation visits to military facilities and related activities in the United States and abroad.

Section 2502—Terms of assistance

Section 2502 provides that IMET shall be furnished on a grant basis. However, wherever feasible, military education and training shall be provided on credit terms under the FMFP program.

Section 2503—Exchange training

Section 2503 authorizes the President to provide for attendance of foreign military personnel at professional military education institutions in the United States (other than service academies) without charge; and without charge to IMET funds, if such attendance is pursuant to an agreement providing for the exchange of students on a one-for-one, reciprocal basis each fiscal year, between those U.S. professional military education institutions and comparable institutions of foreign countries and international organizations.

Section 2504—Training in maritime skills

Section 2504 encourages the President to allocate a portion of IMET funds each fiscal year for use for education and training in maritime search and rescue, operation and maintenance of aids to navigation, port security, and other maritime skills.

Section 2505—Authorizations of appropriations

Section 2505 authorizes \$52.5 million for each of the fiscal years 1992 and 1993 for the IMET program. Under section 402 of this act, for fiscal years 1992 and 1993, the prohibition contained in section 6202 (relating to aid to police) shall not apply to IMET provided for narcotics-related purposes under certain conditions.

The following table shows the executive branch request for international military education and training for fiscal year 1992, and the actual and estimated levels for fiscal years 1990 and 1991. The committee authorized the full executive branch request for fiscal year 1992.

INTERNATIONAL MILITARY EDUCATION AND TRAINING PROGRAM BUDGET AUTHORITY ¹

(Dollars in thousands)

	Actual 1990	Fiscal year—	
		Estimated 1991	Proposed 1992
Africa:			
Benin	70	100	125
Botswana	385	411	400
Burkina Faso	86	100	100
Burundi	162	175	200
Cameroon	313	275	325
Cape Verde	63	75	100
Central African Republic	157	200	255
Chad	384	300	380
Comoros	48	75	75
Congo	42	50	105
Cote D'Ivoire	162	150	200
Djibouti	169	175	175
Equatorial Guinea	105	100	100
Gabon	57	100	150
Gambia	112	100	125
Ghana	171	175	175
Guinea	170	150	175
Guinea-Bissau	95	100	150
Kenya	068	1,175	100
Lesotho	68	75	75
Liberia	0	0	100
Madagascar	100	75	100
Malawi	172	250	250
Mali	173	175	175
Mauritania	125	125	0
Mauritius	0	25	100
Mozambique	0	100	100
Namibia	0	100	180
Niger	309	275	300
Nigeria	102	100	500
Rwanda	101	100	100
Sao Tome and Principe	110	125	125
Senegal	529	525	525
Seychelles	23	100	100
Sierra Leone	94	100	200
Somalia	0	0	300
Sudan	0	0	300
Swaziland	75	75	100
Tanzania	89	100	150
Togo	107	100	150
Uganda	109	175	200
Zaire	644	5	300
Zimbabwe	237	250	300
Regional total	6,986	6,941	9,145
American Republics:			
Antigua-Barbuda ¹	22	100	100
Argentina	149	150	200
Bahamas	51	125	125
Barbados ¹	53	100	100
Belize	106	115	125
Bolivia	552	900	900
Brazil	97	125	150
Chile	0	100	150
Colombia	1,500	2,500	2,300
Costa Rica	232	230	230
Dominica ¹	22	100	100
Dominican Republic	776	900	900

INTERNATIONAL MILITARY EDUCATION AND TRAINING PROGRAM BUDGET AUTHORITY ¹—Continued

(Dollars in thousands)

	Actual 1990	Fiscal year—	
		Estimated 1991	Proposed 1992
Ecuador.....	701	800	800
El Salvador.....	1,592	1,055	1,400
Grenada ¹	66	100	100
Guatemala.....	492	400	400
Guyana.....	0	50	50
Haiti.....	0	200	665
Honduras.....	1,053	1,100	1,100
Jamaica.....	301	400	450
Mexico.....	304	400	430
Pacams.....	2,398	1,000	1,000
Paraguay.....	217	175	175
Peru.....	458	900	900
St. Kitts and Nevis ²	65	100	100
St. Lucia ¹	48	100	100
St. Vincent & Grenadines ¹	44	100	100
Suriname.....	0	25	0
Trinidad and Tobago.....	43	95	95
Uruguay.....	198	200	325
Venezuela.....	102	125	175
Regional total.....	11,642	12,770	13,745
East Asia and Pacific:			
Burma.....	0	0	0
Fiji.....	0	50	50
Indonesia.....	1,985	1,900	2,300
Korea.....	1,217	1,700	800
Malaysia.....	996	0	1,100
Papua New Guinea.....	58	75	80
Philippines.....	2,589	2,600	2,000
Singapore.....	49	20	15
Solomon Islands.....	37	50	50
Thailand.....	2,629	2,400	2,500
Tonga.....	31	50	50
Vanuatu.....	0	30	50
Regional total.....	9,591	8,175	9,795
Europe and Canada:			
Austria.....	13	15	0
Czechoslovakia.....	0	50	75
Finland.....	38	15	0
Greece.....	629	550	500
Hungary.....	0	50	75
Iceland.....	8	0	0
Ireland.....	0	30	0
Malta.....	29	60	65
Poland.....	0	50	75
Portugal.....	2,390	2,650	2,850
Spain.....	2,087	1,500	1,200
Turkey.....	3,449	3,400	3,500
Yugoslavia.....	26	100	100
Regional total.....	8,669	8,470	8,440
Near East and South Asia:			
Algeria.....	150	150	150
Bangladesh.....	305	300	350
Egypt.....	1,636	1,500	1,800
India.....	282	300	345
Jordan.....	2,200	2,180	2,400

INTERNATIONAL MILITARY EDUCATION AND TRAINING PROGRAM BUDGET AUTHORITY ¹—Continued

[Dollars in thousands]

	Actual 1990	Fiscal year—	
		Estimated 1991	Proposed 1992
Lebanon	130	400	400
Mali/ives	46	50	70
Morocco	1,394	1,050	1,150
Nepal	123	125	185
Oman	178	100	100
Pakistan	960	915	915
Sri Lanka	191	160	200
Tunisia	1,492	1,450	1,250
Yemen	1,086	0	0
Regional total	10,173	8,680	8,915
Nonregional:			
General Costs	135	* 2,160	2,460
Nonregional total	135	2,160	2,460
Total budget authority	47,196	47,196	52,500

Note.—Totals may not add due to rounding.

¹ These countries comprise the Eastern Caribbean. See Eastern Caribbean narrative in Section III for a discussion of specific country programs.

* This figure includes at least \$1 million in funds to continue a program initiated by the an earmark of FY 1991 IMET funds made in P.L. 101-513, the FY 1991 Foreign Operations Appropriation Act. This program trains civilian personnel, including those not in the ministry of defense, and military personnel in defense resource management, civilian control of the military, military justice systems, and recognition of human rights.

CHAPTER 6—PEACEKEEPING OPERATIONS

Chapter 6 modifies an existing chapter in current law, chapter 6 of the Foreign Assistance Act of 1961, by establishing the terms, conditions, and funding for peacekeeping operations.

Section 2601—General authority

Section 2601(a) provides general authority to the President to furnish assistance to friendly foreign countries and international organizations for peacekeeping operations and activities and related programs. The committee expects activities and related programs to serve peacekeeping purposes.

Section 2601(b) provides that PKO funds may be used to reimburse the Department of Defense for peacekeeping activities pursuant to section 7 of the United Nations Participation Act of 1945. Such reimbursement is limited to \$5 million in any fiscal year unless specifically authorized by Congress.

Section 2601(c) stipulates that the PKO authority is in addition to any other authority which may be available for peacekeeping operations. Assistance provided under this chapter for peacekeeping operations and activities and related programs may be made available notwithstanding any provision of law that restricts assistance to foreign countries.

Section 2602—Special transfer and drawdown authorities

Section 2602 provides that if the President determines that an unforeseen emergency exists whereby additional funding for peacekeeping purposes over and above the amounts authorized in section 2604 is required, he may transfer economic support assistance into the PKO account in an amount not to exceed \$15 million in any

fiscal year. Under the authority of this section, the President may also draw down commodities and services from any U.S. Government agency not to exceed \$25 million in any fiscal year. Authorization to reimburse applicable appropriation accounts is also provided by this section.

Section 2603—Administrative authorities

Section 2603 provides that administrative authorities used to govern economic assistance apply to PKO assistance and that PKO assistance is not included in administrative authorities for military assistance and sales programs.

Section 2604—Authorizations of appropriations

Section 2604 authorizes \$28 million for each of the fiscal years 1992 and 1993 for PKO assistance.

The \$28 million will be used for the Multinational Force and Observers (MFO) (\$19.5 million) and the U.N. forces in Cyprus (\$8.5 million). The United States has funded the MFO since 1981 in order to help supervise the withdrawal of Israeli troops from the Sinai and maintain a peaceful border between Israel and Egypt pursuant to the Israel-Egypt peace treaty. The United States has contributed to the U.N. Force in Cyprus since its inception in 1974.

CHAPTER 7—STOCKPILING OF DEFENSE ARTICLES FOR FOREIGN COUNTRIES

Chapter 7 modifies, while essentially retaining, an existing section of law (section 514 of the Foreign Assistance Act of 1961) to regulate the operations of U.S. military stockpiles abroad.

Section 2701—Restrictions on stockpiling

Section 2701(a) provides that defense articles in Defense Department inventory set aside, reserved, earmarked, or intended for future use by any foreign country may not be made available to any foreign country unless the transfer is authorized by the Foreign Assistance Act, or the Defense Trade and Export Control Act, and the value of such transfer is charged against funds authorized under the Foreign Assistance Act or against any limitation which may be established by the Congress.

Section 2701(b) defines the value of stockpiled defense articles to be their acquisition cost plus crating, packing, handling, and transportation costs incurred in carrying out the establishment of a stockpile under this section. A defense article transferred from any stockpile for use by a foreign country may not be considered an excess defense article for purposes of determining value.

Section 2702—Location of stockpiles

Section 2702(a), except as provided for in section 2702(b), prohibits the location of a stockpile outside the boundaries of a United States military base or a military base used primarily by the United States.

Section 2702(b) states that the prohibition detailed in section 2702(a) does not apply to stockpiles located in the Republic of Korea, Thailand, any country that is a member of the North Atlan-

tic Treaty Organization, or any country that is a major non-NATO ally (as defined in section 47(9) of the Defense Trade and Export Control Act), or any other country the President may designate.

If the President should designate another country for purposes of section 2702, at least 15 days prior to such designation the President shall notify the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate in accordance with the reprogramming procedures outlined under section 6304 of this act.

Section 2703—Additions to war reserve stocks

Section 2703(a) provides that the value of additional defense articles designated as war reserve stocks for allied or other foreign countries, other than for NATO purposes, in stockpiles located in foreign countries may not exceed in any fiscal year an amount specified in legislation authorizing military assistance programs for that fiscal year.

Section 2303(b) provides that the value of additions to stockpiles in foreign countries shall not exceed \$429 million for each of the fiscal years 1992 and 1993.

CHAPTER 8—ASSISTANCE TO COMBAT INTERNATIONAL TERRORISM

Chapter 8 consolidates, reorganizes, and revises title V of the Foreign Assistance Act various provisions of the International Security and Development Cooperation Act of 1985 (Public Law 99-83), the Anti-Terrorism and Arms Export Amendments Act of 1989 and the Aviation Security Act of 1990.

Section 2801—Coordination of all United States terrorism-related assistance to foreign countries

Section 2801 retains section 502 of Public Law 99-83 which designates the Secretary of State as responsible for the coordination of all terrorism-related assistance provided by the United States.

Section 2802—Considerations in providing assistance

Section 2802 retains section 571 of current law which authorizes the President to furnish antiterrorism assistance, including training and the provision of commodities, to foreign countries to enhance the ability of law enforcement personnel to deter terrorists and terrorists groups from engaging in acts of international terrorism. This section acknowledges that terrorism is a transnational threat which poses a danger to a stable world order and to the traveling public.

Section 2803—Purposes of antiterrorism assistance

Section 2803 retains section 572 of current law regarding the purposes for which antiterrorism assistance may be provided. These purposes include the enhancement of the antiterrorism skills of friendly foreign governments, the strengthening of bilateral ties with such governments, and increasing respect for internationally-recognized human rights by sharing humane and effective antiterrorism techniques.

Section 2804—Authorities and limitations

Section 2804 retains most of the provisions of section 573 of current law regarding the reimbursement by foreign governments of funds provided under this act, restrictions on the use of foreign military financing program funds for the provision of antiterrorism assistance, consultation with the Assistant Secretary for Human Rights and Humanitarian Affairs in the development and implementation of this program, and limitations on the provision of training and commodities to eligible foreign countries.

Section 2804 differs from current law by allowing antiterrorism training, including retraining, to be conducted outside the United States if: (1) training outside the United States will be provided during a period of not more than 30 days; (2) such training relates to aviation, maritime, or facility security, crisis management, document screening techniques, VIP protection, or the handling of bomb detector dogs; and (3) the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate are notified 15 days in advance under the procedures applicable to reprogrammings.

The committee originally prohibited training outside the United States because of congressional concern over possible misuse of this authority, which arose from the congressional perception that the Public Safety Assistance Program conducted by the Agency for International Development during the 1960's and early 1970's went beyond the original intent of the law. In addition, weak oversight of this program by the executive branch allowed assistance under the program to be administered to governments without due regard for human rights abuses.

During the past 7 years, the antiterrorism training assistance program has been a highly effective, well-managed, targeted program. The committee believes that allowing the provision of specific, limited types of antiterrorism training outside the United States will greatly enhance the cost effectiveness and achievement of the objectives of this program.

Section 2805—Reports to Congress

Section 2805 retains most of section 574 of current law which requires an annual report on the provision of antiterrorism assistance, including a detailed list of countries which received assistance in the preceding fiscal year and the type of assistance received, countries programmed to receive assistance in the current fiscal year, and countries proposed to be added to the list of eligible recipients. In addition, this section requires advance notification to Congress on the eligibility of foreign countries and the provision of assistance to such countries.

Section 2806—Administrative authorities

Section 3106 retains section 576 of current law which applies various restrictions and administrative authorities contained in this Act to this program.

Section 2807—Authorizations of appropriations

Section 2807 authorizes to be appropriated \$15 million in each of the fiscal years 1992 and 1993 to carry out the purposes of this chapter.

Section 2808—Prohibition on assistance to countries supporting international terrorism

Section 2808 retains section 620A of current law which prohibits the provision of assistance to countries which the President has determined grant sanctuary from prosecution to any individual or group which has committed an act of international terrorism or otherwise supports international terrorism.

CHAPTER 9—OTHER PROVISIONS

Subchapter A—Special Drawdown Authorities

Section 2901—Special drawdown authorities

Section 2901 essentially retains a provision of current law (section 506 of the Foreign Assistance Act of 1961) which gives the President authority to transfer defense articles and services to foreign countries in emergencies.

Section 2901 stipulates that if the President determines and reports to the Congress that an unforeseen emergency exists which requires immediate military assistance to a foreign country or international organization, and the emergency cannot be met by existing authorities or laws, the President may direct the drawdown, on a grant basis, of stocks and services from the defense Department to meet such an emergency.

Section 2901(b) stipulates that, if the President determines that it is in the national interest of the United States to do so, the President may direct the drawdown of nonmilitary commodities from the stocks and services of the Defense Department for purposes of providing assistance for international narcotics control assistance, international disaster assistance, or for assistance under the authorities of the Migration and Refugee Assistance Act of 1962.

Section 2901(c) sets an annual ceiling of \$100 million in any fiscal year on the aggregate value of defense articles and services provided under subsection (a) and an annual ceiling of \$75 million in any fiscal year on the aggregate value of commodities and services provided under subsection (b).

Section 2901(d) stipulates that the President may exercise the special drawdown authorities of this section upon providing notification to the Committee on Foreign Affairs and the Committee on Appropriations of the House of Representatives and the Committee on Foreign Relations and the Committee on Appropriations of the Senate.

Section 2901(d) further stipulates that if the President exercises the authorities under paragraphs (1) and (3) of subsection (b) (relating to nonmilitary commodities provided for international narcotics assistance and for assistance under the authorities of the Migration and Refugee Assistance Act of 1962), the notification shall be provided at least 15 days in advance in accordance with the programming procedures outlined under section 6304 of this act.

Section 2901(e) exempts the authority of this section from the requirement in section 7201(d) of this legislation that U.S. Government agencies be reimbursed when assets are used for military assistance purposes.

Section 2901(f) states that the term 'commodities' and the term 'services' includes military education and training for the purposes of this section.

Section 2901(g) authorizes such sums as may be necessary to reimburse the Department of Defense for defense articles and services, and for commodities and services provided under this section.

Subchapter B—Exercise and Coordination of Functions

Section 2921—Responsibilities of the Secretary of State

Section 2921 retains elements of section 622(c) of current law. The Secretary of State, under the President's direction, is responsible for coordination of assistance authorized under this title. Assistance programs are to be effectively integrated at home and abroad so as to be consistent with U.S. foreign policy. The Secretary is also responsible for determining whether there will be a military assistance program for a country and the amount of such program.

Section 2922—Responsibilities of the Secretary of Defense

Section 2922 retains the provisions of section 623 of current law. It sets forth the functions and responsibilities of the Secretary of Defense for the military assistance programs.

Section 2923—Security assistance coordination

Section 2923 retains section 624(e) of current law which provides for the appointment of a security assistance coordinator. The section also requires the Chief of the U.S. diplomatic mission abroad to coordinate military assistance recommendations with political and economic considerations. This provision follows section 622(b) of current law.

Subchapter C—Miscellaneous

Section 2941—Personnel limited to noncombatant duties

Section 2941 retains limits as contained in current law (section 21(c)1 of the Arms Export Control Act) on the duties of U.S. personnel providing defense services and military training.

The section stipulates that U.S. personnel providing defense services, military assistance, and military education and training may not perform duties of a combatant nature (including any duty related to training and advising that may engage United States personnel in combat duties) outside the United States in connection with the performance of their duties.

The committee recognizes, however, that this provision does not prohibit the performance of such duties by U.S. personnel during periods in which the United States is authorized to be involved in combat.

Section 202—Conforming amendments to Arms Export Control Act

Section 202 contains a number of conforming amendments required as a result of the consolidation of the MAP and FMS accounts into the new FMFP program. A total of 15 conforming changes are involved, described as follows:

- (1) An amendment to section 2(b) of the Arms Export Control Act to strike the reference to military financing among the responsibilities delineated to the Secretary of State under the Arms Export Control Act since military financing is no longer authorized under that Act;
- (2) An amendment to section 3(c) of the Arms Export Control Act striking a prohibition on credit sales to countries found to be ineligible for military financing;
- (3) An amendment to section 3 (d) and (e) of the Arms Export Control Act to strike a reference to third-country transfer controls on MAP assistance;
- (4) An amendment to section 5 of the Arms Export Control Act to remove a prohibition on the use of FMS credits to countries who discriminate against U.S. personnel on the basis of race, religion, national origin, or sex. The prohibition will apply only to military sales since military financing will no longer be authorized under the Arms Export Control Act as a result of the creation of the consolidated FMFP program;
- (5) An amendment to section 6 of the Arms Export Control Act to remove a prohibition on the use of FMS credits to any country which engages in a consistent pattern of intimidation and harassment against individuals in the United States. The prohibition has been rewritten to include all foreign assistance as well as military sales and is contained in section 7508 of this legislation;
- (6) An amendment to section 21 of the Arms Export Control Act to insert language which exempts from nonrecurring costs equipment paid for on a grant basis;
- (7) An amendment repealing section 23 of the Arms Export Control Act, the basic authority for FMS credit sales. This authority is superseded by the authority for the consolidated FMFP program;
- (8) An amendment to section 24 of the Arms Export Control Act to maintain authority to refinance and reschedule past debt incurred under the old FMS credit and guaranty programs in operation prior to the effective date of this legislation;
- (9) An amendment to section 25(a) of the Arms Export Control Act to conform reporting of dollar values of military assistance, reporting of countries eligible for cash flow financing, and reporting of credit and guaranty agreements with foreign countries under that section to the creation of the FMFP program;
- (10) An amendment to section 25(d) of the Arms Export Control Act to include the FMFP program in the definition of funds affected by cash flow financing authorized for certain military assistance recipients;

(11) A repeal of section 31, which authorized funds for FMS credits, and which has been superseded by the creation of the FMFP program;

(12) An amendment to section 36(a) of the Arms Export Control Act to strike a reference in the Foreign Assistance Act of 1961 and to replace it with a reference in this Act regarding conditions for eligibility;

(13) An amendment to section 37 of the Arms Export Control Act to include the FMFP program in fiscal provisions for the military assistance and sales program;

(14) An amendment to section 40(a)(3) of the Arms Export Control Act to strike a reference to the Foreign Assistance Act of 1961 and to replace it with a reference in this Act regarding conditions for eligibility;

(15) An amendment to section 42 of the Arms Export Control Act to make technical corrections on reporting of coproduction agreements necessitated by new reporting provisions on such agreements mandated by the new FMFP program; and

Section 203—Transition rule concerning disposition of certain previously provided military equipment

Section 203 provides that the President may waive the requirements in current law which mandate the return of defense articles and services when they are no longer needed by foreign countries.

CHAPTER 2—FOREIGN MILITARY SALES PROGRAM

Chapter 2 of this title creates a new Defense Trade and Export Control Act to replace the current Arms Export Control Act. The creation of this new Act, one of the major recommendations of the committee's Task Force on Foreign Assistance, is a recognition that military sales which are consistent with foreign policy and national security objectives should be supported and be made part of an overall export promotion and control effort.

The objectives outlined at the beginning of the new act recognize that expanding trade and defense cooperation activities with our NATO allies and other friendly foreign countries, which have developed in large measure subsequent to the enactment of the Arms Export Control Act in 1976, have altered the nature, scope, and direction of the U.S. military sales program. At the same time, the objectives outlined at the beginning of the new act, much as the case with the objectives for the new FMFP program, provide a responsible and effective framework to enhance legislative oversight and program implementation of military sales.

The act focuses on military goals, including close cooperation with our allies in arms research, development, and production, and moves the military sales program away from unrealistic political linkages that are inappropriate to defense partners who are not using U.S. financing to make purchases of U.S. defense articles and services. At the same time, the new Defense Trade and Export Control Act retains appropriate congressional prior review provisions on arms transfers, third-country transfers, leases, and other forms of military cooperation that were contained in the Arms Export Control Act. It also establishes new accountability provisions con-

cerning the Departments of Defense and State management of the program.

The new act, in keeping with the recommendations of the committee's Task Force on Foreign Assistance, eliminates cumbersome and obsolete reporting provisions which have hindered both program implementation by the executive branch and effective oversight by the Congress. The new act also establishes one clear standard prior review period for congressional review of third-country transfers, government-to-government arms sales, commercial arms sales, manufacturing license agreements, and leases of defense articles, in lieu of the current bewildering array of standards and conflicting list of countries affected by each of the above elements of the international traffic in arms. The new act will thus create a more effective, flexible, and accountable military sales program better able to serve foreign policy and national security objectives.

Section 221—Arms transfer policy

Section 221 establishes a new policy by amending the Arms Export Control Act and creating a new Defense Trade and Export Control Act. The policy objectives of this act are as follows:

- (1) Ensuring that arms transfers are fully consistent with U.S. foreign and national security policies;
- (2) Ensuring that arms transfers directly enhance or achieve specific national defense requirements of the recipient country or objectives of mutual concern and contribute directly to the common defense;
- (3) Promoting defense cooperation through the transfer of United States major defense equipment and other defense articles and services, including licensed production and coproduction;
- (4) Promoting rationalization, standardization, and interoperability of foreign military forces with U.S. armed forces;
- (5) Contributing to the deterrence of aggression and promoting regional security by enabling recipient countries to negotiate peaceful solutions to conflicts with confidence;
- (6) Enabling recipient countries to participate in regional or collective arrangements or other measures consistent with the U.N. Charter;
- (7) Enabling recipient countries to participate in collective measures requested by the United Nations; and
- (8) Complementing U.S. efforts to restrain and control the international transfer of defense articles and defense services and to encourage international conventional arms control arrangements.

The committee notes that an additional purpose of the United States in implementing the authorities of the Defense Trade and Export Control Act is to maintain the viability of the defense industrial base of the United States, by such means as lengthening production runs, reducing unit costs, and providing continued employment for defense industry workers and appropriate conversion efforts.

The capacity of the United States to provide military assistance to friendly nations worldwide creates a basis that serves our foreign policy and national security objectives, including our collective

security arrangements. Absent that capacity, which is based in large part on a robust defense industrial base, the ability of the United States to provide tangible U.S. support for political actions of allied and friendly countries would be hindered.

The committee believes, however, that the maintenance of a strong military industrial base, should not be viewed as a justification for military sales in and of itself, but rather as a natural by-product and a complimentary aspect to the eight policy objectives outlined in this section.

Section 221 further calls on the President to continue to seek, through negotiations with the Soviet Union and other countries that supply or receive defense articles and defense services, the establishment of effective multilateral controls on arms transfers.

Section 221(d) also amends the Defense Trade and Export Control Act to repeal section 4 of the predecessor Arms Export Control Act dealing with purposes for which military sales by the United States as authorized. These purposes are transferred to section 3 of the Defense Trade and Export Control Act and are not changed. The purposes for which U.S. military sales are authorized will continue to be: (1) legitimate self-defense; (2) participation in regional or collective arrangements or measures consistent with the UN Charter or participation in collective measures requested by the United Nations for the purpose of maintaining or restoring international peace and security; (3) internal security; (4) construction of public works, or other activities which contribute to the economic and social development of the recipient country; and (5) such other purposes as may be provided for in particular provisions of law.

Section 221(e) also provides that any reference in current law to the Arms Export Control Act shall be deemed to be a reference to the newly created Defense Trade and Export Control Act.

Section 222—Improved accounting for foreign military sales

Section 222 amends section 37 of the Defense Trade and Export Control Act to establish a new centralized accounting system for the military sales program. The President is required to take the following steps in implementing such a system: (1) ensure that a new trust fund is established for the deposit of funds with respect to any sale of defense articles, defense services or design and construction services entered into after September 30, 1992, so as to isolate financial transactions relating to new sales from those relating to previous sales; (2) ensure that the centralized accounting system be able to account for payments received, payments made, and performance pursuant to payments with respect to military sales. The new system should also have the necessary access to military service accounting and billing systems and be fully operational not later than September 30, 1992; (3) ensure that coordination and uniformity are enforced among the accounting and billing systems for military sales maintained by the military services; and (4) reconcile the discrepancies between reported disbursements and reported performance with respect to military sales which are still being implemented or have been completed prior to the establishment of the new centralized accounting system on September 30, 1992.

The purpose of this section is to correct a long-standing problem, identified by numerous reports of the GAO and the Committee on Government Operations of the House of Representatives, that has resulted in the Department of Defense's inability to account for hundreds of millions of dollars in expenditures from country accounts set up under the Foreign Military Sales Trust Fund to process military sales. These reports have pointed to the need for a complete overhaul of the Department of Defense accounting systems for military sales. Such an overhaul is required because of extraordinary delays in the reporting of military sales to the Security Assistance Accounting Center (SAAC), originally set up to centralize FMS accounting, old accounting errors, sometimes for millions of dollars that have never been corrected, and lost records resulting in unrecoverable financial data.

In conducting its comprehensive review of foreign assistance programs, the committee's Task Force on Foreign Assistance recommended that DOD establish a new centralized accounting system, with specific features to include the establishment of a new FMS Trust Fund to handle future arms sales cases while discrepancies from past cases in the current Trust Fund are being reconciled, and the improvement and centralization of military service accounting systems so as to locate the whereabouts and reasons for lost and inaccurate information on sales cases, and to establish clear-cut lines of authority within DOD which will provide clear internal guidance and enforce such guidance throughout the Department.

In July, 1988, the Department of Defense issued a new directive outlining a number of changes in Department of Defense accounting procedures and establishing authority with the Department of the Air Force for resolving accounting problems within the three military services. These new controls have been in effect since March, 1989 and have resulted in good progress on the reconciliation of FMS Trust Fund activity. However, it is essential that this directive be fully implemented and that the Defense Security Assistance Agency take an active role, together with the Department of the Air Force, in ensuring that centralized accounting directives and requirements are enforced within the military services. It is the committee's intent that a single new trust fund be established by September 30, 1992 to isolate new sales from previous sales until the full accounting controls are established and verified by external audit organizations.

The Department of Defense should modify the current accounting system at SAAC to improve central accounting data control and quality. Effective data control changes must be fully implemented by September 30, 1992. The Department's reconciliation efforts also must be continued to insure reported disbursements and reported performance are equal at case closure, that summary and detail cash records are reconciled on a continuing basis, and that reconciliation for completed sales be accomplished.

The committee acknowledges that progress has been made by the Defense Department to improve their accounting system of FMS sales but the committee believes that a separate trust fund is the only way to achieve complete reconciliation and account for continued discrepancies of the FMS sales cases.

Section 223—Designation of major non-NATO allies

Section 223 provides for the replacement of current statutory authority regarding the designation of major non-NATO allies by the President

Section 223(a) creates a new section 48 of the Defense Trade and Export Control Act. Section 48(a) requires the President to notify Congress 30 days before the designation of a major non-NATO ally or the termination of such a designation.

Section 48(b) provides that Australia, Egypt, Israel, Japan, and the Republic of Korea shall be deemed by the President as of the effective date of this section to be major non-NATO allies and that no further notice of such designation of the Congress is required. Those countries have already been designated major non-NATO allies under current law.

Section 223(a) also amends section 47 of the Defense Trade and Export Control Act to add a definition of major non-NATO ally to the current list of definitions in section 47. A major non-NATO ally means a country which is designated in accordance with new section 48 as such a country for purposes of the Foreign Assistance Act and the Defense Trade and Export Control Act. Existing references in the Defense Trade and Export Control Act (sections 21(g) and section 65(d)) regarding the designation of a major non-NATO ally are repealed, since the new section 48 created by this legislation will now designate major non-NATO allies.

Section 223(b) amends section 21(g) of the Defense Trade and Export Control Act to make a technical change regarding the extension of cooperative training agreements with major non-NATO allies.

Section 224—Certification thresholds

Section 224 amends the Defense Trade and Export Control Act by increasing the dollar thresholds which trigger executive branch notifications to the Congress for arms transfers, construction services and third country transfers.

The committee believes that the increase in dollar thresholds will reduce unnecessary reporting requirements while preserving congressional oversight of major arms transfers.

Section 224(a) increases the dollar thresholds with respect to three separate classifications of military equipment and services: first, from \$14 million to \$18 million for major defense equipment (as defined by section 7601(d)(6) of this Act); second, from \$50 million to \$75 million for defense articles and services (as defined by section 7601(d) (2) & (4) of this act); and third, from \$200 million to \$300 million for design and construction services (as defined by section 7601(d)(4) of this Act).

Section 224(b) stipulates that the changes made by subsection (a) only apply to those certifications required to be submitted on or after the effective date as specified in section 1101 of this Act.

Section 225—Standardizing congressional review procedures for arms transfers

Section 225 consists of seven subsections that standardize the period for prior congressional review and possible disapproval by

joint resolution for the six types of arms transfers conducted under the Defense Trade and Export Control Act: third-country transfers of items provided on a government-to-government basis, third-country transfers of items provided on a commercial basis, government-to-government arms sales, commercial arms sales, commercial arms manufacturing agreements, and government-to-government leases.

Section 225 represents a major clarification and improvement on the current myriad of confusing and conflicting review procedures for the six types of arms transfers currently mandated by law. In its place section 225 sets up the following procedures for all six types of arms transfers: (1) a 15-day prior congressional review and possible disapproval by joint resolution for arms transfers to NATO member nations, Australia, and Japan. Arms transfers to New Zealand will be treated under the 15-day review period for third-country transfers of items provided on a government-to-government basis, and government-to-government arms sales. New Zealand is also eligible for 15-day review in the other categories of arms transfers if the President so designates and reports that designation to the Congress and because New Zealand is a member of a military alliance with the United States, and because applying the shorter review period would encourage New Zealand to remove obstacles to entering a military alliance with the United States, or to do so would be in the national security interests of the United States; (2) a 30-day prior congressional review and possible disapproval by joint resolution for arms transfers to all other nations eligible to receive such transfers under the Defense Trade and Export Control Act; (3) provisions which enable the President to waive the above review procedures for the various types of arms transfers if he certifies to the Congress that an emergency exists and so reports to Congress; (4) provisions which call for expedited procedures for the consideration of joint resolutions of disapproval on any of the above types of arms transfers.

Section 226—Foreign availability

Section 226 amends section 36(b) of the Defense Trade and Export Control Act to require the President, in notifying the Congress of all government-to-government arms sales under that section to provide an analysis of the extent to which comparable kinds and amounts of defense articles, defense services, or design and construction services are available to the proposed recipient of the arms sales. Current law requires only that such information be provided with respect to a particular arms sale upon the request of the Committee on Foreign Affairs of the House of Representatives or the Committee on Foreign Relations of the Senate.

Section 226 also amends section 36(c) of the Defense Trade and Export Control Act to require that the same information be provided for notifications to Congress of commercial arms sales. In requiring this new information, the committee hopes to accomplish more complete oversight of the economic as well as political consequences of either approving or rejecting major arms sales to foreign countries.

Section 227—Economic impact of United States arms sales

Section 227 amends section 25(a) of the Defense Trade and Export Control Act to require the annual report on arms sales under that section to include an analysis of the economic benefits or disadvantages to the United States of military sales and licensed commercial exports under the Act during the previous fiscal year. Section 227 also amends section 36(b)(1) of the Defense Trade and Export Control Act to require that the President, upon the request of the Committee on Foreign Relations of the Senate or the Committee on Foreign Affairs of the House of Representatives, furnish an analysis of the economic benefits or disadvantages to the United States of a proposed arms sale under section 36(b) of that Act.

Section 228—Coproduction agreements

Section 228(a) amends section 36(a) of the Defense Trade and Export Control Act to require that the quarterly report under that section include new information on all concluded government-to-government agreements governing foreign coproduction of defense articles of U.S. origin, including memoranda of understanding or agreement that have not been previously reported under section 36(a). Information to be provided includes the identity of foreign countries or international organizations involved in a coproduction agreement, a description and estimated value authorized to be produced as well as an estimate of the quantity of articles authorized to be produced, a description of any restrictions on third-party transfers of the defense articles manufactured in foreign countries, and a description of measures and controls incorporated in coproduction agreements to ensure compliance with restrictions in such agreements on production quantities and third-country transfers.

Section 228(b) creates a new section 31 of the Defense Trade and Export Control Act to provide for sanctions against foreign parties or countries that violate the third-country transfer restrictions in coproduction agreements.

Section 31(a) provides that sanctions shall be applied if a foreign party to a coproduction agreement substantially violates third-country or third-party transfers in such an agreement or otherwise disposes of defense articles produced or technical data or defense services provided under that agreement in an unauthorized manner.

Section 31(b) provides that the sanctions outlined in this section shall apply if either the President so determines in writing to the Congress or if the Congress so determines by joint resolution.

Section 31(c) provides that if a substantial violation of third-country or third-party restrictions on coproduction agreements occurs, the foreign party involved will lose all authority to produce defense articles abroad that is currently granted by coproduction agreements to which it is a party, and new licenses may not be granted to the foreign party in question.

Section 31(d) defines the sanction period for violations of coproduction agreements to begin on the date on which the President notifies the Congress that he has so determined.

Section 31(d) further states that the sanction period ends on the date which the President reports to the Congress that the violation

has ceased and the foreign party has given assurances satisfactory to the President that the violation will not recur.

Section 31(e) requires the President to report promptly to the Congress on the receipt of information that a violation in subsection (a) may have occurred.

Section 31(f) provides for definition of terms under the section. "Coproduction agreement" means an arrangement for foreign production of U.S. origin defense articles that is authorized or approved by a memorandum of understanding or agreement between a foreign government and the U.S. Government, or is pursuant to a manufactured license agreement of the production of defense articles and services. "Foreign party" means a foreign government or foreign business entity that is granted authority or license to produce defense articles abroad by a coproduction agreement.

Section 31(g) stipulates that violations under this section are not subject to the sanctions described above until the date of enactment. After that date sanctions will be applied to all coproduction agreements without regard to whether agreements were entered into before or after enactment.

The purpose of this section is to implement the accountability findings of the committee's Task Force on Foreign Assistance. The Task Force, working in cooperation with the General Accounting Office, discovered, serious weaknesses with respect to the monitoring and enforcement of third-country transfer provisions related to agreements for the coproduction and licensed manufacture of U.S. military equipment by foreign countries. These weaknesses included: (1) the lack of direct management of monitoring of coproduction agreements by the U.S. government; (2) poor record keeping as to the number, nature, terms, and duration of coproduction agreements abroad, resulting in a number of illicit third-country transfers involving parties to whom the United States clearly would not have agreed to such transfers if permission from the foreign government had been requested.

This section includes a number of specific Task Force and GAO recommendations to redress this serious problem. It requires more systematic and comprehensive reporting of coproduction agreements to the Congress by mandating the executive branch to undertake much-needed processing and cataloging of existing coproduction agreements and strengthening of third-country transfer provisions. In this regard, section 228 complements section 2401(c) of this legislation which requires that at least one member of U.S. military management teams in foreign countries be responsible for program monitoring, including monitoring of the third-country transfer restrictions of coproduction agreements.

Finally, section 228 imposes stringent and meaningful sanctions on foreign parties who have violated third-country transfer provisions. Instead of relying on ineffective diplomatic demarches, the recommendation imposes stiff penalties on foreign governments or business entities that violate coproduction agreements. In this manner, this section will assist in correcting a lack of program oversight that undermines the effectiveness of the military assistance and sales program and has resulted in dangerous and illegal third-country transfers that threaten U.S. foreign policy and national security objectives.

Section 229—Enforcement and processing of arms export licensing requirements.

Section 229 consists of two subsections which establish a number of new provisions regarding enforcement and processing of arms export licenses. Section 229 provides for greater accountability and enforcement sanctions against illicit or illegal arms export activities.

Section 229(a) amends section 38 of the Defense Trade and Export Control Act to provide that any person convicted or debarred for a violation of arms export rules or regulations under sections 38 and 39 of the Arms Export Control Act may not, for a one year period following the date of conviction or debarment, be eligible to conclude a contract with a foreign government in which FMFP financing is used. The provision is consistent with similar sanctions in other U.S. laws for violations of licensing procedures under the Export Administration Act.

Section 229(a) also provides that any person convicted of a violation of arms export rules or regulations under sections 38 and 39 of the Defense Trade and Export Control Act shall forfeit to the United States any interest in, or rights of any kind in any defense article or tangible item that was the subject of or used in the violation of arms export rules or regulations. The procedures in any forfeiture, and the duties and authorities of the courts of the United States and the Attorney General with respect to any forfeiture action and any property subject to forfeiture will be governed by the racketeering provisions of section 1963 of title 18, United States Code. The provisions in sections 229(a) providing for forfeiture are similar to the forfeiture provisions for violations of the export regulations of the Export Administration Act and are designed to ensure that those convicted of illegal arms exports do not benefit financially from violations of the Defense Trade and Export Control Act. Section 229(a) also contains a provisions required by the Congressional Budget Act for advance action in an appropriations act before the proceeds from a forfeiture may be used.

Section 229(B)(2) provides that the provisions concerning convictions, debarments, and forfeitures for violations of arms export rules and regulations take effect on or after the date of enactment of this legislation and do not apply with respect to convictions based on conduct occurring before date of enactment.

Section 229(b) amends section 38(g) of the Arms Export Control Act to require that any exemptions to the requirements that individuals convicted of violations of the Defense Trade and Export Control Act or various other laws be debarred, take into account foreign policy and national security considerations. It is the intent of this subsection that such exemptions be provided in selected cases where such individuals and their firms may be the sole or principal supplier of an item the sale of which is important for U.S. foreign policy and national security interests or where there are no suitable alternative items which could be provided from individuals or firms not debarred from receiving arms export licenses.

Section 230—Biennial review of the International Traffic in Arms Regulations

Section 230 amends section 38(f) of the Defense Trade and Export Control Act to require the President to review every two years the items on the United States Munitions List to determine what, if any, changes are appropriate. Based on the review, the President shall revise those regulations as necessary and shall publish a revised compilation of those regulations.

Section 231—Fair pricing

Section 231 amends sections 21(e) and 43(b) of the Defense Trade and Export Control Act to exempt non-recurring costs for research and development for non-major defense equipment on both government and commercial sales of such equipment to enhance U.S. competitiveness, to the extent provided for in appropriations acts.

This provision stipulates that waivers of non-recurring research and development recoupment costs should take effect on items sold after September 30, 1991.

Section 232—Contract administrative service charges for NATO subsidiary bodies

Section 232 amends section 21(h) of the Defense Trade and Export Control Act to treat NATO subsidiary bodies, such as the NATO Maintenance and Supply Organization (NAMSO), when acting on behalf of an identified NATO member government, the same as that member government for purposes of the reciprocal waiver of charges for contract administrative services.

Under current law, the U.S. Government must charge for such services in connection with military sales to NAMSO for a NATO member government use, even though the charge would be waived if the NATO member government purchased directly from the Defense Department or from a DOD supplier and that government has a reciprocal waiver agreement in force with the U.S.

Under section 232, NATO subsidiary bodies would obtain no waivers greater than those available bilaterally under current law on a reciprocal basis between the U.S. Government and each other member government.

Section 233—Amendments to eliminate obsolete and inconsistent provisions

Section 233 amends various sections of the Defense Trade and Export Control Act to repeal obsolete and inconsistent provisions in current law. The following provisions are repealed unless otherwise stated:

(1) Section 5(d) which requires a report, within 60 days, upon request of the Senate Foreign Relations Committee or House Foreign Affairs Committee on all available information about the discriminatory practices with respect to race, religion, national origin or sex, of countries receiving assistance, (other reports to Congress already provide this type of information).

(2) Part of section 25(a) that permits a portion of the annual report under section 25 to be submitted on April 1 instead of February 1, section 25(a)(4) requiring an estimate of interna-

tional arms traffic, and a reporting requirement of Section 25(a)(7) concerning use of reserve funds, and deletes section 25(a)(9) dealing with reports on the modernization of the armed forces of the Republic of Korea.

(3) Section 33, which expresses the sense of Congress that the President exercise restraint in providing military assistance to countries in sub-Saharan Africa; Section 34, which requires the President to establish standards and criteria for military credit and guaranty transactions, (such standards and criteria are already established under current law); and section 35, which terminates military assistance and sales to any country which is diverting development assistance provided by the United States to military expenditures or it diverting its own resources to unnecessary military expenditures, a report on such diversions is already required under current law).

(4) Sections 36(a) is amended to require information on arms sales in that section to be provided to the maximum extent possible on an unclassified basis, (in lieu of the current requirement that classified information be provided in a separate addendum).

Sections 36(a)(3),(5)&(6) are deleted. These sections include reports on cumulative dollar amounts of military assistance by foreign country or international organization, projections of dollar amounts of sales expected to be made with foreign countries in an upcoming quarter, and projections of dollar amounts of sales expected to be made with foreign countries for the entire fiscal year. All of the above information is available for other requirements in current law.

Section 36(b)(1) is corrected to reflect a technical cross-reference necessitated by the deletion of the above subsection to section 36(a).

(5) Section 38(b)(3) which authorizes registration fees on munitions control licenses for use in modernizing the Office of Munitions Control.

(6) Section 41 concerning the effective date.

(7) Sections 44 and 45 are amended to reflect statutes already repealed and amended by past laws.

(8) Section 47 which concerns savings provisions which have already been implements by other sections.

Section 234—Technical corrections

Section 234 makes several technical corrections in the Defense Trade and Export Control Act. These corrections involve: (1) changing the term "significant defense articles" to "significant military equipment" to conform this term to revise arms export regulations; (2) changing the word "combat" to "military" in section 36(d) to conform to the term of usage; and (3) a technical correction to section 25(d) necessitated by a repeal of an obsolete provision.

CHAPTER 3—OTHER PROVISIONS

Section 241—Depleted uranium shells

Section 241 specifies that none of the funds authorized to be appropriated by this act or any other act may be made available to

facilitate in anyway the sale of M-833 anti-tank shells, or any comparable anti-tank shells containing a depleted uranium penetrating component to any country other than a country which is a member of the North Atlantic Treaty Organization or a country which has been designated as a major non-NATO ally as defined in section 47(9) of this Act.

Section 242—Arms transfer restraint policy for the Middle East and the Persian Gulf region

Section 242 establishes new guidelines for U.S. arms transfers to nations in the Middle East and the Persian Gulf region. In this regard, section 242 supports the development of an arms control process in the Middle East and the Persian Gulf region through a U.S. commitment to impose a unilateral moratorium on all new arms transfers of major military equipment to the Middle East and the Persian Gulf region, while at the same time providing the President with flexibility to lift such a moratorium in the event that other major supplier nations do not join the United States in this effort. Section 242 requires the President to seek negotiations among the five permanent members of the United Nations Security Council and other principal arms suppliers to support the establishment of a multilateral arms transfer and control regime governing arms transfers to nations in the Middle East and the Persian Gulf region.

Section 242(a) establishes a number of findings and statements with respect to the worldwide provision of arms to the Middle East and the Persian Gulf region which express the desirability of enhancing the prospects for security, stability, peace and prosperity in the Middle East and the Persian Gulf region through the establishment of a multilateral arms transfer and control regime toward nations in the Middle East and the Persian Gulf region. Specifically, these findings state that:

(1) nations in the Middle East and the Persian Gulf region consumed more than 40 percent of the international trade in weapons and related equipment and services during the decade of the 1980's, and are the principal market for the worldwide trade in arms;

(2) regional instability, large financial resources, and the desire of arms-supplying governments to gain influence in the Middle East and the Persian Gulf region contribute to a regional arms race;

(3) the continued proliferation of weapons and related equipment and services contribute further to a regional arms race in the Middle East and the Persian Gulf region that is politically, economically, and militarily destabilizing;

(4) the continued proliferation of unconventional weapons, including nuclear, chemical, and biological weapons, as well as delivery systems associated with those weapons, poses an urgent threat to the security and stability of the Middle East and the Persian Gulf region;

(5) the continued proliferation of ballistic missile technologies and ballistic missile systems that are capable of delivering conventional, nuclear, biological, or chemical warheads un-

dermines security and stability in the Middle East and the Persian Gulf region;

(6) future security and stability in the Middle East and the Persian Gulf region would be enhanced by establishing a stable military balance among regional powers by restraining and reducing both conventional and unconventional weapons;

(7) security, stability and peace, and prosperity in the Middle East and the Persian Gulf region are vital to the welfare of the international economy and the national security of the United States;

(8) future security and stability in the Middle East and the Persian Gulf region would be enhanced through the development of a multilateral arms transfer and control regime similar to those of the Nuclear Suppliers' Group, the Missile Technology Control Regime, and the Australia Chemical Weapons Suppliers Group;

(9) such a regime should be developed, implemented and agreed to through multilateral negotiations, including under the auspices of the five permanent members of the United Nations Security Council;

(10) confidence building measures such as the establishment of a centralized arms trade registry at the United Nations, cooperative verification measures, communications measures, advanced notification of military exercises, on-site inspections, and creation of a Middle East and Persian Gulf Conflict Prevention Center, are necessary to implement an effective multilateral arms transfer and control regime; and

(11) such a regime should be applied to other regions with the ultimate objective of achieving an effective global arms transfer and control regime, implemented and enforced through the United Nations Security Council.

Section 242(b) establishes policy guidelines regarding United States arms transfers to the Middle East and the Persian Gulf region. Section 242(b) stipulates that in the event the international community fails to join the United States in its moratorium, that it shall be the policy of the United States to:

(1) only transfer those defense articles and services to those nations of the Middle East and the Persian Gulf region that have agreed that such articles and services will be used only for the purposes specified in section 3(5)(c) of the Defense Trade and Export Control Act (as amended by the International Cooperation Act of 1991) and will not be used for military aggression or to coerce or intimidate other nations;

(2) only transfer defense articles and services to nations in the Middle East and the Persian Gulf region after the United States has determined that such transfers will not destabilize the military balance of power within the Middle East and Persian Gulf region or contribute to the escalation of the arms race within the Middle East and Persian Gulf region;

(3) only transfer defense articles and services to those nations in the Middle East and the Persian Gulf region that—(A) have expressed willingness or are actively engaged in the process of negotiating peace agreements of the Arab-Israeli dispute through direct negotiations, and (B) with respect to other con-

licts in the Middle East and Persian Gulf region, have expressed willingness or are actively engaged in the process of negotiating peace agreements; and

(4) only transfer defense articles and services to nations in the Middle East and Persian Gulf region when such articles and services could credibly be used successfully for the defensive mission that is the justification of their transfer.

The policy guidelines that are established in section 242(b) are intended to set a higher and more rigorous standard on U.S. arms transfers to the Middle East and the Persian Gulf region if the preferred alternative of a multilateral arms moratorium does not come to pass. These guidelines are designed to enhance the prospect of the successful implementation of a multilateral arms transfer and control regime toward the Middle East and the Persian Gulf region. Section 242(b) advises the five permanent members of the United Nations Security Council, and other principal arms suppliers, that the United States is committed to the attainment of a multilateral arms transfer and control regime. Similarly, section 242(b) advises the arms consumer nations of the Middle East and the Persian Gulf region that the United States is committed to enhancing the prospects for stability, security, peace and prosperity in the Middle East and the Persian Gulf region, provided that the governments of the Middle East and Persian Gulf region renounce military aggression, express willingness or actively engage in the process of negotiating peace agreements to both the Arab-Israeli dispute, as well as that of other conflicts in the region. Section 242(b) further advises the arms consumer nations of the Middle East and the Persian Gulf region that U.S. transfers will only be made if such transfers will not destabilize the military balance of power, or contribute to the escalation of the arms race within the Middle East and the Persian Gulf region. Finally, section 242(b) advises the arms consumer nations of the Middle East and the Persian Gulf region that U.S. transfers will take into account the abilities of those nations to use such arms credibly in support of the defensive missions for which they are transferred.

Section 242(c) stipulates that as soon as practical after the date of enactment of this act, the President shall seek negotiations among, and undertake good efforts to convene a conference of, the five permanent members of the United Nations Security Council and other nations as appropriate, including members of the North Atlantic Treaty Organization, former members of the Warsaw Pact, and other nations selling military equipment and services to establish a multilateral arms transfer and control regime with respect to the Middle East and Persian Gulf region. Section 242(c) further specifies that the purpose of this regime should be:

(1) to slow and limit the proliferation of conventional weapons in nations in the Middle East and the Persian Gulf region;

(2) to halt the proliferation of unconventional weapons, including nuclear, biological, and chemical weapons, as well as the delivery systems associated with those weapons in the Middle East and Persian Gulf region;

(3) to limit and halt the proliferation of ballistic missile technologies and ballistic missile systems that are capable of deliv-

ering conventional, nuclear, biological or chemical warheads in the Middle East and Persian Gulf region;

(4) to maintain the military balance in the Middle East and the Persian Gulf region through reductions of conventional weapons and the elimination of unconventional weapons in the Middle East and Persian Gulf region; and

(5) to promote regional arms control in the Middle East and the Persian Gulf region.

Section 242(c) complements the policy guidelines established in section 242(b) and is aimed at enhancing the attainment of a multi-lateral arms transfer and control regime toward the Middle East and the Persian Gulf region. In this regard, section 242(c) envisions that the United States leadership and commitment to halt the proliferation of unconventional weapons, to limiting and controlling the proliferation of conventional weapons, and to promoting regional arms control agreements in the Middle East and Persian Gulf region, will enhance the prospects for stability, security, peace and prosperity in the Middle East and Persian Gulf region. With regard to halting the proliferation of unconventional weapons, section 242(c) envisions that the United States should build upon existing agreements and propose among the five permanent members of the United Nations Security Council, other principal supplier nations, and other nations as appropriate, so that those nations that join in the arms suppliers regime will adopt as a matter of their national policy:

(1) the limitations and controls contained in the Enhanced Proliferation Control Initiative (EPCI);

(2) the limitations and controls contained in the Missile Technology Control Regime (MTCR);

(3) the guidelines followed by the Australia Group on chemical arms proliferation;

(4) the guidelines adopted by the Nuclear Suppliers Group (the London Group); and

(5) any other existing or new export controls that serve to halt the flow of unconventional weapons to the Middle East and the Persian Gulf region.

With regard to controlling the proliferation of conventional weapons, section 242(c) envisions that the United States should propose among the five permanent members of the United Nations Security Council, other principal supplier nations, and other nations as appropriate, so that those nations that join in an arms suppliers regime:

(1) develop greater information-sharing practices among supplier nations regarding potential arms sales to nations of the Middle East and Persian Gulf region;

(2) examine the feasibility of applying, for the control of conventional arms, procedures similar to those already developed by the International Atomic Energy Agency, the Multilateral Coordinating Committee on Export Controls (COCOM), and the Missile Technology Control regime (MTCR);

(3) examine the feasibility of other strict controls on the proliferation of conventional arms to the Middle East and Persian Gulf region.

With regard to promoting regional arms control in the Middle East and Persian Gulf region, section 242(c) envisions that the United States should explore among nations in the Middle East and Persian Gulf region:

(1) how to transform the Middle East and Persian Gulf region into a region free of weapons of mass destruction, including nuclear, chemical, and biological weapons systems, as well as the delivery systems associated with those systems;

(2) how to transform the Middle East and the Persian Gulf region into a region that is free of ballistic missile technologies and ballistic missile systems that are capable of delivering conventional, nuclear, biological or chemical warheads;

(3) how to implement confidence-building and security building measures, including advanced notification of certain ground, naval and aerial military exercises by nations of the Middle East and Persian Gulf region;

(4) how to form a Middle East and Persian Gulf Conflict Prevention center; and

(5) how other useful arms control measures can be negotiated by nations in the Middle East and Persian Gulf region.

For the purposes of this section, the committee identifies the following countries as among those to be in the Middle East and Persian Gulf region: Iraq; Iran; Libya; other states of the Maghreb; Syria; Egypt; Lebanon; Israel; Jordan; Saudi Arabia and the Gulf Cooperation Council.

Section 242(d) establishes an indefinite unilateral U.S. moratorium on new arms transfers of major military equipment to the Middle East and Persian Gulf region subject to conditions for the termination of the U.S. moratorium on transfers to the Middle East and Persian Gulf region. Section 242(d), nevertheless, does provide the President with the necessary authority to provide for the replacement of major military equipment of comparable capability, on a one-for-one basis after such equipment has become inoperable. Section 242(d) also provides the President with the flexibility to lift the U.S. moratorium at any time after the President reports to Congress that he has concluded that a major supplier nation has reached agreement to transfer any major military equipment to any nation in the Middle East and Persian Gulf region, and upon satisfying the two reporting requirements: (1) on the President's submission of a U.S. plan in leading a multilateral arms transfer and control regime toward the Middle East and Persian Gulf region; and (2) on the feasibility of such a multilateral arms transfer and control regime toward the Middle East and Persian Gulf region, as ascertained through his efforts to convene a conference of arms suppliers to the Middle East and Persian Gulf region.

Section 242(d)(1) specifies except as provided in section 242(d)(2) and (3), that the United States shall not agree to any transfers of major military equipment to any nation in the Middle East and Persian Gulf region. Section 242(d)(1) further stipulates that the United States is establishing this moratorium in order to induce and encourage the other permanent members of the United Nations Security Council to join in this effort, and also to induce and encourage other members of the North Atlantic Treaty Organiza-

tion, former members of the Warsaw Pact, and other major arms suppliers to join in this effort.

Section 242(d)(2) specifies conditions under which the requirements of section 242(d)(1) shall cease to apply. Specifically, section 242(d)(2) stipulates that the moratorium on U.S. arms transfers of major military equipment shall cease to apply if the President submits to the Committee on Foreign Affairs of the House of Representatives and Committee on Foreign Relations of the Senate—(A) a report stating that the President has determined that there has been agreement by another major arms supplier nation on or after May 21, 1991, to transfer any major military equipment to any nation in the Middle East and Persian Gulf region, and (B) the reports required by section 242(e)(1)(A) and section 242(e)(1)(B). The Committee recognizes that the President has the discretion to determine what constitutes an agreement and what constitutes a major arms supplier nation for the purposes of this section.

Section 242(d)(3) specifies that the moratorium on U.S. arms transfers of major military equipment does not apply to any transfer of major military equipment that is a necessary, emergency response to major or sustained hostilities in the Middle East or Persian Gulf region, or to an imminent threat of such hostilities. In this regard, section 242(d)(3) allows the President the flexibility to meet hostilities similar to that which was posed by Iraq's illegal invasion of Kuwait, or to deter the threat of imminent hostilities to friendly nations in the Middle East and Persian Gulf region, who are confronted with a threat similar to that which was posed by Iraq toward Kuwait before August 1, 1990.

Section 242(d)(4) sets forth the definitions of major military equipment. Specifically, major military equipment includes:

- (1) air-to-air, air-to-surface, and surface-to-surface missiles and rockets;
- (2) turbine powered military aircraft;
- (3) attack helicopters;
- (4) main battle tanks;
- (5) submarines and major naval surface combatants; and
- (6) nuclear, biological and chemical weapons.

The committee also interprets that surface-to-air missiles are major military equipment for the purposes of this section.

Section 242(d)(5) specifies that the unilateral moratorium on U.S. transfers of major defense equipment to nations in the Middle East and Persian Gulf region shall not apply with respect to transfers which only involve the replacement on a one-for-one basis of equipment of comparable quality that has become inoperable after the date of enactment of this act. Section 242(d)(5) further stipulates that the exceptions to the moratorium on U.S. transfers of major military equipment shall not apply if another major arms supplier transfers major military equipment on a one-for-one replacement basis of equipment of comparable quality that has become inoperable after the date of enactment of this act. Section 242(d)(5) thus allows the United States and other major arms suppliers the opportunity to replace inoperable equipment of comparable quality on a one-for-one basis while preserving the moratorium on U.S. transfers of major military equipment to the Middle East and Persian Gulf region, and at the same time preserving the multilateral arms

transfer and control regime toward the Middle East and Persian Gulf region, should such a regime be negotiated and implemented.

Section 242(e) specifies that the President shall submit a report to Congress on the U.S. plan for establishing a multilateral arms transfer and control regime and an annual report on arms transfers to the Middle East and Persian Gulf region which also assesses the regional military balance of power in the Middle East and Persian Gulf region.

Section 242(e)(1) stipulates that as soon as practical after the date of enactment of this act, that the President shall submit to the Committee on Foreign Affairs of the House of Representatives and Committee on Foreign Relations of the Senate two reports. Section 242(e)(1)(A) specifies that the first report shall set forth a U.S. plan for leading the world community in establishing a multilateral regime to restrict the transfers of conventional and unconventional weapons to the Middle East and Persian Gulf region. Section 242(e)(1)(B) specifies that the second report shall analyze the feasibility of an arms transfer and control regime among nations in the Middle East and Persian Gulf region and the potential elements of such a regime, including:

(1) the feasibility of opening for ratification or accession by nations of the Middle East and Persian Gulf region the Treaty Between the United States of America and the Union of Soviet Socialist Republics on the Elimination of their Intermediate-Range and Shorter-range Missiles (done at Washington on December 8, 1987), which bans all ground-launched cruise ballistic and cruise missiles having ranges between 500 and 5,000 kilometers;

(2) what techniques used in the Treaty on Conventional Armed Forces in Europe (done at Paris on November 19, 1990) can be usefully applied to regional arms control initiatives in the Middle East and Persian Gulf region; and

(3) whether the "Open Skies" regime under consideration for countries in Europe and North America can be usefully applied to the Middle East and Persian Gulf region.

In this regard, it should again be noted that the conditions for termination of the U.S. moratorium on U.S. transfers of major military equipment (section 242(d)(2)) are only satisfied through Presidential submission of the reports required by section 242(d)(2)(A), section 242(e)(1)(A), and section 242(e)(1)(B).

Section 242(e)(2) stipulates that not later than October 1 of each year, beginning in the first calendar year which begins after the date of enactment of this Act, that the President shall submit to the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives a report:

(1) documenting all transfers of conventional and unconventional arms to the Middle East and Persian Gulf region over the previous year and the previous 5 years, including sources, types, and acquires of weapons;

(2) analyzing the current military balance of power in the Middle East and Persian Gulf region, including the effect on the military balance of power in the Middle East and Persian Gulf region that occurred pursuant to the arms transfers documented in the previous paragraph;

(3) describing the operation of any agreements comprising the multilateral arms transfer and control regime envisaged by section 242; and

(4) identifying supplier nations that have refused to participate in such a regime or that have engaged in conduct that violates or undermines the regime.

Section 242(e)(2) is intended to provide Congress with an annual and authoritative assessment by the President of the regional military balance of power in the Middle East and the Persian Gulf region. In this regard, section 242(e)(2) will serve to enhance Congressional understanding and awareness of the military balance of power and volume of arms transfers to the Middle East and the Persian Gulf region.

Section 242(f) specifies that the requirements section 242(b) and section 242(d) do not apply with respect to transfers of defense articles and services pursuant to agreements entered into before May 21, 1991.

Section 242(f) provides that the policy guidelines regarding U.S. arms transfers set forth in section 242(b), and the requirement of unilateral U.S. moratorium on arms transfers contained in section 242(d), do not apply with respect to transfers of defense articles and services entered into before May 21, 1991.

This section means that any U.S. transfers of major military equipment pursuant to an agreement entered into before May 21, 1991, would be permitted, and that any such transfers of major military equipment pursuant to an agreement entered into on or after May 21, 1991, would not be permitted under this Act.

It should be noted that the relevant effective date for the purposes of this section is May 21, 1991—a date prior to markup of this legislation—rather than the date of enactment of this Act. The purpose of this provision is to deter the U.S. Government and that of other governments from entering into any further agreements to transfer major military equipment to nations in the Middle East and Persian Gulf region on or after May 21, 1991.

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

Section 301.—Consolidation and revision of authorities

Section 301 establishes a new title III of the Foreign Assistance Act as follows:

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

CHAPTER 1—TRADE AND DEVELOPMENT AGENCY

This chapter rewrites section 661 of current law which establishes the authorities of the Trade and Development Program. The principal changes are to name the operating entity the Trade and Development Agency, an independent agency under the foreign policy guidance of the Department of State, and to expand the mandate of the Trade and Development Agency to include primary engineering design studies.

Section 3101—Purpose

Section 3101 establishes the Trade and Development Agency as an independent agency under the foreign policy guidance of the Secretary of State. This section also states the purpose of the Trade and Development Agency is to promote United States private sector participation in development projects in friendly developing and middle-income countries.

Section 3102—Authority to provide assistance

Section 3102(a) authorizes the Director of the Trade and Development Agency to work with friendly countries, by supporting feasibility studies, engineering design, and other activities related to development projects which provide opportunities to promote U.S. exports.

Section 3102(b) authorizes the use of funds to support feasibility studies, engineering design, and training activities for bilateral and multilateral projects in order to promote U.S. goods and services for export. This section is similar to section 661(a) of current law, except that it has been expanded to include engineering design. Grants for engineering design studies are offered by our major competitors.

Section 3102(c) directs the Trade and Development Agency to work with other Federal departments in an effort to disseminate information on Agency projects to the private sector. This section is virtually identical to the language in section 661(b)(3) of current law.

Section 3102(d) authorizes the use of funds under this section notwithstanding any other provision of law. This language is based on language in section 661(a) of current law.

Section 3103—Director and personnel

Section 3103 establishes a Director appointed by the President as the head of the Trade and Development Agency. This provision is virtually identical to section 661(b)(2) of current law. This section also authorizes the hiring of four employees without regard to civil services regulations. This provision is new.

Section 3104—Annual report

Section 3104 retains section 661(b)(4) of current law which requires the Trade and Development Agency to submit an annual report to Congress concerning its activities.

Section 3105—Advisory board

Section 3105 directs the Director to establish an advisory board, to include representatives of the private sector, which will make recommendations to the Trade and Development Agency. This section is virtually identical to 661(c) of current law.

Section 3106—Inspector General

Section 3106 authorizes the Inspector General of the Agency for International Development to conduct investigations of the Trade and Development Agency to promote efficiency and prevent fraud or abuse. The Inspector General is to be under the general supervi-

sion of the Director of the Trade and Development Agency with respect to review of that Agency's programs. This section is not in current law.

Section 3107—Funding

Section 3107 authorizes \$55.700 million in fiscal year 1992 and \$70 million in fiscal year 1993 for the Trade and Development Agency. The fiscal year 1992 figure is a \$20 million increase above the President's request and reflects the committee's strong support for this program which generates an estimated \$70 return for every \$1 expended.

CHAPTER 2—THE OVERSEAS PRIVATE INVESTMENT CORPORATION

Chapter 2 consolidates and eliminates outdated provisions in section 234 through section 240A of current law relating to the Overseas Private Investment Corporation (OPIC).

As proposed in the President's fiscal year 1992 budget request, and consistent with the requirement of the Federal Credit Reform Act, the Overseas Private Investment Corporation would receive appropriated funds to cover the estimated subsidy cost of its credit programs. However, this legislation reflects the committee's concern that the integrity of the Overseas Private Investment Corporation as a self-sustaining agency would be unnecessarily undermined were OPIC to be placed on budget. The committee does not believe that the Congress should appropriate scarce foreign assistance resources for an Agency with over \$1.4 billion in assets. Therefore, wherever appropriate, the committee has authorized OPIC to use funds available in its non-credit revolving fund account to cover estimated subsidy costs of its credit programs and its administrative expenses.

Section 3201—Purpose and policy

Section 3201, which sets forth the purposes of the Overseas Private Investment Corporation and outlines the general administrative guidelines for OPIC operations, is virtually identical to section 231 of current law. These guidelines include provisions which require that OPIC consider the development impact of each project; give preferential treatment to investment in countries with per capita income of \$1091 or less in 1989 dollars; and restrict its activities in countries with per capita incomes of \$4,734 or more in 1989 dollars.

Section 3202—Stock of the corporation; organization and management

Section 3202(a) states that the Treasury will hold OPIC's stock. This language updates language in section 232 of current law by striking the reference to OPIC's start-up capital and initial issuance of stock.

Sections 3202(b), (c), (d) and (e) establish the structure of the organization including a Board of Directors, a President, an Executive Vice President, and the hiring of staff. The language is similar to section 233 of current law.

Section 3203—Investment insurance, guarantees, financing, and other programs

Section 3203(a) authorizes OPIC to issue investment insurance against inconvertibility, expropriation, civil strife, and business interruption; authorizes OPIC to share liabilities with foreign governments and multilateral organizations; prohibits OPIC from issuing insurance to a single investor for more than 10 percent of its maximum contingent liability; and requires OPIC to submit a report to Congress each time it proposes to expand the type of risk insured under “civil strife” or “business interruption” coverage. This section is virtually identical to section 234(a) of current law.

Section 3203(b) authorizes OPIC to issue investment guarantees and sets criteria under which the guarantees can be issued. It is virtually identical to section 234(b) of current law.

Section 3203(c) authorizes OPIC’s direct loan program and eliminates some language referring to restrictions on loans for mineral extraction. This section is similar to language found in section 234(c) of current law.

Section 3203(d) authorizes OPIC to engage in various investment encouragement activities and eliminates some language limiting expenditures financed by OPIC during any fiscal year on surveys for nonfuel mineral resources. The section retains language restricting OPIC in the financing of surveys to ascertain the existence, location, quality, or quantity of oil or gas resources. The language is similar to section 234(d) of current law.

Section 3203(e) authorizes OPIC to administer special assistance programs. It is virtually identical to section 234(e) of current law.

Section 3203(f) authorizes the Corporation to contract with insurance companies or financial institutions, to enter into risk sharing agreements, and to issue reinsurance. This section is virtually identical to section 234(f) of current law.

Section 3203(g) authorizes OPIC to administer an equity finance program under which the Corporation may invest in or otherwise acquire up to 30 percent equity in an entity for the purpose of providing capital for any project which is consistent with the provisions of this title. OPIC must dispose of any equity interest it may acquire within a 10 year period. This section eliminates the language in section 234(g) of current law labeling this program a “pilot” program, and also deletes language restricting the Corporation to acquiring equity in only sub-Saharan Africa and the Caribbean.

Section 3204—Enhancing private political risk insurance industry

Section 3204(a) authorizes OPIC to enter into cooperative programs with the private political risk industry and is virtually identical to section 234A(a) of current law. Section 3204(b) mandates the establishment of a private sector advisory group to provide assistance in implementing the cooperative programs under this section. This provision is similar to language found in section 234A(b) of current law.

Section 3205—Guidelines and requirements for OPIC support

Section 3205(a), directing the Corporation to prepare a development impact profile for each project it insures, finances or reinsures, is virtually identical to section 239(h) of current law.

Section 3205(b) directs OPIC to give preferential treatment to projects involving U.S. small business. This section is virtually identical to section 240 and section 231(e) of current law.

Section 3205(c) prohibits the Corporation from insuring, reinsuring or financing any project deemed to pose an environmental health or safety hazard, or to threaten a national park or other environmentally protected areas. It also requires that OPIC's projects be consistent with the objective of resource sustainable development outlined in sections 1102(c) of this legislation, that OPIC prepare environmental impact statements for each project, and that OPIC notify foreign government officials of applicable World Bank and U.S. standards and guidelines relating to any project. This section is virtually identical to sections 231(n), 237(m) and 239(g) of current law.

Section 3205(d) restricts OPIC's activities to countries taking steps to adopt laws protecting the rights of workers. This language is similar to section 231A of current law.

Section 3205(e) retains section 239(i) of current law which prohibits OPIC from involvement in a country deemed to be a gross violator of human rights, unless the President determines that such involvement is in the national interest. Language in current law restricting OPIC's activities in the People's Republic of China is not retained since there is similar language in section 3205(e) of this legislation and in Public Law 101-246 (Title IX, sections 901 and 902 of the Foreign Relations Authorization Act, Fiscal Years 1990 and 1991) restricting OPIC's activities if human and/or labor rights violations exist.

Section 3205(f) prohibits OPIC from insuring, reinsuring or financing an investment that would cause an investor to reduce his workforce in the United States or that would cause a reduction in overall U.S. employment. This section is virtually identical to section 231(k) and (l) of current law.

Section 3205(g) prohibits OPIC from involvement in any investment subject to performance requirements. This language is identical to section 231(m) of current law.

Section 3205(h) prohibits the payment of any claims to, and bars from OPIC eligibility for 5 years, any investor found guilty under the Securities Exchange Act or the Foreign Corrupt Practices Act in connection with an OPIC-supported investment. This language is similar to language found in section 237(l) of current law.

Section 3205(i) prohibits OPIC from making any payment for losses incurred due to fraud or misrepresentation. The language is identical to section 237(g) of current law.

Section 3205(j) mandates that OPIC will hold an annual public hearing for individuals to present views as to whether or not the Corporation is carrying out its activities in accordance to this Act. It is identical to section 231A(b) of current law.

Section 3206—Issuing authority, direct investment fund, equity fund, and reserves

Section 3206(a) sets a maximum contingent liability of \$7.5 billion for insurance and of \$2.5 billion for guarantees. Subject to spending authority provided in an appropriations act, this section also authorizes OPIC to draw up to \$1.5 million from its non-credit account revolving fund to pay for the estimated subsidy cost of a \$375 loan guarantee program for fiscal year 1992. This enables OPIC to retain its integrity as a self-sustaining entity.

Section 3206(b), subject to spending authority provided in an appropriations act, authorizes OPIC to draw up to \$4.8 million from its non-credit revolving fund to pay for the estimated subsidy cost for a \$50 million direct loan program. This enables OPIC to retain its integrity as a self-sustaining entity.

Section 3206(c) establishes a revolving fund for the equity finance program authorized by section 3203(g) and allows a one time transfer of funds from the Corporations's non credit revolving fund account of \$35 million to finance this program.

Section 3206(d) directs OPIC to maintain appropriate reserves against possible insurance liabilities. This language eliminates the language in section 235(c) of current law which directs OPIC to maintain guarantee reserves. The guarantee reserves are maintained by the Treasury pursuant to the Federal Credit Reform Act of 1990.

Section 3206(e) outlines the payments of funds to discharge liabilities and is similar to section 235(d) of current law. This section adds new language that states that any payments made to cover liabilities from the guarantee program shall be drawn from the Treasury, pursuant to the Federal Credit Reform Act of 1990.

Section 3206(f) authorizes the appropriation of funds to replenish the insurance reserves. This language eliminates the language authorizing appropriations to replenish the guarantee reserves in section 235(f) of current law. This section reflects compliance with the Federal Credit Reform Act of 1990.

Section 3206(g) authorize OPIC to issue obligation for purchase by the Secretary of the Treasury to discharge its liabilities when necessary. This language is similar to language in section 235(f) of current law.

Section 3206(h) subject to spending authority provided in an appropriations act, authorizes OPIC to draw up to \$12 million from its non-credit account revolving fund to cover its administrative costs of its direct loan guarantee program for fiscal year 1992.

Section 3207—Income and revenues

Section 3207 amends section 236 in current law to reflect compliance with the Federal Credit Reform Act of 1990. This new language authorizes OPIC to maintain revenues and income transferred to OPIC only from its non-credit activities.

Section 3208—General provisions relating to insurance, guaranty, and financing program

Section 3208(a) authorizes OPIC to support projects in any less developed friendly country which has signed a bilateral trade

agreement with respect to OPIC activity. It is virtually identical to section 237(a) of current law.

Section 3208(b) directs OPIC to ensure that the interests of the Corporation are adequately protected. This language is virtually identical to section 237(b) of current law.

Section 3208(c) pledges the full faith and credit of the United States for OPIC guarantees and is virtually identical to section 237(c) of current law.

Section 3208(d)(1) permits the charging of fees for OPIC services. This language is identical to language contained in section 237(d) of current law. Section 3208(d)(2) states that project-specific transaction costs incurred by the Corporation relating to credit programs shall be paid out of the appropriate financing account maintained by the Treasury pursuant to the Federal Credit Reform Act of 1990. Section 3208(d)(3) states that fees paid for project specific transactions associated with non-credit programs shall be available for obligation for the purposes for which they were collected.

Section 3208(e) limits OPIC insurance, reinsurance and guarantees to 20 years and is virtually identical to the language contained in section 237(e) of current law.

Section 3208(f) outlines the amount of compensation OPIC may pay on its insurance, reinsurance, or guarantees. This language is virtually identical to language contained in section 237(f) of current law.

Section 3208(g) limits the extent of OPIC insurance, reinsurance or guarantees of investments in foreign banks of financial institutions. This language is identical to the language contained in section 237(h) of current law.

Section 3208(h) authorizes the Corporation to arbitrate claims arising from its programs and is virtually identical to section 237(i) of current law.

Section 3208(i) states that each OPIC contract shall be presumed to be in compliance with statute and is virtually identical to section 237(j) of current law.

Section 3208(j) permits OPIC to support projects in Yugoslavia, Poland, Hungary and other eligible Eastern European country. This provision eliminates language in section 239(f) of current law permitting OPIC to operate in the People's Republic of China notwithstanding any other provision of law.

Section 3209—General provisions and powers

Section 3209(a) establishes the Corporation in the District of Columbia and is virtually identical to section 2309(a) of current law. Section 3209(b) provides for an annual independent audit of OPIC and for audits by the Comptroller General when necessary or by Congressional request. This language is similar to language contained in section 239(c) of current law. Section 3209(c) delineates OPIC's corporate powers and is virtually identical to section 239(d) of current law. Section 3209(d) authorizes investigations by the Inspector General and is similar to section 239(e) of current law. Section 3209(e) extends tax exempt status to OPIC and is virtually identical to section 239(j) of current law. Section 3209(f) directs OPIC to publish its guidelines and is similar to section 239(k) of current law.

Section 3210—Annual report; maintenance of information

Section 3210(a) directs OPIC to submit an annual report to Congress and is similar to section 240A(a) of current law. Section 3210(b) mandates that each annual report (pursuant to section 3210(a)) shall contain a projection of the aggregate U.S. employment effects of all OPIC projects. This language is similar to language found in section 240A(b) of current law. Section 3210(c) requires OPIC to maintain information on its projects and their employment and development effects. This section is virtually identical to section 240A(d) of current law. Section 3210(d) directs OPIC to include in each annual report a review of its cooperative programs with the private political risk insurance industry and is virtually identical to language contained in section 240A(e) of current law. Section 3210(e) protects certain information from public disclosure and is virtually identical to section 240A(f) of current law.

Section 3211—Definitions

Section 3211 defines certain terms used in this Act and is similar to section 238 of current law.

TITLE IV—INTERNATIONAL NARCOTICS CONTROL

Title IV is the product of a very intensive committee review of current law and the executive branch request regarding a number of narcotics control-related matters. It attempts to streamline current law, give the executive branch the flexibility it requested where possible, but retain important principles about which the committee feels strongly. The issues addressed in this title have been repeatedly reviewed by the Committee's Task Force on International Narcotics Control and reflect a consensus between both majority and minority members on virtually all issues. Highlights of the significant changes from current law in this and other titles follow:

- Adds counternarcotics military and police cooperation as a purpose for IMET;

- Makes minor changes in U.S. narcotics control policy language;

- Clarifies executive branch authority to enter into reciprocal maritime agreements;

- Provides authority, with prior notice, to provide narcotics-related economic assistance to countries ineligible to receive U.S. assistance for non-narcotics reasons;

- Consolidates reporting, record-keeping, and regulation requirements on aircraft use;

- Allows the Bureau of International Narcotics Matters of the Department of State (INM) to acquire real property with prior notice;

- Allows a national interest waiver of the requirement for the United States to retain title to narcotics control aircraft provided to a foreign country with prior notice and provides a technical correction for Department of Defense permanent leasing authority;

Allows INM to acquire arms and ammunition only for defensive arming of narcotics control aircraft and for INM personnel with prior notice;

Expands narcotics-related excess defense articles authority from major producers in Latin America to major producers and transit countries under conditions in current law and clarifies purposes for which such assistance may be provided; and

Provides a general waiver of the prohibition on providing assistance to law enforcement units for narcotics-related purposes for FMF, IMET, and narcotics-related excess defense articles (EDA) for a two-year period, with prior notice; clarifies that this waiver is only for narcotics-related EDA and not modernization EDA; contains a requirement for respect for human rights and a democratic government in order to provide assistance.

Changes in the Certification Process and the Annual International Narcotics Control Strategy Report (INCSR)

Expands the INCSR to include every country as in the annual human rights report;

Requires special emphasis in the INCSR on major money-laundering countries and precursor chemical producers in addition to producer and transit countries;

Ties reporting requirements and annual certifications to obligations under the 1988 United Nations Convention Against Illicit Traffic in Narcotics Drugs and Psychotropic Substances; significantly streamlines current conditions;

Waives requirement for the withholding of 50% of assistance with a Presidential determination and prior notice;

Reduces the congressional review of certifications from 45 to 30 legislative days;

Provides a national interest waiver for countries which have been decertified in which circumstances have changed;

Changes certification standard from "fully cooperating" to "cooperating with the U.S. to achieve full compliance with the goals and objectives of the 1988 U.N. Convention", streamlines the list of matters to be considered in making certifications, and with special attention to bilateral goals and the issue of corruption; and

Allows the President to determine which countries are subject to certification.

All of the above have been limited to a two-year "trial period", at which time the current certification and reporting provisions, with some minor revisions, would resume unless other arrangements were made.

The committee notes that the executive branch requested a repeal or substantial modification of virtually all of the laws which the committee enacted during the past 10 years. The committee could not and did not accept that proposal; however, it believes that title IV and related provisions in other titles reflect a reasonable compromise. As a general rule, when the executive branch presented a defensible argument, the committee granted waivers of prohibitions in current law, with prior notice to the Congress. On

the two most salient issues, the certification process and the annual INCSR, the committee has provided special rules for a two-year only "trial" period, in addition to the requirement for prior notice.

The most significant change contained in this title is a change in the narcotics certification process. The executive branch request contained a total repeal of this process, which was opposed by virtually all members of the committee. However flawed the certification requirement may be, it remains the principal vehicle by which the Congress ensures that at least once a year narcotics control issues overseas receive intense scrutiny by the executive branch. The committee has fought long and hard to get the narcotics issue on the U.S. foreign policy agenda, and it intends to keep the issue there.

However, the committee also realizes that times have changed since the certification process was enacted in 1986. Narcotics control has become not just an issue in U.S. bilateral relations, but a truly multilateral issue. In 1988, the United Nations adopted an extraordinary document which has recently come into force: the U.N. Convention Against Illicit Traffic in Narcotics Drugs and Psychotropic Substances. That Convention binds nations to undertake an extensive range of actions not only on production and demand, but also on a number of other issues which are of increasing importance in the drug trade such as money laundering, precursor chemical production, air and sea transit, and asset seizure and conspiracy laws. In fact, the obligations imposed under that document are in almost every case more comprehensive than the matters which the President is currently required to consider as a bilateral issue in making certifications under current law.

The U.N. Convention also, however, reflects an unsettling fact: that the narcotics trade has in one form or another permeated virtually every country on earth, whether in the form of narcotics production, use, and transit, money laundering, or precursor chemical production.

Finally, the committee's review of current law indicated that the repeated passage of legislation since 1986 affecting the certification process has not reflected all of these new trends, and has resulted in a number of obsolete provisions as well.

So, in a spirit of cooperation, the committee has adopted a two-year modification to the certification process. First, the annual INCSR prepared by the Department of State would be expanded to cover every member nation of the United Nations, just as the annual human rights report does. Obviously, the committee does not expect the same level of reporting on every country, just as the human rights report varies in depth and breadth; however, the proposed changes would produce a more comprehensive report geographically than the current report in which countries are included on a largely ad hoc basis. The INCSR would also be a more comprehensive report in terms of functional reporting, since the report would highlight the attention paid to money laundering and precursor chemical issues. And in the spirit of multilateralism, the President would be asked to certify a country's cooperation with the United States in meeting the goals and objectives of the 1988

U.N. Convention, as well as its obligations in meeting the goals contained in bilateral agreements.

In return, to address the executive branch's perceived need for increased flexibility, this title would streamline current language in the law regarding the certification and INCSR process, give the President the flexibility to determine which countries are included on the certification list, waive the current 50% aid withholding requirement if the President determines it is in the national interest and gives prior notice to Congress, reduce the Congressional review period from 45 legislative days to 30 legislative days as it was in the original certification law, and provide a special waiver to address unique situations in which conditions in decertified countries undergo a sudden and fundamental change. The committee proposes to try this new approach for a two-year period; at the end of that time, current law would again become applicable unless the new approach proves satisfactory. A comparison between matters covered under current law and under the U.N. Convention is included in the following chart:

COMPARISON OF CURRENT LAW AND 1988 U.N. CONVENTION

Certified On:

CURRENT LAW	U.N. CONVENTION
Satisfying Chilee agreement goals	Must develop law enforcement plan for and cooperate with other states on covered offenses* (Article 9)
Preventing transit	Covered offense* (Article 3); interdiction aid to transit states (Article 10)
Preventing money laundering	Covered offense* (Article 3)
Preventing bribery/corruption	Shall ensure covered offenses* can be treated as particularly serious if offender holds public office (Article 5)

* Covered offense (cultivation, production, distribution, sale, transport, financing, and money laundering) brings issue under provisions on asset seizure, mutual legal assistance, extradition, international cooperation, etc.

Consideration To:

CURRENT LAW	U.N. CONVENTION
Maximum reductions in production	Must prevent & eradicate illicit cultivation (Article 14)
Eliminate cultivation/seizures/ labs/ violator prosecution	Must prevent & eradicate illicit cultivation (Article 14); all are covered offenses
Eliminate money laundering	Covered offense (Article 3)
Bribery/government complicity/senior official involvement	Shall ensure covered offense can be treated as particularly serious if offender holds public office (Article 5)
Torture of DEA	(Obsolete)
Hot pursuit	(Obsolete)
Changes in legal codes (conspiracy/asset seizure)	Must enact laws for confiscation of property used in/derived from covered offenses (Article 5)
Extradition/safe haven	Must extradite for covered offenses (Article 6)

Items not Addressed in Current Law:

CURRENT LAW	UN CONVENTION
	Must provide mutual legal assistance (Article 7)
	May use controlled delivery at international level (Article 11)
	Must prevent diversion of legal chemicals, materials, equipment for illicit drug production (Articles 12 & 13)
	Must reduce demand (Article 14)
	Must ensure commercial carriers not used (Article 15)
	Must ensure proper documentation and labelling of licit narcotic and psychotropic drug exports (Article 16)
	Must suppress illicit sea traffic (Article 17)
	Must suppress traffic in free trade zones and ports (Article 18)
	Must suppress illicit use of mail (Article 19)

The other significant change contained in this title is a waiver of section 660 in current law (section 6206 of this act, regarding the prohibition on assistance and training to police) for counternarcotics purposes, for three military assistance accounts, for a two-year period with prior notice to Congress. Currently, assistance through the Department of State's Bureau of International Narcotics Matters has a permanent section 660 waiver. In the past, the Congress has waived the section 660 prohibition on an ad hoc basis for virtually every security assistance account at one time or another. The committee would now propose to waive that prohibition for IMET, FMF, and narcotics-related excess defense articles for eligible countries for a 2-year period.

The committee has granted this waiver in support of what is the stated policy of the executive branch: namely, that narcotics control is a matter to be addressed primarily by law enforcement units, with military units playing a supporting role, as is the case in the United States. The committee also recognizes the difficulty in many countries of drawing clear distinctions between police units and military units, especially in the cases of specialized services such as the Coast Guard or merchant marine forces. The committee anticipates that granting this waiver will result in a shift of increased funding to eligible host country police units in accordance with stated U.S. policy. In addition, given the fact that many police units have human rights records which are equally problematic to those of military units, the committee will vigorously monitor the use of this new authority and if any abuse or misuse occurs, the committee will not hesitate to repeal this authority before the sunset at the end of fiscal year 1993.

Section 401—Consolidation and revision of authorities and requirements

Section 401 amends the Foreign Assistance Act to establish a new title as follows:

TITLE IV—INTERNATIONAL NARCOTICS CONTROL

CHAPTER 1—GENERAL POLICIES

Section 4101—Findings and statements of policy

Section 4101 contains statements of policy regarding international narcotics control. Section 4101(a), relating to policy, is similar to section 481(a)(1) of the Foreign Assistance Act, with the only substantive addition being an updated reference to the 1988 United Nations Convention Against Illicit Trafficking in Narcotic Drugs and Psychotropic Substances. Section 4101(b), relating to U.S. policy in multilateral development banks on narcotics control issues, is the same as section 481(a)(3) of current law.

Section 4102—Coordination of all United States antinarcotics assistance to foreign countries

Section 4102 makes the Secretary of State responsible for coordinating all assistance provided by the U.S. Government to support international efforts to combat illicit narcotics production or trafficking. The committee notes that this is identical to the Secretary

of State's coordination role in section 2801 of this legislation relating to international terrorism. Section 4102 further states that nothing contained in this section or section 4401(c) shall be construed to limit or impair the authority or responsibility of any other Federal agency with respect to law enforcement, domestic security operations, or intelligence activities as defined in Executive Order 12333.

This section is the same as sections 4601(a) and (c) of the Anti-Drug Abuse Act of 1988.

CHAPTER 2—NARCOTICS CONTROL ASSISTANCE

Section 4201—Authority to conclude agreements and provide assistance

Section 4201(a) provides authority to the President to conclude agreements to promote effective international narcotics control. Section 4201(b) authorizes the President to furnish assistance to any country or international organization for the control of narcotic and psychotropic drugs and other controlled substances, notwithstanding any other provision of law. These authorities are the same as those contained in section 481(a)(2) and (a)(4) of current law, except that section 4201(a) adds explicit authority for the President to conclude reciprocal maritime agreements. In addition, section 4201(c) provides that except where expressly provided to the contrary, any reference in law to title I of this Act shall be deemed to include reference to this title.

Section 4202—Authorizations of appropriations

Section 4202 authorizes \$171.5 million to be appropriated to the President for fiscal year 1992 and \$171.5 million for fiscal year 1993. Except for the dollar amounts, this section is the same as section 482(a) of current law.

The committee notes that it has authorized the full amount requested by the executive branch for fiscal year 1992 for international narcotics control assistance, as it has for the past decade. However, the committee also notes that during that period, while the Bureau of International Narcotics Matters' budget more than tripled, opium production has doubled, coca production has tripled, and marijuana production has doubled. There have also been repeated, continuing and serious problems with the management of programs under the Bureau's control. While the committee recognizes that INM cannot be expected to unilaterally affect the flow of drugs to the United States, the committee also believes that there should be some demonstrable evidence of results related to funds expended. The committee will not indefinitely continue to fund narcotics control programs which do not achieve their stated objectives. In recognition of this fact, the committee has not provided any increase for programs funded by INM for fiscal year 1993.

The committee also notes that the executive branch has requested, and the committee has granted on a 2-year trial basis, a waiver of the prohibition on assistance to police for any narcotics-related military assistance. While the committee has provided this waiver to the executive branch in order to allow increased flexibility, it notes that the purpose of INM's budget is precisely to assist host

country police in combatting illicit narcotics trafficking. While circumstances in some major source and transit countries have necessitated an increase in funding for law enforcement agencies, the committee does not intend that this waiver be used as a back-door budget supplement for INM.

Section 4203—Contribution by recipient country

Section 4203 states that to ensure local commitment to, and the sustainability of narcotics control activities assisted under this chapter, the beneficiary country should bear an appropriate share of the costs of the program for which assistance is furnished. It is the committee's view that the beneficiary country's contribution should be a significant percentage of those costs and could be on an "in-kind" basis. This section is identical to section 482(d) of current law.

Section 4204—Use of herbicides for aerial eradication

Section 4204(a) requires the President, with the assistance of appropriate Federal agencies, to monitor any use under this chapter of herbicides for aerial eradication in order to determine the impact of such use on the environment and on the health of individuals.

Section 4204(b) requires the President to report on the impact of the use of such herbicides in the annual report required by section 4401(a) (the International Narcotics Control Strategy Report).

Section 4204(c) states that if the President determines that the use of herbicides is harmful to the environment or the health of individuals, he shall immediately report that determination to the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate, together with such recommendations as he deems appropriate.

Section 4204 replaces section 481(d) of current law. Section 481(d)(2) required the Secretary of State to inform the Secretary of Health and Human Services and the Administrator of the Environmental Protection Agency of the use or intended use of aerial herbicides under this chapter. The committee expects that the requirement for Presidential monitoring with the assistance of appropriate Federal agencies in section 4204(a) will include consultations with the agencies named in section 481(d)(2) of current law.

Section 4205—Prohibition on procurement of weapons and ammunition

Section 4205 modifies the prohibition on using funds authorized under this chapter to procure weapons or ammunition contained in section 482(b) of current law.

Section 4205(a) restates the prohibition in current law on using INM funds for the procurement of weapons and ammunition except as provided in subsection (b).

Section 4205(b) states that the prohibition contained in subsection (a) shall not apply with respect to funds for the procurement of (1) weapons and ammunition for the defensive arming of aircraft used for narcotics-related purposes, and (2) firearms and related ammunition to be provided for defense purposes for State Department employees engaged in activities under this title. Section

4205(b) also requires prior notice or any procurement of weapons and ammunition pursuant to the procedures in section 6304 (relating to prior notification to Congress).

This modification of the prohibition in current law is provided pursuant to the request of the executive branch outlined in testimony before the committee's Task Force on International Narcotics Control on May 2, 1991. The committee recognizes that monitoring and implementing U.S. narcotics control programs overseas often involves working in a dangerous environment. Counternarcotics aircraft may face hostile ground fire and INM personnel may have to travel to areas frequented by armed traffickers or narco-insurgents. In past years, the committee has regularly earmarked foreign military financing funds for defensive aircraft arming purposes but has been reluctant to allow INM to become directly involved in the procurement of lethal equipment. However, because the current situation has resulted in long delays and bureaucratic difficulties in procuring arms for antinarcotics aircraft, and because there are no alternatives for Department of State personnel to acquire defensive firearms other than personal purchase, the committee has modified a prohibition which was first enacted in 1978. Any procurement of weapons and ammunition is subject to advance notification in accordance with procedures applicable under section 6304 of this act. The committee expects that the executive branch will seek notice only for the unique situations which have been discussed with the committee in hearing testimony and informal meetings. For the purposes of this section, the committee intends the term "employees" of the State Department to include both direct hire and contract personnel of INM.

Section 4206—Permissible uses of aircraft and other equipment

Section 4206 combines and modifies sections 485 and 489 of current law.

Section 4206(a) requires the President to take all reasonable steps to ensure that aircraft and other equipment made available to foreign countries under this chapter are used only in ways that are consistent with the purposes for which they were made available.

Section 4206(b)(1) requires the President to maintain detailed records on the use of any aircraft made available to a foreign country under this chapter, including aircraft made available before the enactment of this section. Section 4206(b)(2) requires the President to make these records available to the Congress upon a request of the Chairman of the Committee on Foreign Affairs of the House of Representatives or the Chairman of the Committee on Foreign Relations of the Senate. The committee intends that the President ensure that host countries maintain adequate records of aircraft use for those aircraft which may be titled to that country pursuant to section 4207(b) of this act.

Section 4206(c) requires the President to discuss, in the annual report submitted to Congress under section 4401 (INCSR), any evidence indicating misuse by a foreign country of aircraft or other equipment made available under this chapter, and the actions taken by the U.S. Government to prevent future misuse of such equipment by that foreign country.

Section 4206(a) is the same as section 489(a) of current law; section 4206(b) is the same as section 485 of current law; and section 4206(c) is the same as section 489(b) of current law.

Section 4206 deletes the requirements of current law in sections 489(c) and 489(d) for the President to issue regulations, with advance congressional review, to ensure proper use of aircraft provided under this chapter. The committee, however, fully expects the executive branch to rigorously monitor the end-use of such aircraft and to keep the committee fully and currently informed of monitoring efforts as well as any evidence of misuse.

Section 4207—Retention of title to aircraft

Section 4207(a) is the same as section 484 of current law which requires that any aircraft which, at any time after October 27, 1986 (the date of enactment of the International Narcotics Control Act of 1986 which was title II of the Anti-Drug Abuse Act of 1986), are made available to a foreign country under this chapter, or are made available to a foreign country primarily for narcotics-related purposes under any other provision of law, shall be provided only on a lease or loan basis.

Section 4207(b) allows the President to waive the requirement to retain title if that requirement's application is contrary to the national interest, and the President notifies the Congress in accordance with the procedures contained in section 6304. It further provides that subsection (a) does not apply with respect to aircraft made available to a foreign country under section 2(b)(6)(B) of the Export-Import Bank Act of 1945 or under any provision of law that authorizes property that has been civilly or criminally forfeited to the United States to be made available to foreign countries.

Section 4207(c) clarifies the authority of the Department of Defense to finance the leasing of aircraft for the purpose of satisfying the requirements of this section, and is the same as section 3(g) of the International Narcotics Control Act of 1990 (Public Law 101-623).

The committee has long mandated the retention of titles for aircraft provided under this chapter for reasons based on a series of historical experiences of misuse, abuse and a lack of recourse in such situations. However, the committee recognizes that there may be circumstances in which the executive branch is so confident of recipient countries' intentions, U.S. monitoring capabilities, or other mitigating factors that the executive branch might justify transfer of aircraft titles. In such cases, the President must provide the Congress with advance notification. To the degree that narcotics control aircraft are to be provided through military assistance channels and the U.S. retains title, the committee has made permanent the authority contained in section 3(g) of Public Law 101-623 for fiscal year 1991 for the Department of Defense to provide such aircraft on a lease or loan basis.

The committee notes that on numerous occasions the executive branch has testified that the Bureau of International Narcotics Matters' "air wing" is the result of the 1986 law requiring the United States to retain title to narcotics control aircraft. Given the flexibility now provided in this section to waive that requirement, the committee requests that the Bureau of International Narcotics

Matters submit a report to the committee no later than three months after the date of enactment of this legislation detailing the impact of this new authority on the Bureau's "air wing", as well as plans to coordinate funding, support and operations of aircraft for which transfer is titled (whether by the Department of State or the Department of Defense) with the management of aircraft currently in its inventory. This report should be coordinated with the Defense Security Assistance Agency.

Section 4208—Prohibition on use of narcotics control assistance to acquire real property

Section 4208 modifies the prohibition on the use of funds made available to carry out this title to acquire any real property for use by foreign military, paramilitary, or law enforcement forces (section 488 of current law) to allow such acquisition with advance notification pursuant to the procedures in section 6304.

The committee notes that this prohibition on the use of narcotics control funds arose from a refusal of the Government of Bolivia to provide land on which to base Bolivian anti-narcotics enforcement units, even though the United States had financed all other costs relating to those units; thus, the United States was forced to purchase the necessary land. Although the committee has provided the executive branch the authority to acquire real property with advance notification to Congress to respond to other unanticipated needs, the committee will oppose any use of this authority to purchase land in a case such as that cited above.

CHAPTER 3—FOREIGN ASSISTANCE GENERALLY AND NARCOTICS CONTROL

Section 4301—Prohibition on use of foreign assistance for reimbursements for drug crop eradications

Section 4301 is the same of section 483 of the Foreign Assistance Act, which prohibits funds made available to carry out this Act from being used to reimburse persons whose illicit drug crops are eradicated.

Section 4302—Prohibition on assistance to drug traffickers

Section 4302(a) requires the President to take all reasonable steps to ensure that assistance under this act is not provided to or through any individual or entity that the President knows or has reason to believe: has been convicted of a violation of, or a conspiracy to violate, any U.S., State, or District of Columbia, or foreign country law relating to narcotic or psychotropic drugs or other controlled substance; is or has been an illicit trafficker in any such controlled substance or is or has been a knowing assistor, abettor, conspirator, or colluder with others in the illicit trafficking in any such substance.

Section 4302(b) requires the President to issue regulations specifying the steps to be taken in carrying out this section.

Section 4302(c) requires that any regulations so issued be submitted to the Congress before they take effect.

Section 4302 is the same as section 487 of current law. The committee recognizes the legal and practical difficulties that this provi-

sion has created. However, section 487 was originally enacted in response to a situation where U.S. officials did not believe they had the authority to deny assistance to an individual who was widely recognized to be involved in narcotics trafficking. The committee points out that despite the enactment of section 487 in 1988, regulations still have not been issued by any executive branch agency or department. The committee intends the prohibition in section 4302(a) to mean what it says: all reasonable steps. The committee recognizes that many unsubstantiated and false accusations of involvement in narcotics trafficking come to the attention of U.S. missions overseas. The committee also recognizes the difficulty of obtaining accurate information on such issues in many foreign countries. The committee views the "all reasonable steps" standard to mean a good faith effort by embassy personnel to check with all elements of an overseas mission, as well as with Washington parent agencies, before granting assistance to ensure U.S. foreign assistance is not provided to known narcotics traffickers. The committee expects that the regulations required in section 4302(b) will be submitted for congressional review expeditiously.

Section 4303—Transfer of funds when countries fail to take adequate steps to halt illicit drug production or trafficking

Section 4303 modifies section 486 of current law to increase executive branch flexibility in the reprogramming of narcotics-related assistance. It provides that if a country loses security assistance (ESA, FMF, or IMET) as a result of the requirements of the certification process contained in section 4402 or as a result of any other provision requiring the withholding of funds for countries that have not taken adequate steps to halt narcotics production or trafficking, the President may transfer and consolidate those funds with narcotics control funds available under this chapter for additional assistance for countries which have taken significant steps to halt illicit drug production or trafficking.

Section 4304—Waiver of restrictions for narcotics-related economic assistance

Section 4304 provides authority for the President to provide narcotics-related economic assistance notwithstanding any other provision of law except for Section 4202 (relating to ineligibility due to a lack of cooperation on narcotics control issues).

Under current law, assistance provided through INM is exempt from virtually any cut-off of assistance. This new section authorizes, in addition, the provision of other narcotics-related economic assistance (defined as development assistance, ESA, assistance provided through the Development Fund for Africa, and the Special Assistance Initiatives) to countries otherwise ineligible for U.S. assistance, with prior notification pursuant to the procedures contained in section 6304 of this act. The committee recognizes that there may be unique circumstances in which a country was ineligible for assistance due to non-narcotics related reasons where the provision of narcotics-related economic assistance could support U.S. counternarcotics goals. However, the committee also notes that the authority provided in this new section could be misinterpreted as a "loophole" to provide broad economic assistance to

countries which are otherwise prohibited from receiving assistance, such as Pakistan. The committee will insist that "narcotics-related assistance" provided pursuant to this authority in fact has a demonstrable and direct relevance to narcotics control objectives.

CHAPTER 4—REPORTS AND ANNUAL CERTIFICATION PROCESS

Section 4401—Reporting requirements for fiscal years 1992 and 1993

Section 4401 substantially rewrites section 481(e) of current law. Section 4401(a) requires the President to submit a comprehensive report to the Congress not later than March 1 of each year on all countries which are members of the United Nations on the state of international narcotics production and trafficking, money laundering, and precursor chemical control, and on U.S. efforts to prevent illicit drug cultivation and trafficking, the diversion of precursor chemicals, and money laundering.

Section 4401(b) details what must be included in that report. Section 4401(b)(1) requires that for all countries which are members of the United Nations, the report shall include the matters identified in section 4402(b)(2) (relating to matters to be considered for certification of cooperation).

Section 4401(b)(2)(A) requires a description of the policies adopted, agreements concluded, and programs implemented by the Department of State in pursuit of its delegated responsibilities for international narcotics control, including the status of negotiations between the U.S. and other countries on updated extradition treaties, mutual legal assistance treaties, precursor chemical controls, money laundering, and agreements pursuant to section 2015 of the International Narcotics Control Act of 1986 (relating to interdiction procedures for vessels of foreign registry). Section 4401(b)(2)(B) requires information on multilateral and bilateral strategies with respect to money laundering pursued by the Department of State, Justice, and the Treasury, and other relevant U.S. Government agencies, either collectively or individually, to ensure the cooperation of foreign governments with respect to narcotics-related money laundering and to demonstrate that all U.S. Government agencies are pursuing a common strategy with respect to major money laundering countries.

Section 4401(b)(3) requires the report to identify which countries are (A) major illicit drug producing and drug transit countries (as determined under section 4403), (B) significant direct or indirect sources of illicit drugs affecting the United States, (C) major sources of precursor chemicals used in the production of precursor chemicals used in the production of illicit narcotics, or (D) major money laundering countries.

Section 4401(b)(4) requires in addition, for each of the four categories of countries identified in 4401(b)(3), the report should include: (1) a description of the plans, programs and timetables adopted by such country, including efforts to meet the objectives of the United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, 1988, and a discussion of the adequacy of the legal and law enforcement measures taken and the accomplishments achieved in accord with those plans; (2) whether as a matter of government policy, such country encourages or fa-

ilitates the production or distribution of illegal drugs or the laundering of proceeds from illegal drugs transactions; (3) and whether any senior official of the government of such country engages in, encourages, or facilitates the production or distribution of illegal drugs, or the laundering of proceeds from illegal drug transactions.

Section 4401(b)(5) requires in addition, for the major producer and transit countries and the significant source and transit countries identified in 4401(b)(3)(A) and (B), a detailed status report, with such information as can be reliably obtained, on the illicit narcotic or psychotropic drugs or other controlled substances which are being cultivated, produced, or processed in or transported through such country, noting significant changes in conditions, such as increases or decreases in the illicit cultivation and manufacture of and traffic in such drugs and substances.

Section 4401(b)(6) requires in addition, for those countries identified as major sources of precursor chemicals in paragraph 4401(b)(3)(C), information on which countries are parties to international agreements on a method for maintaining records of transactions of an established list of precursor and essential chemicals, which countries have established a procedure by which such records may be made available to U.S. law enforcement authorities, and which countries have enacted national chemical control legislation which would impose specific recordkeeping and reporting requirements for listed chemicals, establish a system of permits or declarations for imports and exports of listed chemicals, and authorize government officials to seize or suspend shipments of listed chemicals.

Section 4401(b)(7) requires in addition, for those countries identified as major money laundering countries pursuant to paragraph 4401(b)(3)(D), which countries have not reached agreement with the United States authorities on a mechanism for exchanging adequate records in connection with narcotics investigations and proceedings, and which of those countries which have not reached such an agreement are negotiating in good faith with the United States to establish such a record-exchange mechanism, or have adopted laws or regulations that ensure the availability to appropriate U.S. Government personnel of adequate records in connection with narcotics investigations and proceedings.

Section 4401(b)(8) requires in addition, for those countries identified as major money laundering countries, findings on the country's adoption of laws and regulations considered essential to prevent narcotics-related money laundering. Such findings are to include whether a country has criminalized narcotics money laundering, required financial institutions to record large currency transactions at thresholds appropriate to that country's economic situation, required financial institutions to report suspicious transactions, established systems for identifying, tracing, freezing, seizing, and forfeiting narcotics-related assets, enacted laws for the sharing of seized narcotics assets with other governments, and cooperated when requested with appropriate law enforcement agencies of other governments investigating financial crimes related to narcotics. The report shall also detail instances of refusals to cooperate with foreign governments, and any actions taken by the United

States Government to address such obstacles, including the imposition of sanctions or penalties.

Section 4401(b)(9) provides definitions for terms used in this section. The term precursor chemical has the same meaning as the term "listed chemical" has under paragraph 33 of section 102 of the Controlled Substances Act (21 USC 902), and the term "major money laundering country" means a country whose financial institutions engage in currency transactions involving significant amounts of proceeds from international narcotics trafficking.

Section 4401(c)(1) requires the annual report to include information on U.S. assistance provided during the preceding, current and next fiscal years to support international efforts to combat illicit narcotics production and trafficking. Section 4401(c)(2) requires the report to include: (A) the amount and nature of assistance provided or to be provided; (B) for countries indentified as major producers and major transit countries under subsection (b)(3)(A), information from the Drug Enforcement Administration, the Customs Service, and the Coast Guard describing in detail the assistance provided or to be provided to such country by that agency, and the assistance provided or to be provided to that agency by such country, with respect to narcotic control efforts during the preceding, current and next fiscal year; and (C) a list of all transfers which were made by the United States Government during the preceding fiscal year, to a foreign country for narcotics control purposes of any property seized by or otherwise forfeited to the U.S. Government in connection with narcotics-related activity, including an estimate of the fair market value and physical condition of each item of property transferred.

Section 4401(c)(3) provides that the report required by the subsection may be provided on a classified basis to the extent necessary.

Section 4401(d) states that this section only applies during fiscal years 1992 and 1993, and that section 4401A does not apply during those fiscal years.

Section 4401 was designed in part to address concerns raised by the executive branch over the number of reporting requirements concerning narcotics control issues that have been enacted over the past decade. In response to this concern the committee has deleted certain duplicative requirements, deleted the requirement for an annual mid-year report (currently section 481(b) of the Foreign Assistance Act), consolidated other reporting requirements within the annual report required by this section, and deleted obsolete language in current law.

However, the committee has also considerably expanded the reporting requirements for the annual International Narcotics Control Strategy Report (INCSR) in two significant areas: first, by requiring the inclusion of information on all members of the United Nations (as does the annual Country Reports on Human Rights); and, second, by broadening detailed reporting on major money laundering and major precursor chemical source countries as well as on significant producer and transit countries. The committee believes that the unparalleled transnational threat posed to the U.S. by the international traffic in illicit narcotics, as well as the increasing multilateral consensus manifest in the entry into force of the 1988 United Nations Convention Against Illicit Traffic in Nar-

cotic Drugs and Psychotropic Substances, merits increased emphasis on rating counternarcotics performance with an accepted international standard and more comprehensive reporting on an individual nation's counternarcotics efforts. As Drug Enforcement Administration Administrator, Robert C. Bonner, said in committee testimony in March of 1991, "[The entry into force of the 1988 U.N. Convention] is a milestone, I believe, in the international effort to fight drug traffickers because this far-reaching treaty will go a long way toward providing the tools and international framework for combatting drug trafficking, and as more nations ratify this convention, even more international cooperation will be possible."

The committee also believes that by expanding the report to cover all member states of the United Nations, as is the case with the annual human rights report, the issue of narcotics control will become a more firmly entrenched component of U.S. foreign policy. By expanding the need for increased attention to narcotics by additional foreign service officers in countries not currently covered by INM personnel, the process of "weaving the issue into the fabric of our foreign policy" which was noted by Assistant Secretary of State for International Narcotics Matters Melvyn Levitsky in recent testimony before the committee, will continue to be enhanced.

In addition, the committee has moved to a more comprehensive focus by requiring more detailed reporting on the issues of money laundering and precursor chemical production, as well as on the more traditional issues of production and transit, in recognition of the fact that effectively addressing these two important aspects of the international narcotics trade are integral to any international efforts.

While there is virtually no country in the world unaffected by international narcotics trafficking, the committee recognizes that there are significant variations in the scope of the problem between countries. For countries which are not major drug producers, drug transit countries, money laundering centers, or listed chemical sources, the subjects for reporting are identified as the extent to which a country has met the goals and objectives of the milestone 1988 U.N. Convention, accomplished the goals in an applicable bilateral or multilateral narcotics agreement, and addressed narcotics-related corruption. The committee does not expect reporting on countries not included in the four categories listed above to be as detailed as for countries such as Peru or Mexico. Section 4401(b)(1) would require reasonable efforts to examine the status of the 1988 U.N. Convention and any implementing legislation, and a brief description of efforts to address narcotics-related developments, including corruption, in a given country. Much of this information concerning the status of legal measures, ratification of the Convention, seizures, arrests, etc. should be readily available, as evidenced by the U.N. International Narcotics Control Board's annual report covering all member states of the United Nations. In addition, as long as each member of the United Nations is addressed, reporting could be done on a regional basis if appropriate for countries which are not major drug producers, drug transit countries, money laundering centers, or precursor chemical sources. The committee expects that the regional format would only be used for countries in areas not currently covered in the INCSR, such as island-states in

the South Pacific or smaller states in West Africa, but not for regions such as Western Europe and the Southern Cone.

Sections 4401(b)(3) through 4401(b)(8) detail more extensive reporting requirements for countries which the executive branch determines to be involved in one or more of the major elements of the international narcotics trade: production, transit, money laundering, or precursor chemicals. By broadening the INCSR beyond its traditional focus on narcotics production and transit, section 4401 requires a more comprehensive view of all major elements of the international narcotics trade and addresses the issues raised by the "Kerry amendment" on money laundering (Section 4702 of the 1988 Anti-Drug Abuse Act, Public Law 100-690) and the "McConnell amendment" on precursor chemicals (Section 599H of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1991, Public Law 101-513).

Section 4401A—Reporting Requirements after September 30, 1993

Section 4401A(a)(1), which is essentially the same as section 481(e) of current law, requires the President to submit a report to the Congress not later than March 1 of each year on U.S. policy to establish and encourage an international strategy to prevent illicit cultivation and manufacture of and traffic in narcotic and psychotropic drugs and other controlled substances. This section mandates the major annual international narcotics control strategy report (INCSR) to the Congress, and is the basis on which certifications of major drug countries under section 4402 are made.

Section 4401A(a)(2) specifies what information the report shall contain, as follows:

(A) a description of the policies adopted, agreements concluded and programs implemented by the Department of State in pursuit of its international narcotics control responsibilities;

(B) a description of U.S. activities, in the prior, current, and coming fiscal years, in international financial institutions to combat the flow of drugs into the United States;

(C) the identity of countries which are significant direct or indirect sources of illicit drugs significantly affecting the United States, including the following information on each such country: a detailed status report on the drug trade in that country, a description of U.S. assistance to such country in the prior, current and coming fiscal years and what impact that aid had or will have on the drug trade in that country, a description of the plans, programs, and timetables adopted by such country to eliminate cultivation as well as the adequacy of legal and law enforcement measures taken in accord with those plans, and a discussion of extradition issues between such country and the United States;

(D) for each major illicit drug producing country which will receive U.S. aid, a determination of the maximum achievable reductions in illicit production;

(E) for each major illicit drug producing country which received U.S. aid in the prior year, the actual reductions in illicit production;

(F) specific comments and recommendations by other Federal agencies, including the U.S. Customs Service and the Drug En-

forcement Administration with respect to whether countries listed in the report have fully cooperated with such agencies during the prior year; and

(G) a description of U.S. assistance for the prior fiscal year which was denied pursuant to the certification process contained in section 4402 to a major drug country.

Section 4401A(b) requires the President to submit a report to the Congress no later than September 1 of each year on the activities and operations carried out under this chapter prior to such date, and shall include the status of each agreement concluded prior to such date with other countries to carry out this title. This section mandates the annual midyear update to be provided to the Congress on recent developments in narcotics control issues worldwide. It is the same as section 481(b) of current law.

Section 4401A(c) requires further information to be transmitted to the Congress at the time of the annual narcotics report required by subsection (a). The Secretary of State, in consultation with other appropriate U.S. Government agencies, shall report to the Congress on the assistance provided by the U.S. Government during the preceding fiscal year to support international efforts to combat illicit narcotics production and trafficking. Such report shall specify the amount and nature of the assistance provided, include for each significant direct or indirect source country a section prepared by the DEA, the Customs Service, and the Coast Guard, which describes in detail the narcotics control assistance which has been and will be provided by those agencies to such countries and by such countries to those agencies, and to list all transfers which were made by the U.S. Government during the preceding fiscal year to a foreign country for narcotics control purposes of any property seized by or otherwise forfeited to the U.S. Government in connection with narcotics-related activity. It further provides that the reports required by this subsection may be classified. This subsection is the same as subsection (b) of section 4601 of the Anti-Drug Abuse Act of 1988.

Section 4402—Annual certification procedures for fiscal years 1992 and 1993

Section 4402 substantially revises section 481(h) of current law, relating to certification procedures for major drug countries, for fiscal years 1992 and 1993.

Section 4402(a)(1)(A) requires that 50% of U.S. assistance allocated at the beginning of each fiscal year for each major illicit drug-producing or drug-transit country shall be withheld from obligation and expenditure, except as provided in paragraph (B) and subsection (b). Section 4402(a)(1)(B) states that subparagraph (A) shall not apply with respect to a country if the President determines that its application to that country would be contrary to the national interest of the United States, except that any such determination shall not take effect until at least 15 days after the President submits written notification of that determination to the appropriate congressional committees in accordance with the procedures applicable to reprogramming notifications under section 6304.

Section 4402(a)(2) further requires the Secretary of the Treasury to direct the U.S. Executive Directors to multilateral banks to vote, on and after March 1 of each year, against any loan to or for any

major illicit drug-producing or drug-transit country except as provided in subsection (b).

Section 4402(b) establishes what must be certified under the certification process. It states that subject to subsection (d), the 50% of aid withheld pursuant to subsection (a)(1) may be obligated and expended, and the requirement of subsection (a)(2) to vote against multilateral development bank assistance to a country shall not apply, if the President determines and certifies to the Congress, at the time of the annual INCSR report, that (A) during the previous year the country has cooperated with the United States, or has taken adequate steps on its own, to achieve full compliance with the goals and objectives established by the U.N. Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, 1988; or (B) for a country that would not otherwise qualify for certification under subparagraph (A), the vital national interest of the United States require that the assistance withheld be provided and that the United States not vote against multilateral development bank assistance for that country.

Section 4402(b)(2) provides that in making the determination described in paragraph (1)(A), the President shall consider the extent to which the country has:

(A) met the goals and objectives of the 1988 U.N. Convention, including action on such issues as illicit cultivation, production, distribution, sale, transport, financing, money laundering, asset seizure, extradition, mutual legal assistance, law enforcement and transit cooperation, precursor chemicals, and demand reduction;

(B) accomplished the goals in an applicable bilateral narcotics agreement with the United States or a multilateral agreement; and

(C) taken legal and law enforcement measures to prevent and punish public corruption, especially by senior government officials, that facilitates the production, processing, or shipment of narcotic and psychotropic drugs and other controlled substances, or that discourages the investigation or prosecution of such acts.

The committee does not intend the reference to "compliance with goals and objectives" to refer solely to signatories of the 1988 U.N. Convention; on the contrary, the committee desires to build upon the international standards established by the Convention and explicitly avoid creating any disincentives for countries to sign and ratify the Convention.

Section 4402(c) states that the President may make a certification under subsection (b)(1)(A) with respect to a major illicit drug producing country, or major drug-transit country which is also a producer of licit opium, only if the President determines that such country has taken steps to prevent significant diversion of its licit cultivation and production into the illicit market, maintains production and stockpiles at levels no higher than those consistent with licit market demand, and prevents illicit cultivation and production.

Section 4402(d) prescribes procedures for congressional review of the President's certifications. If, within 30 days of continuous session after the certification is received, the Congress enacts a joint

resolution disapproving the President's determination, the 50% withholding requirement and the requirement to vote against further multilateral development bank loans shall continue in effect.

Section 4402(e) clarifies what assistance is to be denied in a case where either the President or the Congress determines that a country shall not be certified as fully cooperating. Funds may not be obligated for U.S. assistance to that country, and funds previously obligated for U.S. assistance may not be expended. Further, the requirement to vote against further multilateral development bank loans shall apply regardless of the March 1 date contained in subsection (a)(2).

Section 4402(f) specifies procedures for recertifying countries which have been denied certification. Denial of assistance and voting against multilateral development bank loans shall continue until the President makes a certification under subsection (b)(1) (A) or (B) for a country and the Congress does not enact a joint resolution of disapproval pursuant to subsection (d), or until the President submits at any other time a certification pursuant to subsection (b)(1)(B) (national interest) for a country; in the second case, this only applies if either the President did not submit a certification with respect to that country under subsection (b)(1) at the time of the March 1 report, or if the Congress enacted a joint resolution under subsection (d) disapproving the President's certification determination.

Section 4402(g) specifies congressional review procedures for recertification. Any joint resolution under this subsection shall be considered in the Senate in accordance with the expedited procedures specified in section 601(b) of the International Security Assistance and Arms Export Control Act of 1976; in the House of Representatives, a motion to proceed to the consideration of any such joint resolution shall be treated as highly privileged in the House.

Section 4402(h) specifies that this section applies only during fiscal years 1992 and 1993.

Section 4402(f) provides a change for fiscal years 1992 and 1993 in the recertification progress. Under current law, for a country de-certified either by the President or by congressional resolution of disapproval, a Presidential recertification for that country either on grounds of full cooperation or on grounds of national interest requires affirmative congressional action. Under the new procedures, the President could recertify a country on national interest grounds any time after March 1 without affirmative congressional action, although the procedures for recertifying on full cooperative grounds would still require congressional action. This change was provided at the request of the executive branch, which asserted that the recertification procedures in current law resulted in substantial delays in resuming assistance to Panama after the December 1989 U.S. action in that country. The committee notes that in that case, the President transmitted to the Congress a recertification based on "full cooperation" for Panama on January 29, 1990 (Executive Communications 2373, Presidential Certification Number 90-9). Less than two weeks later, on February 7, 1990, both Houses of Congress had passed legislation to recertify Panama on the basis of national interest (see House Report 101-401, Part I, sections 102 and 103). The committee therefore does not find the

assertion that recertification procedures in current law delayed the resumption of assistance to Panama persuasive. Nonetheless, the committee has provided the requested change in order to eliminate such assertions in fiscal years 1992 and 1993.

As noted previously, debates about the efficacy of the certification process have taken place since its enactment. However, the committee firmly believes that certification serves a useful purpose in focusing attention on narcotics issues, both within the Congress and the executive branch. Although the executive branch was vehemently opposed to certification in the beginning, over the years this position has changed. In testimony before the committee in recent years, executive branch officials have repeatedly stated that the certification process, while flawed in their judgment, has succeeded in highlighting to foreign governments the seriousness which the U.S. Government attaches to the issue of narcotics control.

Therefore, in an effort to accommodate concerns of the executive branch about the certification process while maintaining the leverage provided by the process, the committee has in this section provided the President with a waiver of the 50% withholding requirement, reduced the congressional review period, given the President increased flexibility in determining the list of countries which are subject to certification, and provided a more streamlined method for recertifying countries in special circumstances.

In addition, in concert with the more multilateral approach the committee has adopted with respect to the annual INCSR report, the standard for certifying countries has been changed from "fully cooperating" with the United States to one based on meeting the goals and objective of the 1988 U.N. Convention.

Section 4402—Annual certification procedures after September 30, 1993

Section 4402A is essentially the same as section 481(h) of current law, relating to certification procedures for major drug countries.

Section 4402A(a) requires that 50% of U.S. assistance allocated at the beginning of each fiscal year for each major illicit drug-producing or drug-transit country shall be withheld from obligation and expenditure, except as provided in subsection (b). It further requires the Secretary of the Treasury to direct the U.S. executive directors to multilateral banks to vote, on and after March 1 of each year, against any loan to or for any major illicit drug-producing or drug-transit country except as provided in subsection (b).

Section 4402A(b) sets out certification procedures. Subsection (b)(1) specifies what must be certified. Subject to congressional review, the assistance withheld and the requirement to vote against multilateral development bank assistance to a country pursuant to subsection (a) shall not apply if the President determines and certifies to the Congress, at the time of the annual INCSR, that during the previous year the country has cooperated fully with the United States, or has taken adequate steps on its own, as follows: in satisfying mutually agreed-on goals contained in subsection (b)(2); in preventing drugs produced in or transiting such country from being transported directly or indirectly into the United States; in preventing and punishing money laundering, and in pre-

venting and punishing bribery and other forms of corruption which facilitate production and trafficking, or which discourage the investigation and prosecution of such acts. For a country that would not otherwise qualify for certification under these standards, the President may certify a country on the grounds that the vital national interests of the United States require the provision of assistance to that country.

Section 4402A(b)(2) requires that bilateral narcotics agreements entered into between the United States and drug countries contain efforts to address the following undertakings: the reduction of drug consumption, production, and trafficking; increase drug interdiction and enforcement; increased drug treatment; an increase in the elimination of illicit laboratories; an increase in the elimination of precursor chemical trafficking; increased cooperation with U.S. drug enforcement officials; and increased participation in extradition treaties, mutual legal assistance provisions, and other initiatives for cooperative drug enforcement.

Section 4402A(b)(3) requires that a major illicit drug-producing or drug-transit country may not be certified unless it has in place a bilateral narcotics agreement with the United States or a multilateral agreement which achieves the same objectives.

Section 4402A(b)(4) requires that if the President certifies a country on national interest grounds, he must include in such certification a full and complete description of vital national interests placed at risk if aid is terminated, and a statement weighing this risk against the risks posed to the United States by the failure of such country to cooperate fully in antinarcotics efforts.

Section 4402A(b)(5) states that the President may certify a major illicit drug-producing or drug-transit country which is also a producer of illicit opium only if he determines that such country has taken steps to prevent significant diversion of its licit cultivation and production into the illicit market, maintains production and stockpiles at levels no higher than those consistent with licit market demand, and prevents illicit cultivation and production.

Section 4402A(c) lists the matters which the President must consider in making certification determinations. These include:

(1) has that government achieved the maximum reductions in illicit production which were determined to be achievable (in the case of major illicit producing countries, the President must give this factor foremost consideration in making a determination on certification);

(2) has that government taken the legal and law enforcement measures to enforce, to the maximum extent possible, the elimination of illicit cultivation and trafficking, as evidenced by seizures of illicit drugs and laboratories and the arrest and prosecution of violators;

(3) has that government taken the legal and law enforcement steps to eliminate, to the maximum extent possible, drug-related money laundering, as evidenced by the enactment and enforcement of appropriate laws, entering into mutual legal assistance agreements with the U.S., and otherwise cooperating with the United States.

(4) has that government taken the legal and law enforcement steps necessary to eliminate, to the maximum extent possible,

drug-related bribery and other forms of public corruption, as evidenced by the enactment and enforcement of law prohibiting such conduct;

(5) has that government, as a matter of government policy, encouraged or facilitated the production or distribution of illicit drugs;

(6) does any senior official for that government engage in, encourage, or facilitate the production or distribution of illicit drugs;

(7) has that government investigated aggressively all cases since January 1, 1985 in which U.S. Government drug enforcement officials have been the victim of acts or threats of violence, inflicted by or with the complicity of that country's officials, and energetically sought to bring the perpetrators of such offenses to justice;

(8) having been requested to do so by the U.S. government, does that government fail to provide reasonable cooperation to lawful activities of U.S. drug enforcement agents, including refusing such agents engaged in aerial interdiction to pursue suspected aerial smugglers a reasonable distance into the airspace of that country;

(9) has that government made necessary changes in legal codes in order to enable effective enforcement against narcotics traffickers, such as new conspiracy and asset seizure laws;

(10) has that government expeditiously processed U.S. extradition requests relating to narcotics trafficking; and

(11) has that government refused to protect or given haven to any known drug traffickers, and has it expeditiously processed drug-related extradition requests from other countries.

Section 4402A(d) prescribes procedures for congressional review of the President's certifications. If, within 45 days of continuous session after the certification is received, the Congress enacts a joint resolution disapproving the President's determination, the 50% withholding requirement and the requirement to vote against further multilateral development bank loans shall continue in effect.

Section 4402A(e) clarifies what assistance is to be denied in a case where either the President or the Congress determines that a country shall not be certified as fully cooperating. Funds may not be obligated for U.S. assistance to the country, and funds previously obligated for U.S. assistance may not be extended. Further, the requirement to vote against further multilateral development bank loans shall apply regardless of the March 1 date contained in subsection (a)(2).

Section 4402A(f) specifies procedures for recertifying countries which have been denied certification. Denial of assistance and voting against multilateral development bank loans shall continue until the President makes a certification under subsection (b) for a country and the Congress does not enact a joint resolution of disapproval pursuant to subsection (d), or until the President submits at any other time a certification pursuant to subsection (b) for a country and the Congress enacts a joint resolution approving the President's determination. Any joint resolution under this subsection shall be considered in the Senate in accordance with the expedited

procedures specified in section 601(b) of the International Security Assistance and Arms Export Control Act of 1976; in the House of Representatives, a motion to proceed to the consideration of any such joint resolution after it has been reported by the appropriate committee shall be treated as highly privileged in the House.

With regard to section 4402A(b)(5) relating to licit opium production, the committee believes that any nation which benefits from having a large share of the licit opium market in the United States should fully cooperate with the U.S. Government in anti-narcotics strategies and policies. The U.S. Government annually imports millions of dollars in licit opium from India for the U.S. pharmaceutical industry. The committee is concerned about the fact that in spite of a worldwide decline in the demand for licit opium, India, in 1990, still maintained a 2,000 metric ton stockpile of licit opium. This stockpile is being maintained despite a U.N. resolution urging member states to reduce licit opium stockpiles. There is currently an estimated diversion of between 60-120 metric tons of licit opium to the illicit market in India. The committee strongly encourages the Government of India to continue its efforts to reduce its licit opium stockpile and diversion to the illicit market.

Section 4403—Determining major drug-transit and major illicit drug producing countries for fiscal years 1992 and 1993

Section 4403(a) requires the President to make a final determination not later than October 1 of each year, and to notify the appropriate committees of Congress as to which countries as of that date, have been determined to be major drug-transit countries for that year and which countries have been determined to be major illicit drug producing countries for that year, for the purposes of this Act.

For fiscal years 1992 and 1993, this section makes inapplicable section 481(i)(5) of current law and significantly revises section 481(k) of current law concerning the definitions of major drug producers and transit countries. The numerical standards for determining major producing countries contained in section 481(i)(5), and the requirement to establish numerical standards and other guidelines for major drug transit countries in section 481(k) are made inapplicable for fiscal year 1992 and 1993. While the executive branch has been required to develop numerical standards and other guidelines to determine major drug transit countries since 1988, no standards or guidelines, numerical or other, have ever been provided to the committee. The executive branch has argued that strictly quantified measures are too rigid, and that relying simply on seizure statistics has the effect of "penalizing" effective enforcement by resulting in a country being placed on the certification list. This argument ignores the fact that the committee, both in statutory and legislative history language, made it clear that numerical standards were one of a number of guidelines which were to be used in determining major transit countries. By making inapplicable the definitions in section 481(i)(5) and the requirement for numerical standards and other guidelines in section 481(k) for fiscal years 1992 and 1993, the committee has now provided the executive branch with total flexibility in determining both major producer and major transit countries for a two-year trial period. The committee expects that the executive branch will consult fully with

the committee in developing a list of major producer and transit producer countries which accurately reflects changes in international narcotics production and trafficking since the original certification list was submitted in 1987 and has had only one change (the addition of Guatemala as a major producer in 1990) in the intervening years. The committee expresses this expectation notwithstanding the legislative history of this provision noted below.

In 1988, the committee, in response to an executive branch request for flexibility, provided that a preliminary determination of major drug transit countries be made on October 1, with a final determination to be made on March 1 at the time of certification, along with an explanation of any changes made in the guidelines used to determine major transit countries and any changes in the preliminary October list of such countries. The executive branch had requested this latitude given the fact that many statistics relevant to such a determination would not be available to make a final determination as early as October in any given year. The executive branch then requested in 1989 that the "cut-off" date for determining major transit countries be October 1, given the 50% assistance withholding requirements which apply to countries determined to be major transit countries. The committee acceded to this request with the understanding that the executive branch would fully consult with the committee in determining the guidelines which will be used to determine such countries prior to the submission of the final list on October 1. No such consultations were offered, and no guidelines were submitted.

The committee notes that the eligibility of countries for excess defense articles under section 2302 of this Act for fiscal years 1992 and 1993 is conditioned in part on which countries are determined to be major drug-transit and major illicit drug producing countries pursuant to section 4403.

Section 4403A—Determining major drug-transit and major illicit drug producing countries after September 30, 1993

Section 4402A(a) requires that for each calendar year, the Secretary of State, after consultation with the appropriate committees of Congress, shall establish numerical standards and other guidelines for determining which countries will be considered to be major drug-transit countries under section 7601(e)(3)(A).

Section 4403A(b) requires the Secretary to make a preliminary determination not later than September 1 of each year of the numerical standards and other guidelines to be used pursuant to subsection (a), and to notify the appropriate committees of the Congress of those standards and guidelines.

Section 4403A(c) requires the Secretary to make a final determination not later than October 1 of each year, and to notify the appropriate committees of Congress as to which countries as of that date, have been determined to be major drug-transit countries for that year under the numerical standards and other guidelines which were established, and which countries have been determined to be major illicit drug producing countries for that year.

This section is the same as section 481(k) of current law.

CHAPTER 5—MISCELLANEOUS PROVISIONS

Section 4501—Participation in foreign police actions

Section 4501(a) prohibits any U.S. officer or employee from directly effecting an arrest in any foreign country as part of any foreign police action with respect to narcotics control efforts, notwithstanding any other provision of law. It does permit, with the approval of the U.S. Chief of Mission, a U.S. officer or employee to be present at the scene of an arrest and to assist foreign officers who are effecting an arrest.

Section 4501(b) states that subsection (a) does not prohibit a U.S. officer or employee from taking direct action to protect life or safety if exigent circumstances arise which are unanticipated and which pose an immediate threat to U.S. officers or employees, officers or employees of a foreign government, or members of the public.

Section 4501(c) provides an exemption from the prohibition contained in subsection (a) for maritime law enforcement operations in the territorial sea of a country.

Section 4501(d) prohibits U.S. officers or employees from interrogating or being present during the interrogation of any U.S. person arrested in any foreign country with respect to narcotics control efforts without the written consent of such person.

Section 4501(e) states that this section shall not apply to the activities of the U.S. Armed Forces in carrying out their responsibilities under applicable Status of Forces arrangements.

Section 4501 is virtually identical to section 481(c) of current law, commonly known as the "Mansfield amendment," which was revised by the International Narcotics Control Act of 1989.

The only change from current law is the addition in section 4501(d) of "and archipelagic waters" which permits maritime law enforcement operations in the archipelagic waters of an archipelagic state as well as the territorial waters of a country, with the agreement of the country. This addition will be necessary to continue current operations in the Bahamas if it claims a 12 mile territorial sea as expected later this year.

Section 402—Exemption of narcotics-related assistance from prohibition on assistance for law enforcement agencies

Section 402(a) states that for fiscal years 1992 and 1993, section 6202 shall not apply with respect to transfers of excess defense articles under section 2302, foreign military financing assistance that is provided for narcotics-related purposes, or for international military education and training that is provided for narcotics-related purposes.

Section 402(b) requires that at least 15 days before any excess defense articles are transferred or any funds are obligated for FMF or IMET under this section, the President shall notify Congress in accordance with the procedures applicable to reprogramming notifications under section 6304.

This section responds to an executive branch request for a waiver of the prohibition contained in section 6202 (section 660 of current law) on providing assistance and training to foreign police forces. The executive branch requested a permanent waiver of section 660

of current law, for all economic and military foreign assistance accounts worldwide, for narcotics-related purposes. The committee has provided such a waiver only for military assistance accounts (narcotics-related excess defense articles under section 2302, FMF, and IMET), with prior notice to Congress, for a two-year "trial period" through fiscal year 1993.

The committee notes that narcotics control assistance provided under this title is permanently exempted from the prohibition contained in section 6202. Section 6202 itself also exempts overseas activities conducted through the Drug Enforcement Administration. Section 2901(b) (section 506(a)(2) of current law) also contains a permanent waiver from this prohibition. The committee has on numerous occasions provided narcotics-related waivers of this provision (as in section 732 of this bill) for specific purposes, primarily in Latin America. The committee has therefore agreed to provide a global waiver of this requirement for the relevant military assistance accounts for a two-year period. In the case of the Andean Initiative this waiver is provided in explicit recognition of the executive branch's recent emphasis on assistance to the police vis-a-vis assistance to the military. The committee stresses that this waiver is provided for narcotics-related purposes, and that it will closely monitor any use of this authority for purposes which extend beyond those related to narcotics control objectives.

The executive branch provided no compelling rationale for extending the waiver of the prohibition to development assistance and ESA (beyond that contained in the administration of justice program in section 781 of this act), and the committee has therefore not provided such a waiver for economic assistance funds.

Section 403—Export-Import Bank financing of antinarcotics-related sales of defense articles or services

Section 403 amends section 2(b)(6)(B)(iv) of the Export-Import Bank Act of 1945 by striking out "1992" and inserting in lieu thereof "1994".

This section extends a provision which has been in law since 1988 (section 4703 of the Anti-Drug Abuse Act of 1988, Public Law 100-690). In that Act, an exemption was created from the general prohibition on Export-Import Bank financing for sales of defense articles and services to developing countries if those sales were primarily for anti-narcotics purposes. That authority was provided through fiscal year 1990, and was subsequently extended through fiscal year 1992 in the International Narcotics Control Act of 1990 (Public Law 101-623). Section 403 extends this authority through fiscal year 1994.

TITLE V—SPECIAL ASSISTANCE INITIATIVES AND OTHER REGION OR COUNTRY SPECIFIC PROVISIONS

Section 501—Special initiatives and provisions

Section 501 creates a new title V of the Foreign Assistance Act as follows:

TITLE V—SPECIAL ASSISTANCE INITIATIVES AND OTHER REGION OR COUNTRY SPECIFIC PROVISIONS

CHAPTER 1—LONG-TERM DEVELOPMENT ASSISTANCE FOR AFRICA

Section 5101—Development Fund for Africa

Section 5101 restates Chapter 10 of the Foreign Assistance Act which established the Development Fund for Africa.

Section 5101(a) contains congressional findings concerning: (1) the impact of drought and famine on the people of sub-Saharan Africa; (2) the impact of drought and famine, in combination with other factors, on long-term development in sub-Saharan Africa; (3) the most cost-effective and efficient way of overcoming Africa's vulnerability to drought and famine.

Section 5101(b) contains the basic authority for the President to implement this chapter.

Section 5101(c)(1) states that the purpose of this assistance shall be to help the poor majority of men and women in sub-Saharan Africa participate in a process of long-term development that is equitable, participatory, environmentally sustainable, and self-reliant.

Section 5101(c)(2) states that, consistent with the purpose of helping the poor majority, assistance should be provided to promote economic growth, encourage private sector development, promote individual initiatives, and reduce the role of central governments in areas more appropriate for the private sector.

Section 5101(d) states that assistance shall be provided consistent with the basic objectives and policies expressed in section 1102 of the Foreign Assistance Act.

Section 5101(e) addresses the role of private voluntary organizations (PVOs) under this chapter and their role in facilitating greater participation of the poor as follows:

(1) Local level perspectives of the rural and urban poor, including women, are to be taken into account during the planning process for project and program assistance. That perspective is to be gained through close consultation between the administering agency and African and other PVOs with demonstrated effectiveness in the promotion of local grass roots development activities. The committee intends that views and information emanating from such consultations shall be significantly factored into decisions on project and program assistance under this chapter.

(2) PVOs under this chapter are defined to include (in addition to entities traditionally considered to be private voluntary organizations) cooperatives, credit unions, trade unions, women's groups, nonprofit development research institutions, and indigenous private and nonprofit development research institutions.

Section 5101(f) directs that local people are to be consulted and involved in the implementation of projects with a local focus.

Section 5101(g) directs that the administering agency incorporate a significant expansion in the participation, including decisionmaking, and integration of African women in each of the critical devel-

opment sectors as described in subsection (i). Every effort is to be made to assess gender differences and roles. Annual country assistance plans are expected to address how the participation and integration of women is to be promoted and assess the extent to which such participation and integration exists at the time plans are prepared.

It is the intention of the committee that the term decisionmaking encompass the identification, planning, design, implementation, management, monitoring, and evaluation of assisted activities.

Section 5101(h) sets forth the types of assistance. Projects and programs to address the critical sectoral priorities for long-term development described in subsection (i) are to receive primary emphasis. Assistance may also be used to promote reform of national economic policies affecting long-term development with primary emphasis on reforming economic policies which support the critical sectoral priorities for long-term development. This subsection also mandates that vulnerable groups and long-term environmental interests be protected from possible negative consequences of economic policy reforms. The committee intends that assistance for policy reforms take into account the need for adjustments should a recurrence of drought make it impossible to achieve policy reform goals.

Consistent with the purposes of this chapter assistance may also be furnished to carry out the provisions of chapter 2 of title I relating to development assistance.

Section 5101(i) describes five critical sectoral priorities for long-term development as follows:

(1) Agricultural production and natural resources.—Agricultural production, especially food production, is to be increased through policy changes, research, and other measures which can contribute to increased production in ways which protect and restore the natural resource base. Emphasis shall be given to increasing equity in rural income distribution and recognizing the role of small farmers. Gender roles are to be analyzed to ensure that women are integrated into developmental activities.

Given the critical role in African growth and development that indigenous institutions of higher education can play in developing agriculture and human resources and in furtherance of this priority, the Administrator is expected to provide support for strengthening and developing selected African higher education institutions in order to address the problems of food production and distribution. In order to create continuing support for applied agricultural research and education, this support should, to the maximum extent possible, promote linkages between agricultural research and extension activities in sub-Saharan Africa through the involvement of institutions of higher education, and between African institutions of higher education and indigenous farmers' associations. This support should be provided on a long-term basis in recognition of the complexity of institution-building efforts and should utilize, in a collaborative manner, the capabilities and expertise of U.S. institutions of higher education.

Recognizing the interdependence of economic growth and environmental concerns, emphasis is to be placed on maintaining

and restoring the renewable natural resource base primarily in ways which increase agricultural production. Such emphasis shall be on projects which are small scale, low-risk, resource conserving, affordable, locally adaptable, and which feature close consultation with local people during the project design process. Appropriate activities include agroforestry, small-scale farms and gardens, and other innovative agricultural methods (including energy and resource-conserving techniques and use of organic or regenerative methods where feasible); check dams and terraces and other projects to prevent erosion or protect watersheds; tree planting for windbreaks, soil stabilization or firewood; energy conservation and small-scale energy production to reduce consumption of firewood and animal wastes otherwise usable as fertilizer; sustained production from indigenous plants and animals, especially to conserve rangelands; and local education and training efforts.

Support is also to be given to strengthen capacities of African countries to provide effective support for environmentally sustainable activities which result in increases in food production. Appropriate activities include strengthening such institutions as environmental authorities, soil conservation and forestry services, and nongovernmental organizations; providing seeds, seedlings, energy-efficient and resource-conserving devices, and other needed materials; and creating financial mechanisms to furnish credit to small farmers.

Support is to be available for training and education to assist African countries in improving their capacity to manage their own environments and natural resources. Appropriate activities include support for African training and educational institutions; development of curricula; training and education components of projects of the kinds described in clauses (i) and (ii); training and education programs through national and local government extension services, nongovernmental organizations and other appropriate indigenous institutions; establishment of cooperative arrangements between United States and African academic institutions; support for natural resource managers to participate in conferences, courses, seminars and the like; and training of trainers.

Support is also to be available for low-cost desalination activities.

(2) *Health and AIDS Prevention.*—Appropriate efforts are called for to improve health conditions, including Acquired Immune Deficiency Syndrome prevention, with special emphasis on self-sustaining primary health care systems that give priority to preventive health care and in AIDS prevention programs, on community-based education programs.

(3) *Voluntary population planning.*—Assistance shall be used to provide increased access to voluntary family planning services, including encouragement of private, community, and local government initiatives.

(4) *Education.*—Improving the relevance, equity, and efficiency of education with emphasis on improving primary education.

(5) Income-generating opportunities.—Particular emphasis is to be placed on those enterprises which relate to processing increased agricultural production and adding to the value of that production and to production of consumer goods in rural areas.

Section 5101(j) targets funding levels for natural resources, health, acquired immune deficiency syndrome (AIDS) prevention, and voluntary population planning activities. The Administering Agency should target the equivalent of 10 percent of the amounts appropriated to carry out the purposes of this chapter for each of the natural resources, health, and population planning sectors. Five percent of the amount appropriated should be targeted for the AIDS prevention programs. Of the funds made available for population planning activities, the Africa bureau of AID may obligate funds directly, or, as necessary, use existing procedures to “buy in” to the centrally-funded programs for population planning to meet the 10 percent earmark.

In view of the continuing high rates of population growth in sub-Saharan Africa, and noting the target for population assistance in this section, the committee expects the Agency for International Development (AID) to increase the funding for population assistance from the DFA to an amount equal to 10 percent of the total funding available for the DFA in fiscal years 1992 and 1993. The Committee further expects AID to continue to make available centrally funded population programs for sub-Saharan Africa at the same level at which such programs were funded in fiscal year 1991. In addition, the committee is concerned by reports of agency reluctance to assign population officers in sub-Saharan Africa and urges that additional such officers be assigned, with priority given to countries which have ongoing bilateral U.S. population assistance programs.

Funds made available for AIDS prevention activities may also be counted in meeting the 10 percent target for health activities. Funds provided through international organizations shall not be counted in meeting the target for AIDS prevention.

Section 5101(k) directs that assistance is to be concentrated in those countries which will utilize it most effectively in carrying out the purposes of this act, especially in those countries having the greatest need, including the Sahelian countries.

Section 5101(l) directs that assistance shall be used to promote the regional and subregional integration of production structures, markets and infrastructure.

Section 5101(m) provides that funds may be used to assist countries in increasing their capacity to participate in donor coordination mechanisms at the country, regional, and sector levels.

Section 5101(n) sets forth the relationship between the authorities contained in this section and other authorities. Centrally-funded programs which benefit sub-Saharan Africa shall continue to be funded under Title I of the Foreign Assistance Act. The committee does not intend that the establishment of a regional account should diminish efforts now being made through the central accounts.

The transfer authority in section 6101 shall not be used to transfer funds made available to carry out this section in order to allow them to be used in carrying out any other provision of this Act.

The notification requirement in section 6304 is waived with respect to this section, in order to allow the administering agency greater flexibility in responding to development needs in Africa. Procurement standards and requirements contained elsewhere in this Act are also waived. This waiver is provided in order that assistance authorized by this section be furnished as effectively and expeditiously as possible.

Section 5101(o) expresses the sense of the Congress that there should be periodic evaluations of the progress in achieving the purposes of this chapter.

The committee fully supports and endorses the Development Fund for Africa. The establishment of a separate authorization for sub-Saharan Africa is the product of almost eight years of dialogue between the Congress and AID. The final product was the compromise between AID and the Congress and assures that development assistance provided to sub-Saharan Africa will remain equitable, fully-participatory, environmentally sustainable, and aimed at African self-reliance.

The DFA would not have been possible without extensive discussions, consultations, and negotiations with AID. These consultations have become a regularized part of congressional-AID interaction on assistance to Africa. The committee intends that this process should not only be continued, but also expanded to include ongoing prior notification to Congress on the expenditure of DFA funds for major projects or programs which were not anticipated or projected by AID for any given country.

The record of post-colonial achievements has seen little if any real improvement in the quality of life of the average African. Compared to the other regions of the world, sub-Saharan Africa has shown an economic downward trend and, in most cases, a sustained record of minimal growth. It is clear that the root causes of Africa's serious economic and political problems stem from the widespread poverty which generally characterizes the region.

For most of the period, U.S. development assistance did not or could not address these problems. Limited by many of the restrictions and inflexible conditions of functional accounts under chapter 1 of the Foreign Assistance Act, AID could not support or respond to economic reform opportunities or obstacles in Africa. Because of the need for African development assistance to be uniquely tailored to the specific needs of African countries, the DFA was established. The unique authority of the DFA allows development assistance to be provided in an expeditious and efficient, yet targeted, manner. It allows AID the flexibility and authority to respond to sectoral priorities in a way consistent with congressional intentions and directives without corresponding limitations such as earmarks.

Inherent in the structure of the DFA is the implicit understanding that AID will adhere, to the maximum extent practicable, to the stated concerns and recommendations of Congress with respect to the development objectives for the African region as a whole and individual African states. Therefore, in order to preserve this flexibility, the committee has resisted the practice of earmarking funds from the DFA.

There remains the necessity of close consultation between the Congress and AID to address the critical development needs of the

sub-Saharan region. It is the committee's intent that these consultations be informal where appropriate, and focus on areas of special concern to Congress. These consultations should take place as often as necessary and, in any event, on a quarterly basis. It is the committee's expectation and intent that this process of consultation will lead to the provision of development assistance to sub-Saharan Africa in an even more efficacious manner and foster a greater degree of interactive participation between the Congress and the executive branch in this important area.

Section 5102—Support for SADCC projects

Section 5102 provides that funds may be used for sector projects supported by the Southern Africa Development Coordination Conference (SADCC), a regional organization with a membership consisting of Angola, Botswana, Lesotho, Malawi, Namibia, Mozambique, Swaziland, Tanzania, Zambia, and Zimbabwe. This section also sets forth the purposes for which funds are to be used, including transportation, manpower development, agriculture and natural resources, energy, and industrial development and trade. The section further provides that to the maximum extent feasible, assistance authorized by this section shall be provided consistent with the policies and authorities contained in section 5101.

Section 5103—Authorizations of appropriations for assistance for the Development Fund for Africa

Section 5103(a) authorizes the appropriation of \$1 billion for fiscal year 1992, and \$1.2 billion for fiscal year 1993 for the Development Fund for Africa. Subsection 5103(b) expresses the sense of the Congress that funds appropriated to carry out this chapter be made available until expended.

CHAPTER 2—MULTILATERAL ASSISTANCE INITIATIVE FOR THE PHILIPPINES

As a result of the lack of passage of a foreign aid authorization bill for fiscal years 1990 and 1991, legislation authorizing the Multilateral Assistance Initiative for the Philippines (MAI) has never been enacted. Funding for the MAI has proceeded without this authorizing legislation, with almost \$320 million appropriated in fiscal years 1990 and 1991.

It is still important, however, to enact the authorizing provision, because it authorizes the full \$1 billion requested by the Administration for this burden-sharing initiative, and because it contains several reporting requirements that will enable the Congress to do a better job in assessing the merits of this program in the future.

The Committee notes that the MAI has not met its original funding targets of providing \$2 billion a year for 5 years in additional resources to the Philippines, \$1 billion in assistance from donors, and \$1 billion from the private sector. U.S. contributions of \$160 million each year have fallen short of the Administration's request of \$200 million in fiscal years 1990 and 1991; for fiscal year 1992 the Administration request was \$160 million. The committee understands, however, that the Administration intends to support full funding of the \$1 billion U.S. commitment either by requesting

higher funding levels for the final two years or by stretching out the program beyond its original 5 year duration.

The committee reiterates its belief that the basic concept behind the MAI is that of a quid pro quo. The willingness of the United States and other donors to provide a significant increase in resources to the Philippines will continue to be contingent on the demonstration by the Philippine Government of its willingness and ability to enact fundamental economic reforms. The committee strongly supports the economic reform agenda which has been laid out by the MAI Consultative Group and the International Monetary Fund, including reforms in such areas as foreign investment, oil price deregulation, tariff reform, privatization, exchange rate devaluation, financial sector reform and tax reform. Recognizing that various external factors limited the ability of the Philippine Government to implement its economic reform agenda in 1990, the committee nevertheless believes that the Government of the Philippines needs to do more to expedite the pace of its economic reform program.

Section 5201—Findings and statement of policy

Section 5201 sets forth a number of findings regarding the U.S.-Philippine relationship and expresses the sense of Congress that the United States should participate with other donors and multilateral institutions in a coordinated economic reform and development program in the Philippines, and that such a program requires a multiyear commitment of donor resources and a continued reform effort and leadership role by the Government of the Philippines in order to ensure continued economic growth in the Philippines and enhanced participation of the Philippine people in the democratic process.

Section 5202—Assistance

Section 5202(a) authorizes the provision of assistance to promote the four basic objectives set forth in section 1102 of the Foreign Assistance Act and states the following objectives for that assistance: support for democracy in the Philippines; promotion of sustained economic growth led by the private sector; improvement of living conditions for the people of the Philippines; and its connection to progress made in the development and implementation of economic, structural, judicial, and administrative reforms.

Section 5202(b) links the provision of assistance under this chapter to progress by the Government of the Philippines in the implementation of its economic, structural, judicial, and administrative reform program.

Section 5202(c) provides that this assistance may be used for: (1) economic, structural, and administrative reforms, and voluntary debt reduction programs in order to stimulate growth; (2) infrastructure needed by the private sector; (3) strengthening the private sector, including promoting greater participation of the U.S. private sector in Philippines development; and (4) other programs as are consistent with the purposes of this chapter.

Section 5203—Report to Congress

Section 5203(a) requires the President to submit congressional presentation documents regarding the MAI in conjunction with future requests for assistance under the MAI program. Section 5203(b) directs the President to submit a report on the accomplishments of the MAI program in fiscal years 1990 and 1991 and on the objectives of the program in fiscal year 1992. Section 5203(c) requires the President to submit an annual report to the Congress on progress in carrying out this chapter.

Section 5204—Authorization of appropriations

Section 5204 authorizes \$1 billion for the U.S. contribution to the multilateral assistance initiative for the Philippines, less amounts appropriated to carry out the purposes of this chapter for fiscal years 1990 and 1991, of which not more than \$160 million may be appropriated for fiscal year 1992, and such sums as necessary may be appropriated for fiscal year 1993.

Section 5205—Appropriations in future years

Section 5205 expresses the sense of Congress that before requesting additional appropriations for the MAI, the President should take into account the progress being made by the Philippines toward achieving the reform objectives of this chapter, the extent of financial and other participation of other bilateral donors and multilateral financial institutions, and efforts to coordinate the multilateral assistance program for which MAI funds are provided. Such considerations will be primary factors in decisions by the Congress to provide additional appropriations for the MAI.

Section 5206—Donor coordination

Section 5206 expresses the sense of Congress that coordination among all the donors to the MAI and the Government of the Philippines will be critical to the success of the program. All bilateral donors to the MAI should take steps to simplify procurement and disbursement procedures, and the Government of the Philippines should establish internal procedures to ensure effective use of the resources received under the MAI.

Section 5207—Administrative authorities

Section 5207 provides that, except to the extent inconsistent with this chapter, assistance under this chapter shall be considered to be economic assistance under title I of this Act.

CHAPTER 3—CARIBBEAN REGIONAL DEVELOPMENT

Section 5301—Short title

Section 5301 provides that this chapter may be cited as the “Caribbean Regional Development Act of 1991.”

Section 5302—United States policies

Section 5302 sets forth policies for U.S. economic assistance to the Caribbean.

Section 5303—Priority areas for assistance

Section 5303 provides that priority in the allocation of economic assistance for the Caribbean should be given to: increased food production; rural development; community-based agro-industries; financial resources for small- and medium-sized farm and manufacturing enterprises; expansions of tourism; regional integration; upgrading technical and managerial skills; protecting the natural resource base; private sector development; democratic development and the administration of justice; and access to human services and assistance for human resources development.

The committee wishes to note the following with respect to several of these priorities.

(1) Increased food production. Support for the coordination of agricultural research under paragraph (1)(B) should include research designed to improve crop yields and quality, to increase the availability of locally produced livestock and livestock feed, to develop new products, and to identify, multiply, and distribute local seed material to farmers for crop production. The committee supports the implementation of the Regional Food and Nutrition Strategy approved by the member governments of the Caribbean Community in 1983.

(2) Community-based agro-industries. Implementation of this objective should include support for the programs of the Caribbean Food Corporation, for the development and introduction of production technology appropriate for such industries, for programs that ensure the availability of credit to such industries, and for the provision of the necessary training for the management and production personnel required by such industries.

(3) Regional integration. The committee believes that regional economic integration will help establish the basis for the long-term competitiveness of the Caribbean in the international market. Regional economic integration should be supported by helping to increase the capacity of regional organizations to support development. It is the intent of the committee that support for efforts to strengthen the regional commercial and developmental infrastructure called for by subparagraph (6)(B) should include the replenishment of the Multilateral Clearing Facility of the Caribbean Community and support for the development of food marketing infrastructure through the Caribbean Food Corporation.

(4) Upgrading technical and managerial skills. Efforts to achieve this objective can be carried out through the increased utilization of local personnel, knowledge, technologies, and expertise in all development-related activities; through support for training in appropriate technical fields, including administration, finance, marketing, science, technology, environmental protection, and tourism, and through support for increasing the capacity of Caribbean institutions to provide training in these fields.

(5) Natural resource base. It is the intent of the committee that assistance under this paragraph should include support for the following: (1) programs that place an emphasis on

small-scale, affordable, resource-conserving, local activities in such areas as sustainable agriculture, fisheries, and agroforestry, and that utilize appropriate technologies such as organic fertilizer, terracing, contour cultivation, and tree planting; (2) the development of new and renewable sources of energy (including biogas, wind, solar, and geothermal resources) and for improvements in energy efficiency; (3) programs focusing on expanding the development and use of local plants in preventative and curative medicine; (4) the establishment of wildlife preserves and other protected areas; (5) developing environmental curricula for use in the formal education system and materials for public education campaigns; (6) Caribbean institutions (such as the Caribbean Conservation Association, the Faculty of Agriculture of the University of the West Indies, the Eastern Caribbean Center of the University of the Virgin Islands, and the University of Puerto Rico) to make available technical and material resources needed to implement the above programs; and (7) conferences that enable farmers, workers, scientists, policymakers, and others to meet with their regional and international counterparts to discuss and develop expertise in environmental issues.

Section 5304—Protection of workers rights

Section 5304 provides that, in considering whether and how much assistance to provide to the government of a Caribbean country, the President shall take into account that government's performance in extending, protecting, and enforcing internationally recognized worker rights.

Section 5305—Protection of public health

Section 5305 provides that the Agency for International Development should not provide assistance for the use of any chemical or other substance in a Caribbean country if use of the substance is not permitted under the laws of that country or would not be permitted under U.S. laws.

Section 5306—Support for women's role in development

Section 5306 provides that, in providing assistance to the Caribbean, the Agency for International Development should emphasize the active participation of women in the development process.

Section 5307—Consultation

Section 5307 provides that, in implementing its assistance policies, programs, and projects in the Caribbean, the Agency for International Development should take into account the perspectives of the rural and urban poor through consultation with Caribbean organizations that work with the poor and that have a demonstrated commitment to grassroots development.

The committee wishes to emphasize the importance of consulting with the intended beneficiaries of United States economic assistance in the elaboration and implementation of development policies, programs, and projects. The committee believes that the Agency for International Development should monitor socioeconomic conditions in the Caribbean and the effect of U.S. economic

assistance programs on those conditions. The committee intends to request periodic reports from the Agency on the effectiveness of the programs conducted under this chapter in furthering the policies set forth in section 5302 and in carrying out the priorities of section 5303, on the nature and results of the consultations undertaken under section 5307, and on the results of the Agency's monitoring efforts.

Section 5308—Definition of Caribbean

Section 5308 provides a definition of the Caribbean.

CHAPTER 4—ENTERPRISE FOR THE AMERICAS INITIATIVE

Chapter 4 authorizes the Enterprise for the Americas Initiative, a program proposed by the President in June 1990 and designed to encourage and support improvement in the lives of the people of Latin America and the Caribbean through market-oriented reforms and economic growth with interrelated actions to promote debt reduction, investment reforms, and community-based conservation and sustainable use of the environment.

Section 5401—Establishment of Enterprise for the Americas Facility

Section 5401 establishes within the Treasury Department the "Facility" for the Enterprise for the Americas. The Facility is the structure set up within the Treasury Department to administer debt reduction operations.

Section 5402—Purpose of Initiative and the Facility

Section 5402 sets the purpose of the Enterprise for the Americas Initiative (EAI) to support market-oriented reform and economic growth through inter-related actions to promote debt reduction, investment reforms and community-based conservation and sustainable use of the environment. These objectives will be supported through debt-reduction operations which provide environmental protection resources for countries which meet the eligibility criteria. Assistance through the Facility should supplement existing regional U.S. foreign assistance efforts.

Section 5403—Eligibility for benefits under the Facility

Section 5403 establishes four basic criteria which Latin American or Caribbean countries must meet in order to qualify for debt reduction benefits. It leaves discretion to the President to make the eligibility determination. Countries must have in effect, or be making progress toward: an IMF standby, or related equivalent agreement; a World Bank structural adjustment, or IDA loan; major investment reforms; and an agreement with commercial bank lenders on a financing program including debt or debt service reduction.

Some flexibility has been added to the original Administration formulation of these requirements in order to allow for individual country circumstances in determining qualification for benefits under the Facility.

The committee is concerned that the imposition of World Bank and IMF structural adjustment programs, proposed by the execu-

tive branch as eligibility requirements for debt reduction benefits, can have serious adverse impacts on the poor and on the environment. Stringent structural adjustment programs can run the risk of undercutting the social and environmental benefits of debt reduction. Consequently, this section provides important flexibility, stating that World Bank and IMF eligibility requirements need only be met where "appropriate." These requirements should be deemed inappropriate where evidence exists that a proposed World Bank or IMF adjustment program has significant adverse social or environmental impacts.

This section also gives the President the authority to waive IMF and World Bank eligibility requirements if the President determines, after consultation with the Environment for the Americas Board, that such programs could be reasonably expected to have significant adverse social or environmental effects. Assessment of adverse social or environmental effects may, at the discretion of the President, be delegated to the Environment for the Americas Board pursuant to an executive order.

In addition, the committee has provided the President with the flexibility to determine if an IMF program is necessary. The language states that a country may have "in exceptional circumstances, a Fund monitored program or its equivalent." A program shall be deemed equivalent within the meaning of subsection (a)(2)(A) if the country seeking eligibility is taking concrete steps and making progress to reform its economy, consistent with the objectives of an IMF agreement.

Section 5404—Reduction of certain debt

Section 5404 authorizes debt reduction for bilateral foreign aid debt owed to the U.S. Government as of January 1, 1990 to such extent as is approved in advance in appropriation Acts. The section describes the circumstances for the exchange of the old debt obligations for the new, and the corresponding adjustment in AID's accounts.

This section authorizes \$242.3 million for fiscal year 1992 and \$224.6 million for fiscal year 1993. Funds authorized by this section shall not be considered assistance for purposes of any provision of law limiting assistance to a country.

The President should, through the debt reduction authorized by this section and through consultation with other governments and with international organizations holding the debt of such country, seek to reduce the country's actual debt service burden to a level consistent with the country's ability to invest in its own development. The committee believes that a reduction in debt service payments is an important element in successfully dealing with the debt problem of certain countries in the hemisphere. The committee did not include specific language in the bill requiring the President to consider reducing the debt service burden of eligible countries, because the committee received a commitment from the administration that it intends to consider debt service reduction on a case-by-case basis.

Section 5405—Repayment of principal

Section 5405 directs that principal shall be paid in US dollars, and deposited in U.S. Government accounts.

Section 5406—Interest on new obligations

Section 5406 provides that the restructured debt will bear a concessional interest rate. It requires that an Environmental Framework Agreement between the United States and the beneficiary country be negotiated before interest payments may be made in local currencies. The local currencies are the property of the beneficiary country until they are disbursed to local administering bodies established pursuant to an Environmental Framework Agreement. In the absence of a Framework Agreement, interest must be repaid in dollars, and may not be retroactively applied to the Environmental Fund. This provision serves as an incentive for early conclusion of an Environmental Framework Agreement in order to avoid hard currency interest payments, and to assure any interest payments are credited to the Environmental Fund.

Section 5407—Establishment of, deposits into, and disbursements from the Environment Fund

Section 5407 requires each beneficiary country that enters into an Environmental Framework Agreement to establish an Environmental Fund to receive payments in local currencies. A country may still be eligible for benefits under the Facility even if it does not sign an Environmental Framework Agreement. However, those countries would still be required to pay interest on their debts in U.S. dollars. Local currency payments are not to be considered as assistance for the purpose of laws which limit aid to a country. Deposits made into the Environmental Fund may be invested, and any return on the investment may be retained by the Environment Fund. The administering body may make grants from either the principal deposited in the Fund or from accrued interest only in accordance with an Environmental Framework Agreement between the United States and an eligible county.

Section 5408—Environmental Framework Agreement

Section 5408 authorizes the Secretary of State to negotiate an Environmental Framework Agreement with eligible countries, and requires consultation with the Enterprise for the Americas Board (created in section 303).

It sets forth six guidelines to be included in an Environmental Framework Agreement, including the establishment of an Environmental Fund; interest payments to the Fund; prompt disbursements; maintenance of the value of local currencies; uses of the Fund; and enforcement.

This section requires that funds disbursed from the Environmental Fund be administered by a body legally constituted under the laws of the beneficiary country and sets forth specifications for the body. The body is to be comprised of a limited number of representatives nominated by the U.S. Government and the host government (one or more from each), and a majority from local NGO's, as well as from the scientific and academic communities. The duties

of the body shall include: receiving and making grants in accord with the Framework Agreements; program management and grant oversight; submitting an annual program for review by Environment for the Americas Board; submitting an annual report of activities to the America's Board Chairman, and host country government. Grants over \$100,000 are subject to veto by either government.

Administrative costs of the local administering bodies, in the capacities described above, can be drawn from the Environmental Fund. Part of the annual program to be submitted to the Board should include a reasonable administrative budget.

In order to ensure that conflicts of interest do not arise, it is expected that representatives on the administering body shall recuse themselves on votes relating to any projects in which they have a financial interest.

This section states that eligible activities are those which link conservation and sustainable use of natural resources with local community development. The committee believes that the linkages between environmental protection, sustainable use of resources, and local community development is crucial. Without such linkage to development on the local level, long term environmental protection will prove difficult. The committee recognizes, however, that some worthy environmental activities may not have a direct link to local community development. Such activities, including those listed in the Global Environmental Protection Act (Public Law 101-240), would greatly contribute to the overall improvement of a country's environmental situation and would be considered eligible under this section. These activities include restoration, protection, or sustainable use of oceans, atmosphere, plant and animal species, parks and reserves, support for local conservation programs, training, public awareness, institutional support, land and ecosystem management, and regenerative approaches to farming, forestry, fishing, and watershed management.

Grants may only be made to: beneficiary country NGOs (environmental, conservation, development, and indigenous peoples' organizations); local or regional entities; and, in rare cases, to the beneficiary countries. The latter category takes into account that there may be new or small NGOs which have limited capacities in the initial stages. As the local NGO capacities develop, it is expected that grants to host country governments will not be necessary. A key objective of the legislation is to promote local institution building at the grass roots level.

Section 5409—Environment for the Americas Board

Section 5409 establishes the Environment for the Americas Board, composed of 9 members appointed by the President (5 representatives of U.S. Government agencies; and 4 representatives of organizations, scientific and academic organizations), and which is to be chaired by a representative from a U.S. Government agency. It is expected that Treasury, State, USDA, AID and the Inter-American Development Foundation will be represented on the Board. The responsibilities of the Board, which are advisory, review and non-management in nature, are to:

- (1) advise the Secretary of State on negotiations of a Framework Agreement:

(2) ensure, in close consultation with the government of the beneficiary country and in-country and regional NGOs and scientific and academic leaders, that a suitable local environmental body is identified for each country;

(3) review programs, operations, and fiscal audits of the local environmental body.

This section allows the members of the Environment for the Americas Board, who may not agree with the manner in which the Initiative has been implemented, to express their concerns in the report to the Congress. It is the committee's intention that the membership of the Environment for the Americas Board include, at all times, both a representative of a field oriented environmental NGO and a representative of a policy oriented environmental NGO.

Section 5410—Encouraging multilateral debt donations

Section 5410 encourages the President to actively encourage both official and private creditors to also reduce debt owed to them by these countries.

Section 5411—Annual report to and consultation with Congress

Section 5411 requires an annual report to Congress on the Facility's operation.

CHAPTER 5—OTHER REGION AND COUNTRY SPECIFIC PROVISIONS

Section 5501—United States policy regarding the Eastern Mediterranean

Section 5501 amends and updates section 620C of the Foreign Assistance Act of 1961. Section 620C(a) contains findings and statements with respect to the achievement of a just and lasting settlement of the Cyprus problem, and declares that the achievement of such a settlement remains a central objective of U.S. foreign policy.

Section 620C(b) establishes a number of principles regarding the conduct of United States policies toward Cyprus, Greece and Turkey. These principles are: (1) that the United States shall actively support the resolution of differences in the region through negotiations, encourage all parties to avoid provocative actions, and strongly oppose any attempt to resolve disputes through force or threat of force; (2) that the United States strongly supports efforts, including those of the United Nations, to bring about a prompt, peaceful settlement of Cyprus; (3) that all defense articles furnished by the United States to countries in the Eastern Mediterranean will be used only in accordance with the requirements of the Foreign Assistance Act, the Defense Trade and Export Control Act, and the amendments under which those articles were furnished; (4) that the United States will furnish military assistance for Greece and Turkey only for defensive purposes, including enabling the recipient country to fulfill its NATO responsibilities and shall be designed to ensure that the present balance of military strength between Greece and Turkey be preserved; (5) that any agreement for the sale of other provision of any defense article on the United States Munitions List shall expressly state that the article is being provided by the United States only with the understanding that

the article will not be transferred to Cyprus or otherwise used to further the division of Cyprus, and that the President shall report to Congress any substantial evidence of misuse of equipment provided under any such agreement; and (6) that the United States shall use its influence to achieve the withdrawal of Turkish military forces from Cyprus in the context of a solution to the Cyprus problem.

Section 620C(c) requires the President and Congress to continually review the status of progress toward reaching a just settlement on Cyprus and determine United States policy toward that region accordingly. To facilitate such review, Section 620C(c) requires the President to transmit to the Speaker of the House of Representatives and the Chairman of the Committee on Foreign Relations of the Senate, every 120 days, a report on the progress being made toward the conclusion of a negotiated solution to the Cyprus problem. Section 620C(c) stipulates that this report shall include any relevant reports prepared by the Secretary General of the United Nations for the Security Council.

Section 5502—Strengthening civilian control over the military in Latin America and the Caribbean

Section 5502 provides that military assistance and sales may be delivered to the armed forces of any country in Latin America and the Caribbean only with the prior approval of that country's head of government.

Section 5503—South Africa

Section 5503 retains most of the elements contained in section 116(e)(2), the South Africa component of the human rights fund, and section 117, assistance for disadvantaged South Africans, in current law.

Section 5503 mandates that \$1.5 million of the amounts made available to carry out section 1221 of this legislation, the human rights and democratic initiatives program, be used for grants to nongovernmental organizations in South Africa promoting political, economic, social, juridical, and humanitarian efforts to foster a just society and to help victims of apartheid. The section directs that priority be given to those activities which contribute, directly or indirectly, to promoting a just society, to aiding victims of official discrimination, and to the nonviolent elimination of apartheid, and to organizations whose programs and activities evidence community support. \$500,000 of the funds made available to carry out this section are to be used for direct legal and other assistance to political detainees and their families and for support for black-led community organizations to resist apartheid through nonviolent means.

Section 5503(a)(4) sets limitations on the eligible recipients of the grants. Grants may be made only for organizations whose character and membership reflect the objective of a majority of South Africans for an end to apartheid and for inter-racial cooperation and justice. Grants to governmental institutions or organizations or to organizations financed or controlled by the Government of South Africa are strictly prohibited.

Section 5503(b) authorizes up to \$40 million of economic support assistance, assistance for the Development Fund for Africa, and de-

velopment assistance, to support activities, which are consistent with the objective of a majority of South Africans for an end to apartheid and the establishment of a society based on nonracial principles, including scholarships, assistance to promote the participation of disadvantaged South Africans in trade unions, private enterprise, and alternative education and community development programs.

Section 5503(b)(3) prohibits assistance furnished pursuant to this section from supporting organizations or groups which are financed or controlled by the Government of South Africa. This prohibition does not apply to programs which award scholarships to students who choose to attend South African-supported institutions and which are otherwise consistent with this section.

Section 5503(c) mandates that priority be given to working with and through South African nongovernmental organizations whose leadership and staff are selected on a nonracial basis and which have support of the disadvantaged communities being served.

Section 5504—Assistance for Pakistan

Section 5504(a) contains statements of policy regarding relations with Pakistan and assistance thereto.

Section 5504(b) reaffirms the 1959 executive agreement with Pakistan relating to aggression from a Communist or Communist-dominated state.

Section 5504(c) states the U.S. intention that defense articles provided to Pakistan should be used solely for defensive purposes.

Section 5504(d)(1) authorizes the President to waive restrictions contained in Section 6201(a)(5) if he determines that to do so is in the national interest of the United States.

Section 5504(d)(2) limits the authority of the preceding paragraph to provide such waiver except to cases where a certification regarding Pakistan's possession of a nuclear explosive device is in effect, pursuant to section 620E of the Foreign Assistance Act (the "Pressler amendment").

Section 5504(e) restates the provisions of the Pressler amendment.

Section 5504(f) limits the provision of aid in fiscal years 1992 and 1993 to those circumstances where a Pressler certification is made no later than the last days of the preceding fiscal year.

Section 5504(g) allows for a reprogramming of funds or a subsequent appropriation for Pakistan in those cases which do not meet the limits of the preceding paragraph.

U.S. foreign assistance to Pakistan in fiscal year 1991 has been suspended because the President was unable to certify, pursuant to section 620E of the Foreign Assistance Act that Pakistan did not possess a nuclear explosive device and that proposed assistance would reduce significantly the risk that Pakistan would possess such a device.

The President requested that the Pressler amendment be repealed, while offering the assurance that the basic policy would remain unchanged. The committee believes that such a course of action is unwise at the present time, and the bill retains the restrictions of current law. Despite regional tensions and the increasing visibility of the nuclear issue, the committee remains hopeful

that efforts made by India and Pakistan to dampen suspicion and avoid a regional nuclear arms race will succeed and remains supportive of confidence and security-building measures and of U.S. policies which may further those goals.

Section 5505—Assistance for Cuba

Section 5505 retains the prohibitions contained in section 620(a) of the Foreign Assistance Act. Section 5505(a) prohibits the provision of assistance under this act to the present government of Cuba.

Section 5505(b) prohibits the provision of assistance under this act to any government of Cuba until the President determines that such government has taken appropriate steps to return to U.S. citizens and to entities not less than 50% beneficially owned by U.S. citizens, or to provide equitable compensation for, property taken from such citizens and entities after January 1, 1959, by the Government of Cuba.

Section 502—Conforming amendment relating to the Environment for the Americas Board

Section 502 increases from nine to eleven the number of members on the Environment for the Americas Board as authorized by section 610(b)(1) of the Agriculture Trade Development Assistance Act of 1954. This increase is designed to ensure that there is a seat on the Board for a representative of the Department of Agriculture.

TITLE VI—SPECIAL AUTHORITIES, RESTRICTIONS, REPORTS, GENERAL PROVISIONS, AND TECHNICAL AND CONFORMING AMENDMENTS

Title VI consolidates and revises the basic operating authorities, restrictions, and reporting requirements of the Foreign Assistance Act.

CHAPTER 1—SPECIAL AUTHORITIES, RESTRICTIONS, AND REPORTS

Section 601—Consolidation and revision of authorities and requirements

Chapter 1 amends the Foreign Assistance Act to strike out part III, relating to general provisions, and adds a new title VI as follows:

TITLE VI—SPECIAL AUTHORITIES, RESTRICTIONS ON ASSISTANCE, AND REPORTS

CHAPTER I—SPECIAL AUTHORITIES

Section 6101—Authority to transfer between accounts

Section 6101 generally restates the provisions of section 610(a) of current law. Subsection (a) authorizes the transfer of up to 10% of the funds of one account into another account.

Section 6101(b) places limitations on this authority as follows: (1) prohibits the transfer of funds for use under chapter 2 of title II (foreign military assistance); (2) prohibits the transfer of funds from the Overseas Private Investment Corporation, the Housing and

Urban Development Guarantee Program, development assistance, and from the Development Fund for Africa; and (3) provides that this authority cannot be used to increase an account by more than 20% of the funds otherwise available for that account.

Section 6101(c) provides that this authority may be exercised only if the appropriate committees of Congress are notified at least 15 days in advance in accordance with the reprogramming notification procedures under section 6304.

Section 6102—Special waiver authority

Section 6102 restates, with minor modifications, the provisions of section 614 of current law, which provides the President with the authority under limited, exceptional circumstances to waive provisions of law in order to furnish assistance. In the past section 614 has been exercised only by the President himself, not by his designee, and it is the committee's expectation that this practice would continue.

Section 6102(a) permits the President to authorize the taking of any action (or refraining from the taking of any action) under this Act or the Defense Trade and Export Control Act without regard to any of the provisions of law listed in subsection (c) if (1), in the case of military assistance, he determines it is essential to national security interests and (2), in the case of economic assistance, he determines it is important to the national interests of the United States. For the purposes of this section, economic assistance includes development assistance, economic support assistance, peacekeeping assistance, narcotics control assistance, antiterrorism assistance, assistance for the Development Fund for Africa, and assistance under the Caribbean Regional Development Act.

Section 6102(b) permits the President to take any action (or refrain from taking any action) under any other act which otherwise would be restricted by provisions of foreign assistance legislation if he determines that to do so is important to the national interest.

Section 6102(c) provides that the laws covered by the waiver authority are the Foreign Assistance Act, the Defense Trade and Export Control Act, any other provision of law restricting the authority to provide assistance, make sales or leases, or take other actions under the Foreign Assistance Act or the Defense Trade and Export Control Act, and any law relating to receipts and credits accruing to the United States.

Section 6102(d) requires that, before exercising this waiver authority, the President shall consult with and provide a written policy justification to the Committee on Foreign Affairs and the Committee on Appropriations of the House of Representatives and the Committee on Foreign Relations and the Committee on Appropriations of the Senate.

Section 6102(e) provides that a determination to use this waiver authority shall be effective only if the President notifies in writing the Speaker of the House of Representatives and the Chairman of the Committee on Foreign Relations of the Senate.

Section 6102(f) places ceilings on the use of this waiver authority in any fiscal year as follow: for military sales and leases, \$750 million; for assistance under this act, \$250 million; and for foreign currencies, \$100 million. Further, if this waiver authority is used for

both military sales and assistance to finance that sale, then any such assistance shall be counted against the ceiling on assistance and the portion of the sale not financed shall be counted against the ceiling on military sales. The value of defense articles leased are to be counted against the ceiling for military sales. Not more than \$100 million in assistance may be provided under this waiver authority to any country in any fiscal year, unless that country is the victim of active aggression; not more than \$500 million of the aggregate ceiling of \$1 billion of assistance and military sales may be provided to any one country in any fiscal year.

Section 6102(g) prohibits this waiver authority from being used to waive the limitations on the transfer of funds contained in section 6101(a).

Section 6103—Nonmilitary assistance for unanticipated contingencies

Section 6103 is based on section 451 of current law which provides the President with the authority to respond to emergency situations.

Section 6103(a) authorizes the President to use up to \$50 million during any fiscal year, notwithstanding any other provision of law, for emergency purposes. Such assistance can be used in order to provide assistance as provided for under title I (economic assistance), chapter 6 of title II (peacekeeping), chapter 8 of title II, (anti-terrorism), or title III (narcotics control assistance). This authority cannot be used to take funds from development assistance.

This authority has been revised to raise the ceiling on the provision of assistance under this section from \$10 million to \$50 million. Further, the ambiguity of current law is resolved by providing that during any fiscal year this authority can be used only up to the ceiling. Section 451 of current law has been subject to the interpretation that during any fiscal year up to \$10 million of funds available from each prior fiscal year could be used, thereby making the \$10 million cumulative by each prior fiscal year for which funds were still available.

Section 6103(c) requires the President to report promptly on the use of this authority to the appropriate committees of the Congress.

Section 6103(c) prohibits the use of this authority for the provision of gifts to any official of any foreign government.

Section 6104—Democracy contingency fund

Section 6104 provides the President with a new authority to create a democracy contingency fund to respond to unanticipated opportunities to assist countries which are moving into democracy or which are emerging from civil strife.

Section 6104(a) authorizes the President to provide assistance to a country if he determines that it (1) has recently emerged or is in the process of emerging as a democracy, or (2) has recently emerged or is emerging from civil strife and either has a democratically elected government or is making substantial progress toward a democratic form of government.

Section 6104(b) provides that such assistance shall be used to encourage and facilitate the process of creating and institutionalizing

democracy and to meet economic and human needs resulting from civil strife.

Section 6104(c) provides that such assistance may be provided under the authorities of chapter 3 of title I (relating to economic support assistance) or any other provision of this act.

Section 6104(d) authorizes the President, if he notifies the appropriate congressional committees under the reprogramming notification procedures of section 6204, to provide such assistance notwithstanding any other provision of law that would otherwise prohibit such assistance, except for country-specific prohibitions that sets forth the conditions under which assistance may be provided.

Section 6104(e) permits the use of the authority in section 6101 to transfer funds for use under this section without regard to the 20% ceiling on such transfers, but not in excess of \$100 million.

In authorizing a democracy contingency fund, the committee is seeking to encourage the executive branch to respond promptly and appropriately to the democratic changes which are taking place in Eastern Europe and the rest of the world. In several instances in recent years, the Congress has enacted legislation to provide resources to support emerging democracies in Eastern Europe and in Central America. The rapid and unexpected emergence of democracy in these regions of the world is evidence of the need for a contingency authority to enable the executive branch to respond quickly to such opportunities. The committee intends that the democracy contingency fund will be limited in its use to emerging opportunities in countries whose need has not already been the subject of legislative action and not used as a mechanism to fund executive branch priorities which have received congressional consideration and not been fully funded.

Section 6105—Termination expenses

Section 6105 expands section 617 of current law providing certain authorities necessary with respect to the termination of assistance.

Section 6105(a) provides that, after assistance has been terminated, funds may be obligated for up to eight months to discontinue programs, including the obligation and expenditure of funds for the completion by students of training or studies outside their countries of origin.

Section 6105(b) authorizes the President to assume responsibility for contracts or other obligations for the purpose of making an equitable settlement under extraordinary contractual relief standards.

Section 6105(c) allows the use of assistance that has been terminated for necessary expenses arising from that termination.

Section 6105(d) provides that any provision requiring the termination of assistance under this act shall not be construed to require the termination of guarantee commitments under this act that were entered into prior to the effective date of the termination of assistance.

Section 6105(e) extends the authorities of this provision to assistance provided under any provision of law.

Section 6106—Exemption of assistance through nongovernmental organizations from restrictions

Section 6106 is based on section 123(e) of current law and on various other legislative provisions terminating assistance to specific countries which permit assistance through NGOs to such countries to continue.

Section 6106(a) states that restrictions in this or other assistance acts shall not apply to economic assistance provided through NGOs.

Section 6106(b) provides that the President, in utilizing this authority, shall take into consideration whether assistance for programs of NGOs is in the U.S. national interest.

Section 6106(c) requires that, before each exercise of this authority, notice must be given to the Committees on Foreign Affairs and Appropriations of the House of Representatives and the Committees on Foreign Relations and Appropriations of the Senate.

Section 6107—Exemption of training activities from prohibitions

Section 6107 is based on section 638 of current law. This section provides that no provision of law shall prohibit the provision of assistance for training if the recipient country has a democratically elected government and assistance would not be prohibited for reasons of sections 2808 (relating to antiterrorism assistance), 4402 (relating to narcotics assistance), 6201(a)(1) (relating to communist countries), 6201(a)(2) (relating to expropriation), and section 6202 (relating to police training) of this legislation.

Section 6108—Exemption from prohibitions for assistance to address certain special needs

Section 6108 provides that child survival activities, AIDS prevention and control activities, activities which address the special needs of displaced children, and activities relating to environmentally sound, sustainable resource management and to energy efficiency may be available notwithstanding any restriction in law except section 2808 of the Foreign Assistance Act or any comparable provision prohibiting assistance to countries that support international terrorism.

Section 6109—Activities under certain other laws not affected

Section 6109 makes clear that provisions of this act or other foreign assistance provisions shall not prohibit activities authorized by the Peace Corps Act, the Mutual Educational and Cultural Exchange Act, the Export-Import Bank Act, the Agricultural Act of 1949, the Agricultural Trade Development and Assistance Act of 1954, the Food for Progress Act of 1985, the Inter-American Foundation Act, the African Development Foundation Act, or the Migration and Refugee Assistance Act of 1962, or commercial export promotion activities of the Department of Agriculture (including the Commodity Credit Corporation), unless such prohibition is expressly provided. This section expands on section 638(a) of current law.

CHAPTER II—RESTRICTIONS ON ASSISTANCE

Section 6201—Ineligible countries and projects

Section 6201 substantially rewrites section 620 of current law, as well as the prohibitions contained in section 116 and 502B of current law. It eliminates various outdated provisions and consolidates and makes more consistent the remaining provisions.

Section 6201(a) prohibits assistance to: (1) a communist country; (2) a country whose government engages in a consistent pattern of gross violations of internationally-recognized human rights; (3) a country whose government has expropriated the property or repudiated the contract of a U.S. citizen; (4) a country whose duly-elected head of government is deposed by military coup or decree unless subsequently a democratically-elected government has taken office; (5) a country engaged in nuclear nonproliferation as set forth in section 6206; (6) a project or activity that is specifically designed to increase exports of any agricultural, textile, or apparel commodity from a developing country if such exports would be in direct competition with U.S. exports and can reasonably be expected to cause substantial injury to U.S. exporters of the same or substantially similar commodity; and (7) a country which exports lethal military equipment to countries supporting international terrorism.

Section 6201(b) provides exceptions to these prohibitions under specific circumstances: (1) if the President determines that furnishing assistance is important to the U.S. national interest; (2) for assistance for the immediate alleviation of suffering from a natural or man-made disaster; (3) for assistance furnished through NGOs that will directly benefit poor people; and, (4) for assistance furnished through nongovernmental organizations to directly promote increased respect for internationally-recognized human rights and the development of democracy. The national interest waiver may be used for countries found under section 6206 to be engaged in nuclear proliferation only if the President determines that the furnishing of assistance will further U.S. nonproliferation objectives.

Section 6201(c) provides that the waiver authorities contained in subsection (b) may not be exercised until the President has submitted to the appropriate congressional committees a report on the provision of such assistance; except for the national interest waiver, which requires congressional notification under the reprogramming procedures of section 6304.

Section 6201(d) directs the President to establish a list of communist countries, which shall be published in the Federal Register and furnished to the appropriate congressional committees. A country may be removed from the list, or exempted from the prohibition against assistance, only if the President promptly notifies the appropriate congressional committees.

Section 6201(e) lists certain factors which must be considered in determining whether a government engages in a consistent pattern of gross violations of internationally-recognized human rights and is thus ineligible for assistance; (a) the relevant findings of appropriate international and nongovernmental organizations; (b) the extent the government cooperates in permitting unimpeded investigation by indigenous nongovernmental, other nongovernmental, and international organizations of alleged human rights violations;

and (c) specific actions taken by the President or the Congress relating to the human rights practices of the government in question. The prohibition on furnishing assistance because a country violates human rights also prohibits military sales and licenses and licenses for the export of crime control and detection instruments and equipment.

The committee notes that with respect to section 6201(a)(6), the prohibition contained in that subsection is superseded by section 6 of the International Narcotics Control Act of 1990 (Public Law 101-623) for the purpose of reducing dependence upon the production of crops from which narcotics and psychotropic drugs are derived.

Section 6202—Assistance for law enforcement agencies

Section 6202 retains the prohibition on assistance to police, prisons, and law enforcement forces of foreign governments found in section 660 of current law. Exempted from this prohibition is assistance for narcotics control under title IV, maritime law enforcement, democratic countries which do not have standing armies and do not engage in human rights violations, protecting and maintaining wildlife habitats and plant conservation programs, and antiterrorism assistance. It also clarifies that this prohibition applies to excess defense articles made available under chapter 3 of title II of this act and any other assistance provided under this act without regard to section 7201(c) or (d).

Section 6202(c) notes that in addition to the exemptions from the prohibition listed above, sections 402, 761, 781, and 802(a)(3) of the International Cooperation Act of 1991 provide exemptions from this prohibition under certain circumstances for fiscal years 1992 and 1993.

Section 6203—Intelligence activities

Section 6203 is identical to section 662 of current law, known as the "Hughes-Ryan" amendment. This section provides that no funds may be expended by the Central Intelligence Agency for other than intelligence operations in foreign countries unless the President finds that each such operation is important to U.S. national security. Each such operation shall be considered a significant anticipated intelligence activity for the purpose of section 501 of the National Security Act of 1947.

Section 6204—Countries in arrears on assistance repayments

Section 6204 rewrites section 620(q) of current law, known as the "Brooke-Alexander" amendment. It prohibits assistance to any government which is more than one year in arrears to the U.S. Government on any payment of interest or principal on any loan or credit extended under this act or the Defense Trade and Export Control Act, unless the President determines that assistance to such a government is in the national interest and so notifies the appropriate congressional committees. This restriction applies only to assistance to a government and not to nongovernmental organizations.

A conditional waiver of this prohibition is also provided in section 763(d) for fiscal years 1992 and 1993 for Andean countries.

Section 6205—Family planning activities

Section 6205(a) restates section 104(f) of current law. It prohibits using U.S. funds to pay for the performance of abortion or involuntary sterilization as a method of family planning, or biomedical research relating to the performance of abortion or involuntary sterilizations as a means of family planning.

Section 6205(b) reflects language currently contained in foreign operations appropriations acts. It requires that funding be available only to voluntary family planning projects which offer information or referral to a broad range of family planning methods and services. The provision states that in awarding grants for natural family planning, no applicant shall be discriminated against because of a religious or conscientious commitment to offer only natural family planning; however, all such applicants must comply with the requirement to provide information about other family planning methods. This provision reflects policy governing both domestic and international family planning programs to require all family planning service providers to furnish their clients with information about the range of possible methods of family planning.

Section 6206—Nuclear nonproliferation

Section 6206 retains sections 669 and 670 of current law. This section prohibits assistance to any country which, on or after the date of enactment of the International Security Assistance Act of 1977:

(1) delivers or receives nuclear enrichment equipment, materials, or technology to a nonnuclear weapon state unless the transfer takes place under multilateral auspices and management, where available, and the recipient country has entered into an agreement with the International Atomic Energy Agency to place such material under the safeguards system of the Agency;

(2) delivers to a nonnuclear weapon state, or, if a nonnuclear weapon state, receives nuclear reprocessing equipment, materials or technology;

(3) exports illegally or attempts to export illegally from the United States any material, equipment or technology which would contribute significantly to its ability to manufacture a nuclear explosive device if the President determines that such material, equipment, or technology was to be used in the manufacture of a nuclear explosive device; or

(4) transfers a nuclear explosive device to a nonnuclear-weapon state or is a nonnuclear-weapon state and receives or detonates a nuclear explosive device.

CHAPTER 3—REPORTS AND NOTIFICATIONS TO CONGRESS

Section 6301—Congressional presentation documents for economic assistance

Section 6301 rewrites section 634 of current law. It requires the President to submit to Congress annual congressional presentation documents (CPDs) for economic assistance programs, including development assistance, economic support assistance, other title I economic assistance programs, and the Development Fund for Africa.

The committee expects that these documents will be furnished to the Congress as soon as possible after the President's annual budget presentation each year.

Material required to be submitted for development and economic support assistance includes the rationale for the allocation of assistance to each country, which should include consideration of the requirement contained in section 1102(g) of this act concerning efficient uses of assistance. For economic support assistance, the rationale is also to include a justification for the provision of assistance as economic support assistance and for the particular use of that assistance. In addition, the CPD is to include a brief description of each country program, regional program, and centrally funded program, and an analysis of how the proposed assistance is consistent with the objectives set forth in section 1102. All new activities to be undertaken in the coming fiscal year are also to be described.

In response to a General Accounting Office review of the Agency for International Development's economic assistance pipeline, the funds obligated for development assistance and economic support but not yet expended, additional information is being required on the pipeline. The new provision requires that the annual report to Congress (1) identify any funds that, as of September 30 of the preceding fiscal year, had been obligated for a period of two years or more but had not been expended, and (2) a certification that the purposes for which such funds were obligated remain valid. In making this requirement the committee notes AID's increased emphasis on the Section 1311 review which requires a review of unliquidated obligations to determine their validity. In FY 1990 the 1311 review resulted in approximately \$177 million in program funds being deobligated and reobligated.

The GAO review noted substantial growth in the pipeline in the AID missions which were the focus of the study. In this period of scarce foreign aid dollars it is incumbent that idle dollars be put to use. The Committee expects the Agency to continue to pursue its review of its pipeline and deobligate those idle funds.

Material required for other economic assistance for which there is no other specific annual report requirement includes a summary of program activities for the previous year and a description of activities anticipated in the current and coming fiscal year.

Additional materials required include the information currently presented in what is known as the "green book," "U.S. Overseas Loans and Grants and Assistance from International Organizations," and information concerning the debt servicing capacity of aid recipient countries and summarizing debt relief granted by the United States.

The committee expects to continue its informal consultation with the executive branch regarding specific requirements and format for the annual congressional presentation documents.

Section 6302—Human rights policy and reports

Section 6302 consolidates the policy and reporting requirements of sections 116 and 502B of current law.

Section 6302(a) restates the policy language contained in section 502B of current law asserting that the promotion of human rights

is a principal goal of the foreign policy of the United States. In the furtherance of that goal, section 6302(b) mandates the President to formulate and conduct U.S. assistance and military sales programs in a manner which promotes human rights and avoids identification of the United States with governments which violate human rights. New language in this subsection requires that these programs, especially military assistance and sales programs, be formulated and conducted in a manner which will strengthen the relationship between the civilian and military sectors of the recipient countries appropriate to a democratic system of government.

Section 6302(c) further requires that, in carrying out this human rights policy and in preparing these reports, consideration be given to the relevant findings of appropriate international and nongovernmental organizations and to the extent to which the government in question is permitting the unimpeded investigation of alleged violations of internationally recognized human rights by indigenous nongovernmental organizations, other nongovernmental organizations, and international organizations, such as the International Committee of the Red Cross.

Reference to the information provided by appropriate organizations was added to this section by the committee in recognition of the important contribution made by nongovernmental and other human rights organizations in documenting human rights abuses and of the difficulties facing some human rights organizations, including indigenous groups, in investigating alleged violations of human rights in some countries.

Section 6302(d) contains the requirement for the Secretary of State to submit to the Congress, by February 28 of each year, the annual "Country Reports on Human Rights Practices" for every foreign country. This subsection extends by one month the date by which the report must be submitted to the Congress to allow the Assistant Secretary of State for Human Rights and Humanitarian Affairs, under whose direction the report is prepared, additional time for its preparation and printing. The change was made on the condition that, on or before February 28, the Congress will receive the published version of the report which will be ready for immediate public release and distribution.

Section 6302(e) requires the Secretary of State, at the request of either the Committee on Foreign Relations of the Senate or the Committee on Foreign Affairs, to transmit, within 30 days after receipt of such request, a special report, also prepared by the Assistant Secretary of State, on whatever country is specified in the request. Section 6302(f) provides that both reports are to contain all information available about observance of and respect for human rights and fundamental freedoms in a country, and a detailed description of practices by the government of that country with respect to human rights and fundamental freedoms, including information provided by nongovernmental and other appropriate organizations.

Section 6302(f) defines the terms assistance and military assistance for purposes of this section.

Section 6303—Annual allocation report

Section 6303 restates section 653 of current law requiring that within 30 days after the passage of appropriations legislation pursuant to this Act, the President must notify Congress regarding each country and organization to which the United States intends to provide assistance, and the amount of such assistance.

Section 6304—Notification of program changes

Section 6304 rewrites section 634A of current law. The provision requires 15 day advance notification to the foreign affairs authorizing and appropriating committees of the Congress of increases in assistance levels for countries or organizations and of new activities not justified in the CPD or for which assistance was not furnished for the preceding fiscal year. The Committee expects the executive branch to continue its policy of consultation with the Congress regarding forms for such notification. This requirement may be waived if the President determines that doing so is necessitated by emergency circumstances, but the President must notify the appropriate congressional committees prior to using this authority, and such notification must explain the circumstances which justify using the waiver authority.

Section 6305—Quarterly reports on obligations for development assistance and economic support assistance

Section 6305 is a new provision requiring quarterly reports on the obligation of development assistance and economic support assistance. This requirement has been mandated as a mechanism to permit increased accountability to balance the greater flexibility provided in the legislation in the implementation of economic assistance programs. The committee expects to consult with the executive branch regarding the categories under which obligations will be reported.

The provision also requires that within 30 days after the submission of each report described above, the executive branch shall consult with the foreign affairs authorizing and appropriating committees of the Congress with regard to the obligations reported.

Section 6306—Furnishing information requested by the Congress or the GAO

Section 6306 revises section 633A of current law. It requires the termination of assistance under this Act if the executive branch does not respond to written requests for information from the Congress or the General Accounting Office, either by providing the material requested or by a presidential certification forbidding the furnishing of such assistance and stating the President's reason for doing so.

Section 6307—Information requested by Congress

Section 6307, based on section 654(b) of current law, provides that no committee or officer of either the House or Senate shall be denied any requested information which the President is required to report to the Congress, even though such report has not yet been transmitted.

Section 6308—Presidential findings and determinations

Section 6308 retains current law (section 654(a)) concerning findings and determinations required in foreign assistance legislation which must be reported to Congress. Such findings and determinations must be reduced to writing and signed by the President and no action may be taken prior to such steps being executed. The finding or determination must be published in the Federal Register, unless the President concludes that such publication would be harmful to the national security of the United States, in which case only a statement that the finding or determination has been made shall be published. This provision does not impact on presidential findings concerning covert operations which remain subject to the reporting requirements of section 501 of the National Security Act of 1947.

Section 6309—Reports regarding recipient expenditures for military purposes

Section 6309 revises section 620(s) of current law to require the President to report at least every three years to the Congress on the percentage of the budget of each country receiving any economic assistance that is devoted to military purposes and the degree to which that country is using its foreign exchange or other resources to acquire military equipment.

CHAPTER 2—ADMINISTRATIVE AND GENERAL PROVISIONS

Section 621—Consolidation and revision of provisions

Section 621 amends the Foreign Assistance Act to add a new Title VII as follows:

TITLE VII—GENERAL PROVISIONS

CHAPTER 1—EXERCISE AND COORDINATION OF FUNCTIONS

Section 7101—Delegations by the President

Section 7101 generally retains the language in section 621(a) of current law. It authorizes the President to carry out provisions of this act through any U.S. Government agency or officer.

Section 7102—Designation of administering agency for title I

Section 7102, based on section 621 of current law, requires that a single agency be designated by the President to administer economic assistance provided under title I (economic assistance) and chapter 1 (Development Fund for Africa) and chapter 2 (Multilateral Assistance Initiative for the Philippines) of chapter V.

Section 7103—Authority to establish missions abroad

Section 7103 retains provisions of section 631(a) and (d) of current law. It authorizes the President to establish special missions abroad to carry out the purposes of this act. Smaller economic assistance programs may be administered by the principal economic officer of the U.S. diplomatic mission.

Section 7104—Coordination of United States policies and programs affecting development

Section 7104, which replaces section 640B of current law, directs the President to establish a system to coordinate U.S. policies and programs which affect U.S. interests in the development of developing countries. Unlike current law, section 7104 does not designate a specific entity or participants to carry out this function. The committee feels that current coordination within the U.S. Government has been inadequate and is hopeful that the directive contained in this section will give the executive branch with the incentive and flexibility to establish a more effective structure.

CHAPTER 2—ADMINISTRATIVE AUTHORITIES

Section 7201—Allocation of funds and reimbursement among agencies

Section 7201 retains the provisions of section 632 of current law. The President is allowed to allocate or transfer to any U.S. Government agency any of the funds made available to carry out this act to procure commodities, services, defense articles, or defense services. This section lays out technical provisions concerning procurement from other agencies, reimbursement to agencies, establishment of accounts, and charges to appropriations. Provisions in this section do not apply to chapter 6 and 8 of title II (relating to peacekeeping operations and antiterrorism), or title III (narcotics control assistance).

Section 7202—General authorities

Section 7202 provides general authorities for carrying out this act. These authorities follow the lines of section 635 of current law. They include terms and conditions of assistance; contracting; receipt of gifts; health and accident insurance for foreign employees and participants; admission of alien participants to the United States; loan authorities; claims related to guarantees; indirect costs of educational institutions; and multi-year commitments.

The emphasis in section 635(a) on using loans rather than grants is deleted in recognition of the continued deterioration of the Third World debt situation and the dramatic shift from loans to grants in U.S. foreign assistance in recent years. Also, section 635(c), concerning the use of voluntary nonprofit organizations, is now reflected generally in section 1102(f)(3) of this act.

Section 7203—Authorized administrative uses of funds

Section 7203 generally follows section 636 of current law. Authorities retained, and in some instances clarified, include those relating to: compensation of personnel; procurement of administrative supplies and services; travel; housing; purchase and maintenance of motor vehicles; construction of facilities; education of dependents; training of personnel; and other operating authorities.

Dollar limitations with respect to the construction of support facilities and schools for dependents are not retained. Section 636(h) of current law is now covered by sections 1242, 7321, and 7322 of this act, which call for cost sharing and maximum use of local currencies.

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

Subchapter A—Provisions Relating to Appropriations

Section 7301—Requirement for specific authorization of appropriations

Section 7301 sets forth the requirement for the specific authorization of funds for foreign assistance pursuant to existing law (Public Law 91-672).

Section 7302—Authority for extended period of availability of appropriations

Section 7302 authorizes amounts appropriated to carry out this act to remain available until expended unless otherwise specified. Availability of funds, except as otherwise provided for, is on a fiscal year basis as under section 616 of current law.

Section 7303—Reduction of remarks

Section 7303 provides for the reduction of earmarks in proportion to funds appropriated or made available under any sequestration order. It also provides for waiving of earmarks if compliance is made impossible by operation of law or if the President determines, after consultation with the appropriate congressional committees, that a country or organization has significantly reduced its military, political, or economic cooperation with the United States during the preceding twelve months. The authority provided by this section does not apply to funds made available for Israel or Egypt.

Subchapter B—Local Currencies

Section 7321—Special accounts for and use of host-country owned local currencies

Section 7321 generally follows provisions of section 609 of current law. It provides guidelines for accounting and utilization of host-country owned local currencies accruing under title I and chapters 1 and 2 of title V. It requires that a country establish a separate, special account for any local currencies accruing from development and economic support assistance. The local currencies are to be used for agreed upon purposes, either for U.S. Government requirements or for economic assistance activities. Responsibility for monitoring and accounting for deposits and disbursements is to be established by agreement between the U.S. Government and the recipient government. The section applies only to economic assistance, excluding peacekeeping, antiterrorism, and narcotics control assistance.

Section 7322—Use of certain foreign currencies owned by the United States

Section 7322 amends and updates section 612 of current law. It authorizes the use of U.S.-owned excess foreign currencies to provide economic assistance under title I and chapters 1 and 2 of title V. Excess foreign currencies are foreign currencies generated by

the furnishing of development assistance of ESF that are in excess of funds reserved for expenditure under section 105(d) of the Mutual Educational and Cultural Exchange Act of 1961 (basic authority for USIA) or for the overseas operations of U.S. government agencies. In addition, the Secretary of the Treasury is authorized to sell excess foreign currencies to U.S. agencies for payment of their obligations abroad.

The definition contained in section 612(b) of "excess foreign currencies" has been dropped in recognition of the authority of the Secretary of the Treasury to designate, value, and account for foreign currencies owed to or owned by the United States and to issue regulations to U.S. agencies with respect thereto. Also, language in section 612(c) and (d), encouraging the use of excess currencies for specific purposes and under certain conditions, is not retained. Existing excess foreign currencies are minimal and not expected to increase in the future.

Section 7323—Interest on United States foreign currency proceeds

Section 7323 retains a similar provision in section 612 of current law. It requires interest to be paid on foreign currencies accruing to the United States, unless the president decides it is not in the national interest to do so.

Section 7324—Use of local currencies

Section 7324, based on section 636(h) of current law, directs the President to ensure that countries receiving assistance under this Act contribute their local currencies, to the maximum extent possible, to help meet the costs of providing the assistance.

Section 7325—Interest on local currency accruing to nongovernmental organizations

Section 7325 permits nongovernmental organizations to invest and earn interest on local currencies they receive from economic and food assistance provided by the United States. It also allows any interest earned to be used for the purpose for which the assistance was provided.

CHAPTER 4—PROCUREMENT AND DISPOSITION OF COMMODITIES AND DEFENSE ARTICLES

Section 7401—Use of private enterprise

Section 7401 replaces sections 601(b)(5) and (8), 602(c), and 621(a) of current law. It directs the President to encourage and facilitate participation by private enterprise in achieving the purposes of the Act. It encourages the use of contracts with private enterprise, including cost-plus incentive fee contracts, to provide the technical skills, goods, and professional services needed in such fields as education, health, housing, and agriculture. The resources and capabilities of U.S. Government agencies may be used only when they are not competitive with private enterprise and are uniquely suited to a particular activity. It also requires that the Secretary of Defense ensure that U.S. suppliers, especially small independent enterprises, are kept informed as to expected purchases for military assistance programs.

Section 7402—Procurement standards and procedures

Section 7402 restates section 604 of current law. This section authorizes procurement outside the United States only if such procurement will not result in adverse effects on the U.S. economy or industrial mobilization base which outweigh the economic or other advantages to the United States from less costly procurement outside the United States, and only if the price of any bulk commodity is less than the market price prevailing in the United States. Separate procurement standards and procedures for economic assistance projects are permitted in order to limit competition to a selection among institutions of higher education when the projects would benefit substantially from the resources and special capabilities of such institutions.

Section 7403—Shipping on United States vessels

Section 7403 retains sections 603 and 640C of current law.

Section 7403(a) provides that ocean transportation between foreign countries of commodities and defense articles purchased with foreign currencies, and transfers of fresh fruit and fresh fruit products, shall not be governed by section 901(b) of the Merchant Marine Act of 1936 regarding shipping on U.S.-flag vessels.

Section 7403(b) authorizes the use of economic assistance funds to pay the differential between the transportation costs of U.S. and foreign-flag vessels. Wherever feasible, such grants should be made in U.S.-owned foreign currencies.

Section 7404—Excess and other available property

Section 704 sets forth policy with respect to the use of excess and other available property. It provides control over the distribution of government-owned excess property used in the foreign assistance program. Sections 607(c) and 608 of current law are rewritten and generally retained by this provision, except for the dollar amount to pay associated excess property costs, and the limit on the amount of excess domestic property that can be held at any one time.

Section 7405—Retention and use of certain items and funds

Section 7405 authorizes the retention, transfer, use, or disposal of any commodities or defense articles procured for a foreign country or international organization when changing circumstances make it inadvisable to furnish such commodities or defense articles. This section generally follows the provisions of section 605 of current law.

Section 7406—Laws relating to contracts and government expenditures

Section 7406 provides flexibility in carrying out the purposes of this act by allowing the President to waive provisions of law regulating the making, performance, amendment, or modification of contracts and the expenditure of funds. This provision retains section 633(a) of current law.

Section 7407—Transportation Charges Incurred by the Red Cross or Private Voluntary Organizations

Section 7407 retains the authority of section 123(b) of current law to permit the use of economic assistance funds to pay transportation charges on shipments by the American Red Cross and by registered U.S. private voluntary organizations.

CHAPTER 5—PERSONNEL

Section 7501—Statutory officers in economic assistance agency

Section 7501 generally follows sections 624(a) and (b) of current law. It permits the President to appoint 12 statutory officers in the economic assistance agency, with the advice and consent of the Senate. The President may designate titles and fix the order of succession among the officers appointed.

Section 7502—Employment of personnel

Section 7502 rewrites and generally retains many of the provisions of section 625 of current law. It authorizes the hiring of personnel to carry out the functions of the agency. It sets forth compensation limits, reinstatement rights, additional appointments, military assistance functions, performance functions outside the United States, and reemployment rights.

Section 7503—Experts, consultants, and retired officers

Section 7503 authorizes the employment of individual experts and consultants and organizations thereof. It covers compensation and reimbursement for expenses, contract renewals, and employment of certain persons without compensation. This section generally retains provisions of section 626 of current law except for the limits on contract renewals for employment of experts and consultants, and retired military personnel, which are deleted. It authorizes the employment of persons of outstanding experience and ability without compensation.

Section 7504—Detail of personnel to foreign governments and international organizations

Section 7504 authorizes the assignment of personnel to foreign governments and international organizations to assist in carrying out the purposes of this act. This section consolidates provisions of sections 627, 628, 629, and 630 of current law, including the status of personnel detailed, retention of benefits, allowances, and terms of assignment.

Section 7505—Chief of economic assistance mission abroad

Section 7505 retains section 631(b) of current law authorizing the President to appoint chiefs of economic assistance missions abroad, including provision for compensation and allowances.

Section 7506—Chairman of OECD Development Assistance Committee

Section 7506 retains section 631(c) of current law authorizing the President to appoint the Chairman of the Development Assistance Committee of the Organization for Economic Cooperation and De-

velopment and provides for the compensation and allowances the person so appointed is to receive.

Section 7507—Assignment of DOD personnel to civil offices

Section 7507 retains section 633(c) of current law authorizing the President to detail Department of Defense personnel to civil offices to carry out the purposes of this act.

Section 7508—Discrimination against United States personnel providing assistance

Section 7508 amends and combines sections 666 and 505(g) of current law. It states that the President shall not take into account race, religion, national origin, or sex in assigning officers or employees to carry out any assistance programs funded by this Act in any foreign country, and requires that such assignments be made solely on the basis of ability and relevant experience. This section affirms U.S. policy that assistance should not be provided to any country which prevents any U.S. person from participating in the delivery of assistance on the basis of race, religion, national origin, or sex.

CHAPTER 6—DEFINITIONS AND MISCELLANEOUS PROVISIONS

Section 7601—Definitions

Section 7601 provides definitions of terms used in this act. Most of the definitions found in section 644 and 670(c) of current law are retained. Other definitions are added or rewritten to reflect types of assistance and their classification by chapter and title under this act. In several instances, operative language is changed to reflect provisions of this act and the Defense Trade and Export Control Act. Definitions include the following:

(a) Types of assistance defined: antiterrorism assistance; assistance from the Development Fund for Africa; development assistance; economic assistance; economic support assistance; foreign military financing assistance, grants, financing loans and financing guaranties; international disaster assistance; international military education and training; international narcotics control assistance; military assistance; nonmilitary assistance.

(b) Definitions applicable to the Act generally: agency of the United States Government; appropriate congressional committees; function; gross violations of internationally-recognized human rights; includes officer or employee; nonnuclear weapon state; notwithstanding any other provision of law; United States.

(c) Definitions applicable primarily to nonmilitary assistance: administering agency; administrator; agriculture; commodity; developing country farmers; institution of higher education; services.

(d) Definitions applicable primarily to military assistance: armed forces; defense article; defense information; defense service; excess defense articles; major defense equipment; major non-NATO ally; military education and training; value.

(e) Definitions applicable primarily to narcotics assistance: legal and law enforcement measures; major illicit drug producing country; major drug-transit country; narcotic and psychotropic drugs and other controlled substances; United States assistance; and

(f) A general definition of United States assistance.

The term "appropriate congressional committees" means the Committee on Foreign Affairs, the Committee on Foreign Relations, and the House and Senate Committees on Appropriations.

The phrase "notwithstanding any other provision of law" does not supersede Section 1341 of title 31 USC (Anti-Deficiency Act), the Federal Credit Reform Act of 1990, or section 7201 of this Act (requirement for the authorization of appropriations for foreign assistance).

CHAPTER 3—TECHNICAL AND CONFORMING PROVISIONS

Section 641—Savings provisions

Section 641 continues in full force and effect all actions taken under the authority of any law repealed or modified by titles I through VI of this Act, until modified by appropriate authority.

It allows the retention of individuals holding appointments under current law without the necessity of Presidential reappointment because of the repeal and reenactment of applicable provisions in substantially the same form. Included in this category are: the appointment of 12 statutory officers in the economic assistance agency in section 624(a) of current law; the appointment of a security assistance coordinator in 624(e) of current law; and the appointment of an Assistant Secretary of State for Human Rights and Humanitarian Affairs in 624(f) of current law.

This section also conforms provisions of section 572 of the Foreign Operations, Export Financing, and Related Programs Appropriations Act (Public Law 100-461), relating to debt relief for relatively least developed countries in fiscal years 1990 and 1991. Accordingly, section 124(c) authority in current law remains in effect.

Section 642—Retention of certain provisions formerly in the Foreign Assistance Act

Section 642(a) transfers section 624(f) of the Foreign Assistance Act, establishing the position of Assistant Secretary of State for Human Rights and Humanitarian Affairs, to Public Law 81-73 which generally establishes positions within the Department of State.

The provision makes one addition to current law. Matters relating to civilians and noncombatants in situations of armed conflict are added to the list of specific human rights and humanitarian issues for which the Assistant Secretary is responsible.

International humanitarian law, including the Geneva Conventions of 1949, recognizes the right of civilians and noncombatants in situations of armed conflict. Those rights include respect for the basic dignity of the person, free and safe passage of relief supplies, access of impartial humanitarian organizations providing relief assistance, and the protection of objects indispensable to the survival of the civilian population including foodstuffs and drinking water.

In recent years, humanitarian relief organizations have encountered increasing difficulties in providing humanitarian assistance in situations of armed conflict. The problem has not simply been one of heightened physical danger to relief personnel. In many instances, protagonists in conflicts have used food and other humanitarian assistance as weapons.

This provision affirms the importance of the protection afforded by international humanitarian law to civilians and noncombatants in situations of armed conflict by placing specific responsibility for monitoring and reporting violations of humanitarian law in armed conflicts with the Assistant Secretary for Human Rights and Humanitarian Affairs. The committee urges the Assistant Secretary, under whose direction the annual Country Reports on Human Rights Practices are prepared, to include a specific section on violations of humanitarian law in the reports on those countries experiencing such conflicts.

Section 642(b) retains provisions in section 620(e) of current law concerning application of the federal act of state doctrine. Essentially, U.S. courts should not decline to decide a case in which any party, including a foreign state, is in violation of international law, unless, among other exceptions, the President determines that application of the federal act of state doctrine is in the foreign policy interests of the United States.

Section 642(c) creates a new section 5606 of this act to retain the authority in the second sentence of section 620(a)(1) of current law to maintain an embargo on trade with Cuba.

Section 642(d) moves to subchapter V of chapter 51 of title 31 of the U.S. Code section 613 of current law which authorizes the Secretary of the Treasury to issue regulations regarding the valuation and accounting of foreign credits.

Section 642(e) retains the authority of section 620(e) of current law for the President to request of the Foreign Claims Settlement Commission an evaluation of the value of U.S. property which is subject to expropriation by foreign countries. The Commission may issue an advisory report to the President.

Section 643—Renaming of Trade and Development Program; conforming changes

Section 643 redesignates the Trade and Development Program as the Trade and Development Agency, as of October 1, 1989. The appointment of the present Director of the Trade and Development Program is not affected by enactment of the new Act. References in current law are changed by striking out "Trade and Development Program" and inserting "Trade and Development Agency".

Section 644—Conforming amendments

Section 644 amends the applicable section numbers, titles, and certain wording in current legislation in order to conform existing law with corresponding provisions in the new Act. Current legislation that is being amended includes: The Anglo-Irish Agreement Support Act of 1986; the International Narcotics Control Act of 1988; the International Narcotics Control Act of 1986; the Narcotics Control Trade Act (title VIII of the Trade Act of 1974); the International Security and Development Cooperation Act of 1985; the

International Security and Development Cooperation Act of 1981; the Agricultural Trade Development Assistance Act of 1954 (Public Law 480); the Export Administration Act of 1979; Subchapter II of chapter 53 of title 5, United States Code; Title X, United States Code; and Department of Defense Authorization Act, 1987.

In addition, section 644 conforms references in current law and provisions in the new Act with respect to credit sales, special programs, narcotics control assistance, military assistance, economic support assistance, international military education and training, antiterrorism assistance, and other corresponding provisions.

Section 645—Repeal of obsolete provisions

Section 645 repeals obsolete provisions in current law that have been fulfilled, have expired, are no longer applicable, or are subsumed in the new Act.

Existing laws being repealed in full are:

The Overseas Private Investment Corporation Amendments Act of 1988;

The Jordan Supplemental Economic Assistance Authorization Act of 1985;

The African Famine Relief and Recovery Act of 1985;

The International Security and Development Assistance Authorization Act of 1983;

The Lebanon Emergency Assistance Act of 1983;

The International Development Cooperation Act of 1979;

The International Security Assistance Act of 1979;

The Special International Security Assistance Act of 1979;

The International Security Assistance Act of 1978;

The International Security Assistance Act of 1977;

The International Development and Food Assistance Act of 1975;

Public Law 94-104 (the 1975 BIB Act);

The Foreign Assistance Act of 1974;

The Emergency Security Assistance Act of 1973;

The Foreign Assistance Act of 1973;

The Foreign Assistance Act of 1971;

The Special Foreign Assistance Act of 1971;

An Act to amend the Foreign Military Sales Act, and for other purposes (Public Law 91-672, approved January 12, 1971);

The Foreign Assistance Act of 1968;

The Foreign Assistance Act of 1964;

The Latin American Development Act;

the Mutual Security Act of 1959;

The IDCA Reorganization Plan of 1979;

Existing laws being repealed with certain exceptions are:

The International Narcotics Control Act of 1986;

The Special Foreign Assistance Act of 1986;

The International Security and Development Cooperation Act of 1985;

The International Security and Development Cooperation Act of 1981;

The International Security and Development Cooperation Act of 1980;

The International Development and Food Assistance Act of 1978;

The International Development and Food Assistance Act of 1977;

The International Security Assistance and Arms Export Control Act of 1976;

The Foreign Assistance Act of 1969;

Sections 402 and 417 of the Mutual Security Act of 1954;

TITLE VII—LATIN AMERICA AND THE CARIBBEAN

CHAPTER 1—EL SALVADOR

Because of positive developments in negotiations toward a peaceful settlement of the civil strife in El Salvador, the committee has deferred consideration of legislation conditioning assistance for that country at this time. Legislative provisions addressing assistance for El Salvador will therefore be considered at a later date.

CHAPTER 2—OTHER PROVISIONS PERTAINING TO CENTRAL AMERICA

Section 721—Promoting Central American recovery and development

Section 721 is identical to S. 100 which passed the Senate on May 14, 1991, and H.R. 554 which was introduced in the House by Mr. Fascell on January 17, 1991. It sets forth general guidelines for U.S. development policy toward Central America.

Section 721(a) states that it is U.S. policy to encourage and support the development of and the resolution of conflict in the countries of Central America.

Section 721(b) states that it is U.S. policy to assist in the implementation of recommendations of the International Commission on Central American Recovery and Development (known as the Sanford Commission).

Section 721(c) states that it is U.S. policy to support the United Nations Development Program Special Plan of Economic Cooperation for Central America, which is designed to deal with the refugee problem in the region.

Section 721(d) states that it is U.S. policy to encourage international and regional cooperation for implementation of the recommendations of the International Commission of Central American Recovery and Development.

Section 721(e) states that it is U.S. policy to support the Enterprise for the Americas Initiative (which is authorized by chapter 4 of Title V of this bill).

Section 722—Military aircraft transfers

Section 722 prohibits military aircraft transfers to Central America unless the appropriate congressional committees are notified 15 days in advance, and requires that the Secretary of State notify such committees promptly of any military aircraft transfers to Central America by any other country. These provisions apply during fiscal years 1992 and 1993.

Section 723—Assistance for Guatemala

Section 723(a) prohibits foreign military financing assistance for Guatemala for fiscal years 1992 and 1993, except as provided in subsection (b) relating to cease-fire monitoring, demobilization, and transition to peace.

Section 723(b) creates in the Treasury a Demobilization and Transition Fund for Guatemala, to assist with the costs of monitoring a cease-fire and the permanent settlement of the conflict in Guatemala. For each of the fiscal years 1992 and 1993, the President may transfer to the Fund such foreign military financing assistance funds as may be necessary, which shall only be available for expenditure for costs related to demobilization of former combatants and monitoring a cease-fire, upon notification by the President to the appropriate congressional committees that the parties to the Guatemalan conflict have agreed to a cease-fire.

Section 723(c) provides that military sales to Guatemala under the Defense Trade and Export Control Act may not include lethal equipment.

Section 723(d)(1) provides that economic and food assistance to Guatemala may only be used by civilian agencies and nongovernmental organizations for poverty alleviation, basic human needs, environmental protection, improving the performance of democratic institutions, the National Reconciliation Commission, and fiscal reform and administration, and may not be used for partisan political purposes or as an instrument of counterinsurgency. Section 723(d)(2) provides that the President may waive this limitation on economic assistance if he reports to the appropriate congressional committees that the Government of Guatemala has made progress in eliminating human rights violations and in investigating and prosecuting major human rights cases such as those involving Americans.

Section 723(d)(3) provides that funds may be obligated for fiscal years 1992 and 1993 pursuant to a waiver under paragraph (2) only if the appropriate congressional committees are notified at least 15 days in advance under the reprogramming procedures of section 6304 of the Foreign Assistance Act of 1961.

The committee has been concerned about the human rights situation in Guatemala for some time. In previous years, the committee has proposed the prohibition of U.S. lethal military assistance to the Government of Guatemala. The committee notes that during the past year the State Department has also demonstrated a growing concern for the deteriorating human rights situation. The Committee applauds the Department's recall of the U.S. Ambassador, the suspension of military aid, the thorough report of Guatemala in the Country Report on Human Rights Practices for 1990, and the recent vote on Guatemala in the U.N. Human Rights Commission.

In January of this year, Guatemala elected a new president. President Serrano has taken important steps—voicing at his inauguration strong support for human rights, appointing the former Deputy Human Rights Ombudsman as Minister of the Interior, and changing several military prosecutors. Nevertheless, the committee

believes that these and other actions must lead to an effective reduction in the violence.

While the committee recognizes the importance of President Serrano's stated commitment to end immunity for those officials involved in human rights abuses, the committee cannot ignore certain facts. Guatemala's human rights situation has grown steadily worse in recent years, evoking fears of a return to the dark days of the early 1980s. The State Department's own human rights report concedes that "the security forces are virtually never held accountable for human rights violations."

The Human Rights Ombudsman's recent reports showed that human rights violations for the period January to April are double what they were for the comparable period last year. And press reports in May of 1991 speak of a wave of threats against leftist politicians and labor leaders that has prompted more than a dozen people to flee into exile.

Specifically, the committee wishes to see progress in:

(a) ensuring civilian control over the military and greater independence and professionalism for the civilian police system;

(b) ensuring greater respect for the rights of freedom of the press, speech, assembly, and association and other attributes of political pluralism;

(c) reducing political killings, disappearances, and other human rights violations and removing from the military any officer found responsible for such violations and investigating such violations;

(d) ending forced participation by the people of Guatemala in civil defense patrols or in model villages;

(e) ending intimidation or harassment of Guatemalan human rights organizations; and

(f) undertaking a thorough and professional investigation into and is pursuing all legal avenues to bring to trial those responsible for the June 1990 murder of U.S. citizen Michael Devine, and other cases such as the November 1989 abduction and torture of Ursuline Sister Dianna Ortiz; the September 1990 murder of anthropologist Myrna Mack; the October 1990 assassination attempt against Guatemalan journalist Byron Barrera and the assassination of his wife, Refugio Araceli Villanueva de Barrera; and the December 1990 massacre of 13 peasants in the town of Santiago Atitlan.

The committee recognizes the historical importance of the peace dialogue between the new government and the Guatemalan National Revolutionary Unity (URNG) launched in Mexico in April 1991. In order to further progress towards a negotiated end to the 30-year long insurgency, the committee has provided for the use of funds originally intended for military assistance to Guatemala to be used for peacekeeping purposes. Modelled on the Demobilization Fund for El Salvador created in the Foreign Operations, Export Financing, and Related Programs Appropriations Act, Fiscal Year 1991, it is the committee's strong hope, that by the next fiscal year, both demobilization funds will be used to implement comprehensive peace agreements.

The committee did not suspend IMET funds for Guatemala. While concerned that this program does provide some recognition

to the Guatemalan military, the committee agreed to provide assistance for training on the understanding that a significant portion of the funds will be used to train civilians in military affairs, so that they may be able to better exert civilian control over military procedures and practices.

The committee is prepared to see balance-of-payments support provided to Guatemala if the President makes the report referred to in subsection (d). The committee understands that, for the portion of ESA funds used for balance-of-payments purposes, goals will include demonstrated progress in reducing political killings, disappearances, and other human rights abuses, an agreement with the International Monetary Fund (including a substantial reform of Guatemala's tax system), good faith negotiations with the guerrillas, freedom of the press, and greater civilian control over the armed forces.

According to an AID study, Guatemala is one of the world's lowest-taxed countries. The poor Indian majority receives virtually none of the benefits of the minuscule public sector. Partly for this reason, life expectancy among the Indian population is 44 years, and literacy is 29 percent. An estimated 70-80 percent of Guatemala's population does not have an income sufficient to meet its most basic food needs.

The committee is concerned that under previous Guatemalan administrations and under their current law, the Government of Guatemala has failed to tax and to collect a share of taxes considered reasonable even by Latin American standards. The committee is concerned that middle-class American taxpayers are paying for assistance that benefits a Guatemalan elite that will not permit itself to be taxed. The committee notes that the new government has proposed a reform of the tax system and a forced bond program aimed at raising a substantial amount of additional revenue and emphasizing greater equity.

The committee puts the Guatemalan government and the State Department on notice that, if prior to our review of next year's assistance request there has not been steady progress on human rights, including a decline in extrajudicial killings and on the previously mentioned human rights cases, the committee intends to reevaluate the level of assistance provided for Guatemala.

Section 724—Assistance for Nicaragua

Section 724(a) provides that, in providing assistance to Nicaragua, the President should take into account the extent to which the Government of Nicaragua has brought the Nicaraguan armed forces under full civilian control and has investigated and prosecuted those responsible for human rights violations.

The committee does not intend this provision to imply any criticism—any U.S. right to criticize—the decisions of the democratically elected government of Nicaragua as to who shall occupy positions in the government.

Section 724(b) provides that, in providing foreign military financing assistance to Nicaragua, the President should consider the extent to which such assistance will further the goals of civilian control over the military, ending human rights abuses, and stemming the export of lethal military equipment.

Section 724(c) provides that assistance may not be provided for any member of the Nicaraguan resistance who has not disarmed or is not abiding by the terms of the cease-fire agreement.

Section 724(d) states the sense of Congress that the Government of Nicaragua should expedite the processing of claims by private citizens based on expropriation of property by the former Sandinista government.

Section 725—Assistance for refugees and displaced persons

Section 725 earmarks \$25 million in economic support funds made available for Central America in each of fiscal years 1992 and 1993 to support the International Conference on Central American Refugees (CIREFCA), through the United Nations High Commissioner for Refugees and the United Nations Development Program.

CIREFCA was held in Guatemala in 1989 as part of the Esquipulas peace process, and was attended by official representatives of 52 countries and more than 100 non-governmental organizations. The conference produced a plan of action through which the international community, Central American governments, and non-governmental organizations would coordinate efforts to respond to those most affected by a decade of war. This responds to the commitment of the Esquipulas II Accords to give priority to the needs of refugees, returnees, and the displaced in Central America.

According to the United Nations High Commissioner for Refugees, there are more than 800,000 Central Americans currently recognized as refugees, returnees, or displaced. Without services and resettlement assistance, they will become a further economic burden on the Central American governments and, even more dangerous, a source of further political instability.

According to the UNHCR, more than \$64.5 million is needed for projects that could be implemented by NGOs for resettlement of refugees. A U.S. contribution of \$25 million is less than half of what is needed.

Section 726—Assistance for democratic legislatures

Section 726 sets forth findings with respect to Central American legislatures and expresses the sense of the Congress that the United States should seek to strengthen democratic legislatures in Central America, including Panama, using funds available under this Act, and should coordinate these efforts with qualified public and private sector experts.

CHAPTER 3—THE CARIBBEAN

Section 741—Assistance for Haiti

Section 741(a) contains a congratulatory statement of the Congress with respect to Haiti's democratic transition. The committee would like to note the important role that Haitian and international private voluntary organizations have played in Haiti's transition to democracy.

Section 741(b) states the sense of Congress that the United States should provide substantial assistance to a democratic Haiti.

Section 741(c) states that, for each of the fiscal years 1992 and 1993, United States assistance for Haiti under the Foreign Assistance Act of 1961 and the Agricultural Trade Development and Assistance Act of 1954 should total at least \$100 million, including at least \$35 million in economic support assistance and at least \$40 million in development assistance.

Of the amounts made available for Haiti under economic support assistance, the committee urges that not less than \$100,000 for each of the fiscal years 1992 and 1993 be provided through the administration of justice program for forensic and other types of equipment and for the purchase of legal codes and other reference material.

The committee urges the Agency for International Development to continue to provide substantial assistance through private voluntary organizations operating in Haiti. The committee believes that in most circumstances private voluntary organizations continue to provide the best opportunity to promote development in Haiti.

The committee wishes to state its continued support for projects aimed at assisting Haitian development organizations with their re-forestation efforts.

Section 741(d) provides that Congress must be notified at least 15 days in advance of the obligation of any foreign military financing assistance or the issuance of any letter of offer under the Defense Trade and Export Control Act for Haiti, in accordance with the procedures of section 6304 of the Foreign Assistance Act of 1961. Given the history of the Haitian armed forces, the committee expects that for fiscal years 1992 and 1993 lethal military aid will not be provided to the Haitian armed forces.

Section 742—Haitian sugar cane harvesters in the Dominican Republic

Section 742 states that it shall be the policy of the United States to encourage the Government of the Dominican Republic to improve respect for the rights of Haitian sugar cane harvesters in the Dominican Republic, and provides that \$1 million in economic support assistance shall be withheld from the Dominican Republic until the President reports on the steps taken by the Government of the Dominican Republic to improve respect to human rights for Haitian laborers engaged in the sugar cane harvesting industry.

The committee commends President Joaquin Balaguer for his October decree providing for individual work contracts and wage requirements. The committee is distressed, however, by credible reports that the provisions in the decree are not being adequately implemented. Reports of continued deceptive and forced recruitment, the use of child labor, the use of armed guards to watch over Haitian workers and the slowness in legalizing the immigrant status of Haitians, are extremely disturbing. The committee expects to see significant progress in this regard before aid will be released.

In addition, given the gravity of the situation, the committee urges the United States Trade Representative to continue to monitor the situation closely under the GSP review process.

Section 743—Assistance for Guyana

Section 743(a) states that, for fiscal years 1992 and 1993, assistance may be provided to the Government of Guyana under the Foreign Assistance Act of 1961 and the Agricultural Trade Development and Assistance Act of 1954 only if the President reports that such Government is in power as a result of free and fair elections.

Section 743(b) provides that subsection (a) does not apply with respect to international narcotics control assistance and elections assistance.

Section 743(c) states the sense of Congress that, if a report is made under subsection (a), the United States should provide significant and sustained assistance to Guyana totalling not less than \$20 million for each of the fiscal years 1992 and 1993.

Section 743(d) earmarks \$3 million in economic assistance for Guyana for each of the fiscal years 1992 and 1993.

The committee commends President Desmond Hoyte for the recent steps he has taken to provide for free and fair elections. The committee expects that such elections will take place before the end of the year.

Section 744—Democracy in Suriname

Section 744 contains a statement of the Congress condemning the armed forces of Suriname for the December 1990 coup, strongly urging the armed forces to permit a transfer of power to a civilian government, and calling upon the President to withhold assistance until such a transfer of power has taken place.

CHAPTER 4—ANDEAN INITIATIVE

The provisions contained in this chapter reflect the committee's ongoing interest in and concern about the implementation of the President's Andean Initiative. This initiative is now in its third year and has been supported by the committee since its inception. However, several problems have plagued this program, including delays in the provision of military assistance to Colombia and Bolivia in both fiscal year 1990 and the current fiscal year, the failure of the Government of Peru to sign a bilateral agreement with the United States in fiscal year 1990, and an emphasis in funding levels on aid toward the armed forces of the Andean countries in what is ostensibly a law enforcement effort. In addition, there are continuing allegations of narcotics-related corruption and human rights abuses by potential and actual recipients of this aid. Chapter 4, which is a modification of certain provisions contained in Public Law 101-623, the International Narcotics Control Act of 1990, is designed to address these problems.

This chapter continues to codify the stated objectives of the Andean Initiative. These include the concept that counternarcotics efforts in the Andean countries are primarily the responsibility of host country law enforcement agencies, with the support of host country militaries, and that economic and military assistance provided by the United States will be conditioned on narcotics control performance criteria as well as respect for human rights. Regarding support to host country armed forces and law enforcement agencies, the committee sets a ceiling of \$250 million on the total

amount of such funding, of which not more than \$150 million would be available for assistance to armed forces and not more than \$150 million would be available for assistance to police forces.

The committee reiterates its commitment to retaining ceilings on aggregate levels of aid to Andean military and police forces, for a number of reasons. First, there are currently six different authorities under which narcotics-related military assistance may be provided (FMF, IMET, two special DOD drawdown authorities, and two excess defense articles authorities). Three of the six authorities were enacted at a time when no regular military assistance funding was available to the Andean countries; such regular funding has now been provided since fiscal year 1990. The committee understands the executive branch believes that each of these authorities has a special utility and therefore maintained all of these authorities in law. However, the committee believes it is essential for purposes of planning and oversight that the combined spending permitted from these accounts not exceed reasonable levels. The overall limitation on assistance to the police and military forces serves this purpose. With regard to the police, this ceiling has special importance given the committee's continued waiver of the prohibition on aid to the police for counter-narcotics purposes, contained in section 402 of this act.

Second, due to the delays noted above, virtually none of the \$142 million in military aid provided through the various military aid accounts in fiscal year 1990 for Bolivia and Colombia has been delivered, nor has the \$100 million in military aid allocated thus far (excluding special military aid authorities) for Bolivia, Peru, and Colombia for fiscal year 1991 been delivered. The committee therefore, despite providing two years of military aid funding at levels which exceed the executive branch's original request for Bolivia and Colombia, had no basis for judging the utility or impact of prior year military assistance on narcotics control efforts before authorizing additional funding for fiscal years 1992 and 1993. Questions of host country absorptive capacity and effective U.S. management of increasing inventories of equipment remain unresolved. A chart detailing past, current and projected funding levels follows:

NARCOTICS-RELATED ASSISTANCE TO THE ANDES

(By fiscal year, in millions of dollars)

	1989 actual	1990 request	1990 actual	1991 request	1991 allocated	1992 request
Colombia						
FMF.....	7.1	40.0	71.1	58.0	27.0	58.0
506 drawdown.....	65.0	.0	20.0		(7)	(7)
IMET.....	1.0	1.5	1.5	2.5	2.5	2.3
EDA.....	.0	.0	.0	.0	3.0	.0
Total, military.....	73.1	41.5	93.2	60.5	32.5	60.3
ESF.....	2.8	0.0	2.1	50.0	50.0	50.0
INM.....	10.0	20.0	20.0	20.0	20.0	20.0
Total.....	85.9	61.5	115.3	130.5	102.5	130.3
BOLIVIA						
FMF.....	5.0	33.0	39.2	40.0	35.0	40.0
506 drawdown.....	.0	.0	7.8			

NARCOTICS-RELATED ASSISTANCE TO THE ANDES—Continued

(By fiscal year, in millions of dollars)

	1989 actual	1990 request	1990 actual	1991 request	1991 allocated	1992 request
IMET .....	.4	.5	.5	.9	.9	.9
Total, military	5.4	33.5	47.5	40.9	35.9	40.9
ESF	25.0	30.0	33.4	95.8	77.0	125.0
DA	11.7	31.9	24.2	23.5	22.5	22.5
INM	10.0	15.7	15.7	15.7	15.7	15.7
Total	52.1	111.1	120.8	175.9	151.1	204.1
PERU						
FMF	2.5	36.4	1.0	39.0	* 34.0	39.0
IMET .....	.5	.5	.5	.9	.9	.9
Total, military	3.0	36.9	1.5	39.9	34.9	39.9
ESF	2.0	5.0	3.2	63.1	* 60.0	100.0
DA	17.8	24.1	16.0	11.8	9.7	15.7
INM	10.5	10.0	10.0	19.0	19.0	(19.0)
Total	33.3	76.0	30.7	133.8	123.6	174.6
Total military	81.5	111.9	142.2	141.3	103.3	141.1
Total economic	59.3	91.0	78.9	244.2	221.3	313.2
Total INM	30.5	45.7	45.7	54.7	54.7	54.7

* Assumes that U.S. President makes determination of cooperation releasing aid.

Note.—1. In addition to economic aid in the chart, Bolivia and Peru also receive about \$60–100 million per year combined in food aid. 2. In addition to funds listed above for law enforcement, INM spends about \$25 million per year for air support to the Andean countries. 3. In addition to funds listed for fiscal year 1990 law enforcement, each country received \$1 million in FMF for weapons/ammunition; also Colombia received an additional \$1 million for defensive arming of narcotics control aircraft. 4. Fiscal year 1991 and 1992 totals do not include further possible assistance out of other military assistance spigots (EDA/506(a)). 5. For fiscal year 1992, INM support to Peru will be funded out of its Latin American regional account. 6. For fiscal year 1991, \$175 million was specifically set aside for ESF for the Andes; for fiscal year 1992, \$250 million was so specified. Fiscal year 1992 ESF requests by country are still under discussion. 7. Fiscal year 1991 economic and military assistance figures include funds which have been notified thus far to the Congress this year.

Sources: AID Congressional Presentations (Fiscal Years 1991 and 1992), DOD Congressional Presentations (Fiscal Years 1991 and 1992), INM Congressional Presentations (Fiscal Years 1992 and 1992), Congressional Notifications.

Third, as noted above, President Fujimori of Peru refused to accept \$36 million in military assistance proposed for fiscal year 1990. Although the United States and Peru signed an agreement on May 14, 1991, stating their intention to proceed with a joint narcotics control effort, the details of this plan remain unclear, as does the possibility of Peru signing a military aid agreement during fiscal year 1991. Nor has President Bush yet signed the determination required under section 4 of the International Narcotics Control Act of 1990 (Public Law 101-623) which would permit aid to Peru to go forward for fiscal year 1991. This raises the possibility that the funds allocated for Peru for fiscal year 1991 will once again be reprogrammed to Bolivia and Colombia at the end of the fiscal year, as occurred in September 1990. In addition, although Bolivian President Paz Zamora ultimately authorized a counter-narcotics role and funding for the Bolivian Army, this role has been highly controversial within Bolivia and its utility remains unclear. This continued state of uncertainty about the feasibility or in some cases even the host country's desire for enhanced roles for Andean militaries in counter-narcotics efforts suggests a need for prudent limitations in military assistance levels.

Finally, the committee notes that the Andean Initiative was based on the premise that narcotics control efforts are primarily a law enforcement responsibility, with host country armed forces

playing a supporting role. Yet past, current and future funding levels for these two groups have been in inverse proportion to this stated premise, with the armed forces receiving more than twice as much funding as law enforcement agencies. The legislation attempts to address this discrepancy by providing equivalent funding levels for both groups.

Section 761—Economic assistance and administration of justice programs for Andean countries

Section 761 states that of the aggregate amounts authorized for economic support assistance and development assistance, \$300 million are authorized to be appropriated for the Andean countries for each of the fiscal years 1992 and 1993. Priority in the use of assistance for Bolivia and Peru shall be given to support programs that focus on providing alternative sources of income, including alternative crop development, provision of credit, microenterprise development, and infrastructure development, to coca farmers.

In addition section 761 provides that of the \$300 million authorized for economic assistance, \$16 million should be used, in addition to amounts otherwise authorized for this purpose, to provide support for administration of justice programs in Bolivia, Colombia, and Peru. The additional authorization for administration of justice programs may be used to provide protection against narcoterrorist attack on judges or other governmental officials. In addition, up to \$1 million of the \$6 million should be used to provide training, technical assistance, and equipment to the Office of Special Investigations and the Special Prosecutor for Human Rights within the Office of the Attorney General of the Government of Colombia, and to the Office of Human Rights in the Office of the Attorney General of the Government of Peru.

Section 762—Military and law enforcement assistance for Andean countries

Section 762 authorizes the appropriation of funds for military and law enforcement assistance for the Andean countries, establishes the purposes of such assistance, and places certain conditions and limitations on the uses of such assistance.

Section 762(a) provides that of the amounts authorized to be appropriated for the foreign military financing program, \$118 million in each of the fiscal years 1992 and 1993 is authorized to be appropriated for the Andean countries.

Section 762(b) specifies that assistance provided under this section shall be designed to enhance the ability of the recipient government to control illicit narcotics production and trafficking, strengthen the bilateral ties of the United States and the recipient government, strengthen respect for internationally respected human rights and the rule of law, and assist the armed forces of the Andean countries in their support roles for those countries' law enforcement agencies.

Section 762(c) provides that assistance may be provided under this section for an Andean country only so long as that country has a democratic government and the armed forces and law enforcement agencies of that country do not engage in a consistent pattern of gross violations of internationally recognized human rights.

Section 762(d) provides that subject to the limitations in subsection (3), funds made available under this section may be used to provide education and training in the operation and maintenance of equipment used in narcotics control interdiction and eradication efforts to law enforcement units specifically organized for narcotics enforcement. Section 762(d) also provides that such funds may be used for the expenses of deploying, upon the request of the Governments of Bolivia, Colombia, and Peru, Department of Defense mobile training teams (MTTs) to conduct training that will enhance that country's ability to conduct operations in narcotics interdiction and for the procurement of defense articles or commodities for use in narcotics control, eradication, or interdiction efforts by law enforcement units specifically organized for narcotics enforcement.

Section 762(e) limits the aggregate amount of military and law enforcement assistance to Bolivia, Colombia, and Peru to \$250 million, of which not more than \$150 million may be used for assistance to the military and not more than \$150 million may be used for assistance to law enforcement units or agencies. For purposes of this subsection, the amount of military and law enforcement assistance includes foreign military financing, international narcotics control assistance, international military education and training assistance, the value of defense articles and services, and military education and training made available under subsections (a) and (b)(1) of section 2901 of the Foreign Assistance Act of 1961, and the value of excess defense articles made available under section chapter 3 of title II of the Foreign Assistance Act of 1961.

Section 762(f) provides that for the purpose of this section Peru's Sinchi Police may not be considered to be a law enforcement unit that is organized for the specific purpose of narcotics enforcement. Section 762(d)(1) authorizes assistance under this section only for law enforcement units that are organized for the specific purpose of narcotics enforcement. The National Police Counter-Insurgency Unit, better known as the Sinchis, is a commando-type antiterrorist unit. It is not a unit organized specifically for counternarcotics purposes, and therefore should not receive counternarcotics assistance. In addition, the Sinchis have a well-documented history of brutal human rights abuses.

Section 763—General provisions relating to assistance for Andean countries

Section 763(a) requires that before assistance is provided to Bolivia, Colombia, or Peru in fiscal years 1992 and 1993 pursuant to this title, the President make a determination that (1) that country is implementing programs to reduce the flow of cocaine to the United States in accordance with a bilateral or multilateral agreement that contains specific qualitative and quantitative performance criteria, and (2) that the armed forces and law enforcement agencies of that country are not engaged in a consistent pattern of gross violations of, and has made significant progress in, protecting certain internationally recognized human rights. The determination required on human rights grounds does not apply with respect to assistance provided under section 761(a) for programs that focus on providing coca farmers with alternative sources of income.

Section 763(k) provides that not less than 15 days before funds are obligated, the President shall notify Congress pursuant to the reprogramming procedures applicable under section 6304 of the Foreign Assistance Act. Such notification shall specify the country to which assistance is to be provided, the type and value of all assistance to be provided, in the case of assistance provided under section 762(a) the law enforcement agencies or units that will receive such assistance, and how such assistance will achieve the objectives of section 763(a) and the purposes of section 762(b).

Section 763(c) specifies that assistance provided under sections 761(a) and 762(a) shall be coordinated with international narcotics control assistance provided under title IV of the Foreign Assistance Act.

Section 763(d) waives the prohibitions contained in section 6204 of the Foreign Assistance Act (regarding prohibitions against the provision of assistance to countries which are more than one year in arrears in repayments of past loans from the United States) and any similar provision of the Foreign Operations, Export Financing, and Related Programs Appropriations Act for fiscal years 1992 and 1993 with respect to narcotics control assistance for an Andean country provided the President has made the determination required by section 763(a).

CHAPTER 5—OTHER PROVISIONS PERTAINING TO THE REGION

Section 781—Assistance for law enforcement

Section 781(a) provides general authority for law enforcement assistance for countries in Latin America and the Caribbean with democratically elected governments.

Section 781(b) specifies the types of law enforcement assistance that may be provided with funds made available to carry out section 1221 of the Foreign Assistance Act of 1961 (relating to human rights and democratic initiatives), without regard to section 6202 of that Act (relating to police training).

Section 781(c) provides that assistance under this section may be provided only if the appropriate congressional committees are notified at least 15 days in advance in accordance with the reprogramming procedures of section 6304 of the Foreign Assistance Act of 1961.

Section 781(d) provides that funds made available to carry out this section may not be used to provide any lethal equipment.

Section 781(e) provides that the Department of Defense may not participate in training under this section.

Section 781(f) provides that training for the police or other law enforcement personnel in the Caribbean may be provided only by the International Criminal Investigative Training Assistance Program (ICITAP) of the Department of Justice, except for international narcotics control assistance provided under section 4201(b).

Section 781(g) provides that, of the funds made available to carry out section 1221 of the Foreign Assistance Act of 1961, not more than \$10 million may be made available for each of the fiscal years 1992 and 1993 to carry out this section, of which \$2.5 million for each fiscal year is earmarked for the Caribbean.

Section 781(h) provides that the authority of this section shall expire on September 30, 1993.

The committee believes that the administration of justice program has been helpful in increasing the independence and competence of justice systems in Latin America and the Caribbean through training for judges and other judicial personnel, improving court management and administration, providing institutional support for local bar associations, and providing law enforcement training in investigative techniques.

Two of the components of the overall administration of justice program that are particularly worthy of note are the International Criminal Investigative Training Assistance Program (ICITAP) of the Department of Justice and the program run by the Harvard Law School Center for Criminal Justice.

The committee believes that the ICITAP program should be fully funded, and should be maintained as an integral part of our judicial reform efforts. As both the State Department and this committee advocate the civilianization of police forces in Latin America, we should be providing training through civilian law enforcement experts in the United States. The committee believes that ICITAP is the appropriate vehicle for such training.

The committee is also supportive of the role played by the Harvard Law School Center for Criminal Justice in the Administration of Justice Program and believes that the Center should be more fully utilized. The committee particularly endorses the involvement of Harvard in judicial reform efforts in Chile, Ecuador, and Haiti.

Finally, the committee hopes that AID and the State Department will reinstitute its policy of briefing the committee on a regular basis on the bilateral and regional programs under the scope of the Administration of Justice Program.

Section 782—The Inter-American Foundation

Section 782(a) amends section 401(s)(2) of the Foreign Assistance Act of 1969 to authorize \$28.8 million for the Inter-American Foundation for fiscal year 1992 and \$31 million for fiscal year 1993.

Section 782(b)(1) amends section 401(g) of the Foreign Assistance Act of 1969 to provide that future appointees to the Foundation's Board shall possess an understanding of and sensitivity to community level development processes, and that not more than five members of the Board may be members of any one political party. Section 782(b)(2) establishes that paragraph (b)(1) does not affect appointments made to the Board before the enactment of this Act. The Committee intends that this exception apply only to those appointments made by the President that have been confirmed by the Senate prior to the enactment of this Act.

The Inter-American Foundation has represented over the past 20 years the very best that the U.S. Government has to offer in the field of development assistance. Its support for the self-help initiatives of grassroots organization in Latin America and the Caribbean have earned it the sustained support of both democrats and republicans.

The Foundation and its excellent staff have withstood many unsuccessful efforts over the past decade to divert the Foundation from its congressional mandate. The committee reaffirms that the

Foundation was not created to promote short-term U.S. foreign policy or interests in the region other than those of the poor themselves.

Section 782(c) amends section 401(q) of the Foreign Assistance Act of 1969 to provide that the Foundation shall maintain its principal office in the metropolitan Washington, D.C. area.

Section 782(d) amends section 401 of the Foreign Assistance Act of 1969 to provide that funds made available to the Foundation may be used to support grantee travel within and outside countries in the region, and for printing and binding without regard to any other provision of law.

Section 783—Military assistance and sales for Chile

Section 783 provides that, during fiscal years 1992 and 1993, foreign military financing assistance and foreign military sales may not be provided for Chile unless the appropriate congressional committees are notified at least 15 days in advance under the reprogramming procedures of section 6304 of the Foreign Assistance Act of 1961.

Section 784—Central American Journalism Program and the Regional Administration of Justice Program

Section 784 earmarks \$2.8 million in economic support assistance for each of the fiscal years 1992 and 1993 for the Central American Journalism Program and the Regional Administration of Justice Program's Center for the Administration of Justice to support democracy-building activities in Central America and the Western Hemisphere. The committee believes that these two projects should be fully funded since they are important components of U.S. efforts to strengthen democracy in the Hemisphere.

Other committee concerns—the cholera epidemic

Cholera has appeared in Latin America for the first time in almost 100 years and has reached epidemic proportions. It has already affected 6 countries, and there have been more than 200,000 cases and more than 1700 deaths. Peru, the country most affected, has accounted for nearly 90 percent of all cases and deaths.

Cholera is a classic disease of poverty. Its transmission depends on the traditional characteristics of marginal communities—lack of clean water, contaminated food, and inadequate or non-existent sanitation.

According to the Pan American Health Organization (PAHO), there is a high potential that the disease will spread quickly in the region and will become endemic. To limit the impact of the disease, preventative measures must be taken immediately.

The committee believes that it is important for the Agency for International Development (AID) to participate actively in this effort by supporting national health institutions, PAHO, and non-governmental organizations engaged in cholera relief efforts. At the request of the Andean and Central American countries, PAHO is coordinating the preparation of emergency treatment and prevention, and control plans for the region.

The committee urges AID to commit at least \$10 million in additional assistance for each fiscal year to support preventative and

curative needs relating to the cholera epidemic. The committee also urges AID to place more emphasis on programs that will address poverty—the root cause of the cholera epidemic.

Restoration of the Hamilton House on the Island of Nevis

The committee recommends that AID assist in the restoration of the Hamilton House on the Island of Nevis. The Alexander Hamilton House, birthplace of the great American statesman, is the most historic site in Charlestown, Nevis. It was built in 1680. This structure was damaged during the recent hurricane and requires significant repairs. Given the need for increasing the economic and cultural development of the Caribbean, this project would help to promote increased tourism, which is the mainstay of this West Indian town. It would also help the United States in promoting its historic leaders and its democratic traditions.

Debt moratorium for Jamaica

The committee recognizes Jamaica's economic problems and urges the Department of the Treasury to give serious and favorable consideration to the request of Jamaica for a one-year moratorium of repayment of its official U.S. debt under the Enterprise for the Americas Initiative.

Organization of American States

On allocating funds to strengthen democracy, the Committee believes that the Agency for International Development should contribute to expanding the activities of the Organization of American States in supporting transitions to democracy. The OAS has played an active role in the Hemisphere in helping organize elections and in ensuring that they are free and fair. The OAS has significant potential to assist in other areas which are also essential to building democracy. The United States should encourage the OAS to expand its activities in support of democracy and AID should respond with appropriate levels of support for such activities.

TITLE VIII—EUROPE AND THE MIDDLE EAST

CHAPTER 1—MIDDLE EAST

Section 801—Assistance for Israel

Section 801(a) earmarks \$1.2 billion in each of the fiscal years 1992 and 1993 in economic support assistance for Israel. This amount shall be available as a grant cash transfer which shall be provided on an expedited basis in the first thirty days of each of the respective fiscal years. In exercising the authority of this provision, the President is to ensure that the level of cash transfers made to Israel does not cause an adverse impact on the total level of non-military exports from the United States.

Section 801(b) earmarks \$1.8 billion in fiscal year 1992 in foreign military financing (FMF) grants for Israel and \$2 billion for fiscal year 1993. These amounts shall be provided on an expedited basis in the first 30 days of the respective fiscal years. This financing shall be available for advanced weapons systems. Up to \$150 million for each of the fiscal years 1992 and 1993 shall be available for

research and development in the United States on advanced weapons systems and not less than \$475 million shall be available for each of the fiscal years 1992 and 1993 for research, development and procurement in Israel of defense articles and defense services, including research and development.

Section 801(c) stipulates that of the funds available for additions to stockpiles under section 2703(b) of the Foreign Assistance Act of 1961, \$300 million shall be available only for stockpiles in Israel in each of the fiscal years 1992 and 1993.

Section 801(d) authorizes the drawdown for Israel during fiscal years 1992 and 1993 of defense articles from the stocks of the Department of Defense, defense services of the Department of Defense and military education and training having an aggregate value of up to \$700 million. This amount shall be reduced by the value of any defense articles, defense services and military education and training made available to Israel pursuant to section 599B of the Foreign Operations, Export Financing, and Related Programs Appropriations Act of 1991 (Public Law 101-513). To the maximum extent possible, drawdowns shall be made from units withdrawn or to be withdrawn from Europe and these drawdowns shall be in addition to defense articles, defense services and military education and training provided under other provisions of law. The President shall have the authority if the readiness of the Armed Forces of the United States necessitates a delay to extend beyond fiscal year 1993 the time period available for exercising the authority under this subsection. The President shall notify the appropriate congressional committees of any determination under this paragraph, including an estimate of when the total amount authorized to be drawn down by this subsection will be provided to Israel. This subsection also requires a report within six months after the last delivery under this subsection identifying the defense articles, services, education and training provided to Israel under this subsection. Section 7201(d) of the Foreign Assistance Act does not apply with respect to drawdowns under this section, but section 2901(g) of that Act does apply with respect to such drawdowns.

Section 802—Assistance for Egypt

Section 802(a) earmarks \$815 million for each of the fiscal years 1992 and 1993 for economic support assistance for Egypt and authorizes such assistance for Egypt to be used as sectoral grants on the conditions that Egypt implements agreed upon reforms in the relevant sector. This subsection also permits economic support assistance to be used for instruction and training for Egyptian civilian law enforcement personnel with respect to human rights, democratic pluralism, and comparative criminal justice systems, including support for related curriculum development and research, notwithstanding section 660 of the Foreign Assistance Act (section 6202 of this legislation). Such assistance may be provided only through institutions of higher education or through the International Criminal Investigative Training Program of the United States Department of Justice.

Section 802(b) earmarks \$1.3 billion for each of the fiscal years 1992 and 1993 for foreign military financing grants for Egypt.

Section 803—Promoting pluralism and democracy

Section 803 authorizes for each of the fiscal years 1992 and 1993 up to \$10 million in funding from the funds available for democratic initiatives and human rights to be used to support the growth of indigenous nongovernmental organizations that contribute to increased pluralism, democracy and respect for human rights and the rule of law in the Middle East.

Section 804—West Bank and Gaza program

Section 804 earmarks \$16 million for each of the fiscal years 1992 and 1993 for economic support assistance for the West Bank and Gaza program.

Section 805—Middle East cooperative scientific and technological projects

Section 805 earmarks \$7 million in each of the fiscal years 1992 and 1993 for economic support assistance for regional cooperative projects in the Middle East which bring experts from Israel and from Arab states together in joint projects of scientific and technological benefit to Israelis and Arabs, in accordance with section 202(c) of the International Security and Development Cooperation Act of 1985.

Section 806—Cooperative development projects

Section 806(a) earmarks \$5 million for cooperative development projects in each of the fiscal years 1992 and 1993 to finance projects among the United States, Israel, and developing countries.

Section 806(b) earmarks \$2.5 million for cooperative development research projects in each of the fiscal years 1992 and 1993 to finance cooperative development research projects among the United States, Israel and developing countries.

Section 807—Israeli-Palestinian people-to-people activities

Section 807 expresses the sense of Congress that, in order to promote better understanding and mutual respect between the Israeli and Palestinian peoples, the United States should support educational, cultural and humanitarian activities which bring Israelis together with Palestinians living in the West Bank and Gaza.

Section 808—Policy toward and assistance for Lebanon

Section 808(a) expresses the sense of Congress that U.S. policy toward Lebanon should: (1) support the unity, sovereignty and territorial integrity of Lebanon; (2) work for the immediate release of American hostages seized in Lebanon; (3) encourage the Government of Lebanon to undertake political reforms to establish representative democratic institutions; (4) oppose Syrian control of Lebanon and the use of Lebanese territory by Syria for illegal narcotics production and trafficking; (5) seek the removal of all Syrian, other Arab, and Iranian troops from Lebanon; (6) seek the removal of Israeli forces from Lebanon as soon as the Government of Lebanon is capable of effectively guaranteeing an end to cross-border terrorism; (7) provide, under present circumstances, humanitarian and economic assistance to the people of Lebanon through American

and international private voluntary organizations and to American institutions in Lebanon, such as the American University of Beirut and Beirut University College; and (8) ensure that none of the assistance provided to Lebanon benefits Syria.

Section 808(b) earmarks \$4 million for each of the fiscal years 1992 and 1993 in economic support assistance for Lebanon.

Section 808(c) earmarks \$6 million for each of the fiscal years 1992 and 1993 in development assistance for Lebanon.

Section 808(d) stipulates that during the period beginning on the date of enactment of this Act and ending on September 30, 1993, defense articles and services may not be sold to Lebanon under the Arms Export Control Act, and deliveries to Lebanon of defense articles and defense services pursuant to any previous such sale shall be suspended, unless the President submits to appropriate congressional committees a report that (1) sets forth the purpose and value of the defense articles and defense services to be provided; (2) identifies the intended end-user within the Lebanese Government of those defense articles and defense services; and (3) states that the President has determined that those defense articles and defense services will assist the Government of Lebanon in establishing effective control of Lebanese territory and sufficient safeguards to ensure that those defense articles and defense services will not benefit the Government of Syria.

Section 809—Restrictions and reports with regard to Syria

Section 890(a) stipulates that no U.S. assistance may be provided to Syria until the President determines and reports to the appropriate congressional committees that: (1) Syria has demonstrated its willingness to enter into direct bilateral negotiations with Israel; (2) Syria does not deny its citizens, or any segment of its citizens, the right or opportunity to emigrate; does not impose any tax on emigration or on the visas or other documents required for emigration, for any purposes or cause whatsoever; and does not impose any tax levy, fine or other charge (other than a nominal fee for administrative expenses) on any citizen as a consequence of the desire of such citizen to emigrate to the country of his or her choice; (3) Syria is assisting the United States Government in obtaining the release of American hostages seized in Lebanon; (4) Syria no longer supports groups responsible for acts of international terrorism and no longer provides safe haven for terrorists; (5) Syria is withdrawing its armed forces from Lebanon; (6) Syria is no longer acquiring chemical, biological or nuclear weapons, and the President has received credible assurances that any such weapons now in the Syrian arsenal will not be used to threaten Syria's neighbors; (7) Syria is fully cooperating with United States antinarcotics efforts and is taking steps to remove those members of the Syrian Government who are involved in the drug trade; (8) Syria has made progress in improving its record of respect for internationally recognized human rights; and (9) Syria has extradited the notorious Nazi war criminal Alois Bruner to Germany.

Section 809(b) requires a second report 6 months after an initial report submitted pursuant to Section 809(a) on United States policy toward Syria with specific reference to the issues detailed in Section 809(a).

Section 809(c) requires an annual report not later than March 31 of each year on all third country transfers of weapons and other military equipment to Syria during the previous calendar year. Each such report shall include an analysis of the impact of these transfers, especially (1) the cumulative amount and value of these transfers; (2) the effect of these transfers on regional stability, security, and the balance of power; (3) the extent to which these transfers make regional peace or war more or less likely; (4) the extent to which an actual military need exists for these transfers; (5) the extent to which Syria can bear the cost of purchasing, maintaining, operating, and securing the new weapons or other military equipment; and (6) the effect on Israel's qualitative edge in the region, and the amount and type of military or economic assistance would be required to compensate for any loss in Israel's qualitative edge.

Section 809(d) defines "United States assistance" to have the same meaning as it has under Section 481(i) of the Foreign Assistance Act of 1961.

Section 809(e) defines "appropriate congressional committees" as used in this section to mean the Committee on Foreign Affairs in the House of Representatives and the Committee on Foreign Relations in the Senate.

Section 810—Captured Iraqi equipment

Section 810(a) states that equipment, supplies, or material captured from Iraq by United States forces in the context of Operation Desert Storm may be transferred to the government (or other entity) of any foreign country in the Middle East only if the relevant congressional committees are notified in advance in accordance with their regular notification procedures.

Section 810(b)(1) defines the term "material" to include all lethal and nonlethal instruments of war and their supporting elements, components, and subcomponents. Section 810(b)(2) defines the term "relevant congressional committees" to mean the Committee on Appropriations, the Committee on Armed Services and the Committee on Foreign Affairs in the House of Representatives; and the Committee on Appropriations, the Committee on Armed Services and the Committee on Foreign Relations in the Senate.

Section 811—Iraqi compensation for damages to other countries

Section 811(1) expresses the sense of the Congress that under international law and the terms of U.N. Security Council Resolutions 674 and 687 Iraq is liable for any direct loss, damage or injury to foreign governments, nationals, and corporations as a result of its invasion and illegal occupation of Kuwait.

Section 811(2) expresses the sense of the Congress that Israel is a country that suffered damages as a result of Iraq's aggression and should, therefore, be able to receive compensation from Iraq commensurate to the damage it suffered from that aggression.

Section 812—Peace and stability in the Middle East

Section 812(a) expresses the sense of the Congress that, in the aftermath of the Persian Gulf conflict, the United States should work with its Arab coalition partners: (1) to encourage their active support for efforts to achieve peace and stability in the Middle East

and settle the Arab-Israeli conflict through direct negotiations; and (2) to take specific steps to recognize Israel's right to exist, terminate the economic and diplomatic boycott of Israel, cease efforts to expel Israel from international organizations or to deny Israel the opportunity to participate in the activities of such organizations, and terminate assistance to countries or groups that commit or support acts of international terrorism.

Section 812(b) requires that not later than three months after the date of enactment of this Act and every 6 months thereafter the Secretary of State submit to the appropriate congressional committees a report on the progress in implementing the policies outlined in subsection (a). As used in this subsection, the term "appropriate congressional committees" means the Committee on Appropriations and the Committee on Foreign Affairs of the House of Representatives; and the Committee on Appropriations and the Committee on Foreign Relations of the Senate.

Section 813—Cumulative impact of conventional arms transfers to the Middle East

Section 813(a) requires that not later than January 31 each year the President shall submit to the appropriate congressional committees a report containing (1) an analysis of the Middle East arms balance based upon the cumulative impact of the aggregate transfers of defense articles and defense services to the region by all countries during the previous year; (2) an analysis of how U.S. policy goals are advanced by U.S. transfers of defense articles and defense service to the region; (3) an analysis of what type of military or economic compensation is required as a result of those transfers, to countries whose qualitative edge the United States is committed to maintaining, and how such compensation is to be funded. This should include a detailed description of steps taken to preserve this qualitative edge and areas requiring attention due to a decline in comparative advantage, and an analysis of defense articles and defense services obtained by Middle East countries from sources other than the United States.

Section 813(b) provides that the analyses required by this report shall be based on (1) the effect of the transfers of defense articles and defense articles on regional stability and security; (2) with respect to United States transfers, an assessment of the threat those transfers were intended to offset, and the extent to which an actual military need existed for the transfers; (3) the extent to which those transfers will contribute to a regional arms race; and (4) the ability of the recipient country to operate, maintain, secure and bear the cost of the defense articles and defense services transferred.

Section 814—Restrictions on negotiations with the Palestine Liberation Organization

Section 814 amends Section 1302 of the International Security and Development Cooperation Act of 1985.

Section 814(a) is a conforming change in section 1302(a).

Section 814(b) strikes subsection 1302(b) and inserts in lieu thereof a new section 1302(a)(2) that notes the U.S. and UN Security Council condemnation in 1990 of Iraq's invasion and annexation of

Kuwait and call upon Iraq to withdraw from Kuwait; notes the successful U.S. military action, along with a 28 nation coalition, to eject Iraq from Kuwait and implement the 12 Security Council resolutions regarding Iraq's invasion of Kuwait; and notes that the Palestinian Liberation Organization opposed these policies of the United States and worked against their implementation. It adds a new section 1302(b) by reaffirming U.S. policies as stated in section 1302(a) and in accordance with these policies, states that no officer or employees of the U.S. Government and no agent or other individual acting on behalf of the U.S. Government shall negotiate with the PLO or representatives thereof (except emergency or humanitarian situations) unless and until the PLO recognizes Israel's right to exist, and amends its Charter to reflect such recognition; clearly and unequivocally accepts UN Security Council Resolutions 242 and 338; and renounces and ceases the use of terrorism by any group represented on the PLO Executive Committee or the Palestine National Council. It adds a new section 1302(c) that defines the term "use of terrorism" in section 1302(b) as having the same meaning as the term "engage in terrorist activity" as defined in section 212(a)(3)(B) of the Immigration and Nationality Act (8 U.S.C. 1182(a)(3)(B)).

Section 815—United Nations General Assembly Resolution 3379

Section 815(a) finds that the General Assembly of the United Nations adopted Resolution 3379 on November 10, 1975, maintaining that Zionism constitutes a form of racism.

Section 815(b) is a sense of the Congress that the United States should use all available means to obtain rescission by the United Nations General Assembly of Resolution 3379, and the Congress calls upon the General Assembly to rescind that resolution.

Section 816—Israeli preemptive strike against the Iraqi nuclear reactor at Osirak

Section 816(a) finds that (1) on June 7, 1981 the Israeli air force launched a preemptive strike against the Iraqi nuclear reactor at Osirak; (2) on June 19, 1981 the United Nations Security Council adopted Resolution 487 which condemned that Israeli preemptive strike; (3) in the years following that Israeli preemptive strike, Iraq demonstrated an ability and willingness to use weapons of mass destruction, as evidenced by chemical weapons attacks against both Iranian military forces and Kurdish Iraqi citizens; (4) in 1990, Iraqi President Hussein attempted to illegally acquire triggering devices for atomic bombs, and also threatened to use weapons of mass destruction against both neighboring Arab countries and Israel; (5) in August 1990, Iraq invaded and occupied Kuwait, demonstrating a continuing policy of aggression; (6) after United States-led coalition forces attacked the Iraqi forces on January 16, 1991, Iraq attempted to draw Israel, a non-belligerent country, into the conflict by launching 42 Scud missiles at Israel; and (7) there is now evidence that the Israeli preemptive strike against the Iraqi nuclear reactor at Osirak delayed efforts to resolve the Arab-Israeli conflict.

Section 816(b) declares the sense of the Congress that (1) the 1981 Israeli preemptive strike against the Iraqi nuclear reactor at Osirak was a legitimate and justifiable exercise of self-defense

which also reduced the threat of Iraqi nuclear aggression against countries bordering Iraq; and (2) the United States should seek the repeal of United Nations Security Resolution 487 which condemned that 1981 preemptive strike.

Section 817—Democratic reform and human rights in Kuwait

Section 817(a) finds that on January 16, 1991, the United States led a 28 nation coalition in military action to eject Iraq from Kuwait and implement the 12 United Nations Council resolutions regarding Iraq's invasion of Kuwait; (2) it is U.S. policy to promote the cause of human rights and the development of democratic institutions in Kuwait and around the world; (3) there are the continuing reports of torture and extrajudicial killings in Kuwait, allegedly carried out by Kuwait armed forces and members of the "resistance" groups against those who are alleged to have collaborated with the Iraqi occupation; and (4) there is a lack of political rights in Kuwait, manifest in part by the 1986 suspension of the elected national assembly and the restricted nature of the franchise in Kuwait.

Section 817(b) states that sales may not be made to Kuwait under the Defense Trade and Export Control Act, and licenses may not be issued under section 38 of that Act for the export to Kuwait of any item on the U.S. Munitions List, unless the President certifies to the appropriate congressional committees that the Government of Kuwait has (1) put an end to the occurrences of arbitrary arrest, torture, and extrajudicial killing by Kuwaiti armed forces and is making a genuine effort to stop such acts by nongovernmental resistance groups; (2) clarified the legal basis for arrest and detention in Kuwait; (3) ensured that those detained have access to legal counsel and to humanitarian and human rights groups; (4) ensured that the rights to a speedy trial, due process, and a meaningful appeal of any sentence are accorded to each and every detainee; (5) acted with the intention to extend the right to vote to all citizens irrespective of sex or literacy; and (6) established a date certain, that is not later than December 31, 1992, unless the government and opposition agree to another date, on which parliamentary elections will be held.

CHAPTER 2—EASTERN MEDITERRANEAN

Section 5501—U.S. policy toward the Eastern Mediterranean

Section 5501 amends and updates section 620C of the Foreign Assistance Act of 1961. Section 620C(a) contains findings and statements with respect to the achievement of a just and lasting settlement of the Cyprus problem, and declares that the achievement of such a settlement remains a central objective of U.S. foreign policy.

Section 620C(b) establishes a number of principles regarding the conduct of United States policies toward Cyprus, Greece and Turkey. These principles are: (1) that the United States shall actively support the resolution of differences in the region through negotiations, encourage all parties to avoid provocative actions, and strongly oppose any attempt to resolve disputes through force or threat of force; (2) that the United States strongly supports efforts, including those of the United Nations, to bring about a prompt,

peaceful settlement of Cyprus; (3) that all defense articles furnished by the United States to countries in the Eastern Mediterranean will be used only in accordance with the requirements of the Foreign Assistance Act, the Defense Trade and Export Control Act, and the amendments under which those articles were furnished; (4) that the United States will furnish military assistance for Greece and Turkey only for defensive purposes, including enabling the recipient country to fulfill its NATO responsibilities and shall be designed to ensure that the present balance of military strength between Greece and Turkey be preserved; (5) that any agreement for the sale or other provision of any defense article on the United States Munitions list shall expressly state that the article is being provided by the United States only with the understanding that the article will not be transferred to Cyprus or otherwise used to further the division of Cyprus, and that the President shall report to Congress any substantial evidence of misuse of equipment provided under any such agreement; and (6) that the United States shall use its influence to achieve the withdrawal of Turkish military from Cyprus in the context of a solution to the Cyprus problem.

Section 620C(c) requires the President and Congress to continually review the status of progress toward reaching a just settlement on Cyprus and determine United States policy toward that region accordingly. To facilitate such review, Section 620C(c) requires the President to transmit to the Speaker of the House and the Chairman of the Committee on Foreign Relations of the Senate, every 120 days, a report on the progress being made toward the conclusion of a negotiated solution to the Cyprus problem. Section 620C(c) stipulates that this report shall include any relevant reports prepared by the Secretary General of the United Nations for the Security Council.

Section 821—Assistance for Cyprus

Section 821(a) earmarks \$15 million in each of the fiscal years 1992 and 1993 in economic support assistance for Cyprus.

Section 821(b) provides that this assistance may be used only to support scholarships or for bicomunal projects.

Section 822—Assistance for Greece

Section 822 earmarks \$350 million in foreign military financing assistance for Greece in fiscal years 1992 and 1993.

Section 823—Assistance for Turkey

Section 823 earmarks \$500 million in foreign military financing assistance for Turkey in fiscal years 1992 and 1993.

Section 824—Admission of Turkey into the European Community and the Western European Union

Section 824 expresses the sense of the Congress that the President should do everything possible to support Turkey's membership in the full range of European institutions, including the European Community and the Western European Union.

Section 825—United Nations Secretary General's peace initiatives regarding Cyprus

Section 825(a) finds that (1) the United States and Cyprus have close, longstanding ties; (2) resolution of the Cyprus conflict is important for peace and stability in the Eastern Mediterranean and to the interests of the United States; and (3) the Secretary General's proposals constitute an important step in the search for a solution in Cyprus.

Section 825(b)(1) declares the support of the Congress for the United Nations Secretary General's peace initiatives regarding Cyprus on the basis of United Nations Security Council Resolutions and (2) encourages both parties on Cyprus to cooperate with the Secretary General.

CHAPTER 3—SUPPORT FOR EAST EUROPE DEMOCRACY

Section 841—Amendments to SEED Act of 1989

Section 841 specifies that, except as otherwise expressly provided, amendments or repeals made by this chapter refer to the Support for East European Democracy (SEED) Act of 1989 (Public Law 101-179).

Section 842—United States policy regarding Eastern Europe

Section 842 establishes U.S. policy regarding Eastern Europe and creates a new section 2 of the SEED Act. New section 2(a) states that it shall be the policy of the United States to facilitate the reintegration of the East European countries into the community of nations and to end the artificial division of Europe. In furtherance of these objectives, the United States shall support economic and political reform in East European countries, both through the provision of assistance to governments and private individuals and entities in those countries and the promotion of a U.S. commercial presence in those countries.

New section 2(b) establishes the criteria for determining whether an East European country is eligible for assistance under this Act. It states that the United States should provide assistance for East European countries to the extent that such countries are taking steps toward (1) political pluralism, based on progress toward free and fair elections and a multiparty political system; (2) economic reform, based on progress toward a market-oriented economy; (3) respect for internationally recognized human rights; and (4) a willingness to build a friendly relationship with the United States.

New section 2(c)(1) states that the Congress finds that (A) the process in Eastern Europe of building democratic institutions and governments based on the rule of law and developing market-oriented economies will be far from complete during the 3-year period originally authorized in Public Law 101-179; (B) the process of reintegrating Eastern Europe into the community of democratic nations will be slower and more difficult than was expected at a time of general euphoria following the democratic revolutions of 1989; (C) grant and loan assistance provided to date to Eastern Europe through the G-24 process (through the member governments of the Organization for Economic Cooperation and Development) has been generous but frequently duplicative; and (D) successful reintegra-

tion of Eastern Europe into the community of democratic nations will require broader outreach by the United States and G-24 assistance programs to populations, enterprises, and local and regional governments outside of national capitals.

New section 2(c)(2) states that, accordingly, (A) the United States should commit itself, and seek the commitment of other G-24 governments, to the completion of Eastern Europe's reintegration into the community of democratic nations, and future requests for assistance should reflect the commitment of the United States to this task; (B) the United States and other G-24 governments should coordinate their assistance more thoroughly in order to prevent duplication of effort and to maximize the effectiveness of assistance provided; and (C) the United States should ensure that the assistance provided to each eligible East European country under this Act is distributed equitably through the country.

Section 842(b) conforms the table of contents of the SEED Act to reference new section 2.

Section 843—East European countries eligible for SEED benefits

Section 843(a) establishes a new section 4 in the SEED Act, listing those countries eligible for assistance under the Act. They are Poland, Hungary, the Czech and Slovak Federal Republic, Bulgaria, and any other East European country if the President reports to the Congress and determines that that country meets the four criteria established by new section 2(b) of the SEED Act. This section also provides that Yugoslavia shall be considered to be an eligible East European country for purposes of this Act, unless the President determines and reports to the Congress that Yugoslavia does not meet the four criteria.

Section 843(b) conforms the SEED Act to new section 4.

Section 844—Structural adjustment

Section 844(a) amends section 101(a)(1) of the SEED Act to expand its application to all eligible East European countries.

Section 844(b)(1) strikes section 101(b) of the SEED Act and adds a new subsection (b) that, to the extent an eligible East European country continues to evolve toward pluralism and democracy and to develop and implement comprehensive economic reform programs, the United States Government, in conjunction with other member governments of the Organization for Economic Cooperation and Development (OECD) and international financial institutions (including the International Monetary Fund), shall support the implementation of a program to address key structural economic problems, address pressing social problems, carry out comprehensive economic reform, and relieve immediate and urgent balance of payments requirements, through the use of the Exchange Stabilization Fund and debt relief; and a new subsection (c) that, to the extent an eligible East European country continues to evolve toward pluralism and democracy and to develop and implement comprehensive economic reform programs, the United States government, as appropriate for individual eligible East European countries, shall (1) urge all members of the 'Paris Club' of creditor governments and other creditor governments to adopt, and participate in, a generous and early debt rescheduling program, as well as

a program of reductions, on a case by case basis, of official debt and official debt service owed to such governments by the government of an eligible East European country; and (2) seek, in coordination with other governments, to expedite consultations between the government of that East European country and its major private creditors in order to facilitate a rescheduling and reduction of payments due on debt owed to such creditors in a manner consistent with the international debt policy announced by the Secretary of the Treasury on March 10, 1989.

Section 844(b)(2) amends section 102(c) of the SEED Act to expand the application of paragraph (1) to all eligible East European countries and to limit the scope of paragraph (2) to Poland.

Section 844(c) amends section 104(a) and section 104(b) by inserting a simplified and consistent definition of eligible East European country.

Section 844(d) conforms section headings, cross-references, and table of contents with the SEED Act.

Section 845—Private sector development

Section 845(a) amends title II of the SEED Act and creates a new section 202, which authorizes the Agency for International Development to provide assistance (1) for activities similar to the Polish-American and Hungarian-American enterprise funds, including, if appropriate, additional enterprise funds; and (2) to support United States participation in capital projects, both public infrastructure projects and private investment projects. Each congressional notification prior to the obligation of funds under paragraph (1) of this section is to specify the manner in which assistance will be provided.

Section 845(b) expands the applicability of section 203 of the SEED Act (as redesignated by this Act) to include all eligible East European countries, and makes the funds authorized under Section 203 available to all eligible East European countries.

Section 845(c) expands the authorities in section 204 of the SEED Act (as redesignated by this Act) regarding technical training and assistance to all eligible East European countries. This section authorizes technical assistance and training for both private and public entities and expands the type of training and assistance to be provided to include: training and technical assistance in skills of agribusiness (including agricultural extension), commerce, entrepreneurship, finance, science (including environmental science), pollution control, business and government administration and management, auditing, accounting, drafting legal codes and regulations, and other relevant areas. This section authorizes the participation of private voluntary organizations and private sector entities from all eligible East European countries in provision of technical assistance and training. This section states that the Agency for International Development shall use competitive procedures to the maximum extent practicable in making grants to, and entering into contracts with, nongovernmental entities.

Section 845(d) amends section 205 of the SEED Act (as redesignated by this Act) to expand the authorities relating to the Peace Corps to all eligible East European countries, and to extend train-

ing in the expanded areas of technical skills as described in redesignated Section 204 above.

Section 845(e) expands the authorities of section 206 of the SEED Act (as so redesignated by this Act) to local currencies generated in eligible East European countries, except that the provisions of section 206(a)(2), relating to the activities of the Joint Commission established by the American Aid to Poland Act of 1988, remain specific to Poland.

Section 845(f)(1) expands the authorities of section 207 of the SEED Act (as so redesignated by this Act) to apply to all eligible East European countries. Section 845(f)(2) conforms the Federal Credit Union Act by expanding authorities under Paragraph (16) of section 107 of that Act to include eligible East European countries for purposes of the SEED Act.

Section 845(g) adds a new section 208 to the SEED Act and sets forth findings and policy with respect to assistance to state enterprises. It states that a very large percentage of the economies of Eastern Europe are dominated by state enterprises which were established during the period of Communist government. Democratically elected governments of East European countries have begun to implement a major program of decontrol and privatization in order to move to a free market economy. The selective provision of assistance, particularly technical assistance and training, to state-owned enterprises may in some instances be crucial in assisting to achieve a speedier and more successful transition from state ownership to a system of production based on private investment. This section states that the provisions of this title shall not be interpreted to prevent assistance provided under this title to state enterprises in an eligible East European country for a period of two years following the date of enactment of this section, provided such assistance is designed to facilitate the speedy transition to a free market economy through a privatization of such enterprises and the further movement of the economy of that country toward a system of production based on private investment.

Section 845(h) is a conforming amendment to the table of contents in the SEED Act.

Section 846—Trade and investment

Section 846(a) repeals executed amendments and obsolete provisions of the SEED Act. Sections 301, 302, and 307 are repealed.

Section 846(b) redesignates section 303 of the SEED Act as Section 301 and authorizes the Export-Import Bank of the United States to extend credit to the Czech and Slovak Republic or any agency or national thereof.

Section 846(c) repeals the Trade Credit Insurance Program for Poland.

Section 846(d) redesignates section 306 as 302 and urges the President to seek bilateral investment treaties with eligible East European countries.

Section 846(e) is a conforming amendment to the table of contents in the SEED Act.

Section 847—Educational, cultural and scientific activities

Section 847(a) renames certain educational and cultural activities carried out under section 401(a) of the SEED Act as the Freedom International Program. This amendment expands authorities under section 401 to eligible East European countries and, in section 401(d), to programs between American organizations and organizations of eligible East European countries.

Section 847(b) expands the authorities of the scholarship program in section 402 of the SEED Act to eligible East European countries. This section strikes section 402(i) of the SEED Act and inserts in lieu thereof a provision stating that the Agency for International Development shall use competitive procedures to the maximum extent practicable in making grants to, and entering into contracts with, nongovernmental entities. This section adds a subsection 402(1) that authorizes the provision of scholarships to enable students from eligible East European countries to study at American institutions of higher education in Europe.

Section 848—Other assistance programs

Section 848(a) amends section 501 of the SEED Act to extend the authorities to provide support for democratic institutions and activities to all eligible East European countries. This section adds a new subsection 501(c) that states that the Agency for International Development shall use competitive procedures to the maximum extent practicable in making grants to, and entering into contracts with, nongovernmental entities.

Section 848(b) amends section 502 of the SEED Act to extend authorities in paragraphs (a), (b), and (g) to eligible East European countries. It broadens the priorities listed in 502(a) to include the alleviation of health problems resulting from environmental degradation. It adds new sections 502(i), (j), (k), (l) and (m)

New section 502(i) authorizes the President to provide assistance for environment and energy activities in eligible East European countries, with emphasis on assistance in developing policies encouraging and providing incentives for end-use energy efficiency, conservation, and reliance on renewable energy resources. Assistance under this subsection may include training, technical assistance for related energy and environmental investments or regulation, local production of environmental or energy-related equipment, promotion of U.S. technologies, and dealing with health problems directly associated with pollution.

New section 502(j) calls for the coordination of environmental initiatives, and directs that the Administrator of the Environmental Protection Agency and the Administrator of the Agency for International Development shall jointly, and in cooperation, select the environmental initiatives and policies. Specific environmental programs or projects shall be carried out by those agencies or departments of the United States which have traditional and recognized expertise in the program area, or by nongovernmental organizations as appropriate to their respective expertise.

New section 502(k) authorizes the President to work with officials of the Government of the Czech and Slovak Republic to establish and support a regional program to study and facilitate co-

operative activities to address the public health aspects of environmental degradation. Of the funds allocated to carry out energy and environmental activities under subsection 502(i), not less than \$1 million shall be made available to carry out this subsection. The committee believes that such funds should be provided for activities and institutions in the Czech and Slovak Federal Republic.

New subsection 502(l) calls for assessments of environmental impact consistent with Section 1241 of the Foreign Assistance Act, other than assistance provided through Enterprise Funds under Section 201 or similar entities under Section 202 of the SEED Act.

New subsection 502(m) requires that activities carried out under section 204 (relating to technical assistance and training) or section 206 (relating to use of local currency generated by agricultural assistance) that are designed to increase agricultural production shall emphasize the principles of low-input sustainable agriculture and integrated pest management, including promotion of alternative production systems that minimize pest residues on food.

The committee believes that transboundary pollution issues are of critical concern in Central and Eastern Europe. The Regional Environmental Center in Budapest, founded under United States leadership, should seek opportunities to play a catalytic role in fostering regional cooperation in addressing transboundary pollution problems.

Training and assistance activities supported by the United States should focus on the state and local level as well as the federal level, and focus on institution-building and fostering indigenous capabilities, building on the base of talented people in these countries. U.S. assistance should also promote the protection of natural ecological values including watershed areas, parks and biodiversity. Opportunities should also be considered that promote sound environmental tourism, which can provide an important source of foreign exchange, and promote environmental education.

U.S. assistance should also focus significant resources on the non-governmental sector to develop its capacities. NGOs can play an important role in implementing small-scale activities, and in fostering self-reliance at the local level.

Section 848(c) amends and expands the authorities under section 503 of the SEED Act. It authorizes the provision to eligible East European countries of (1) medical training; (2) assistance with respect to health care planning and policy; and (3) other assistance to improve quality of health care.

Section 848(d) creates a new section 504 of the SEED Act to provide a new authority and program of assistance to eligible East European countries in housing. Section 504(a) authorizes technical assistance and assistance to support the infrastructure necessary to support a viable housing structure in eligible East European countries. The term infrastructure refers principally to the financial intermediaries necessary to support a viable housing sector, but also other activities. Section 504(b) authorizes the Housing Investment Guarantee Program to operate in eligible East European countries.

Section 848(e) is a conforming amendment to the table of contents.

Section 849—Additional SEED Program actions

Section 849(a) renames the "SEED Information Center System" as the "Eastern European Business Information Center" in section 602 of the SEED Act and expands the authorities of section 602 to include eligible East European countries. The section finds that communications, information, and broadcasting are essential to advancing United States interests in promoting democracy and private enterprise in Eastern Europe, and the need for coordination of public and private initiatives is particularly urgent in these areas. Accordingly, the Eastern European Business Information Center should develop special information on business opportunities in the communications, broadcasting, and information field for use by United States industry and the SEED program coordinator.

Section 849(b) broadens the sense of the Congress provision in section 603(a) of the SEED Act and the authorities in section 603(b) of the SEED Act to include eligible East European countries.

Section 849(c) repeals section 604 of the SEED Act.

Section 849(d) is a conforming amendment to the table of contents.

Section 850—Funding of SEED Program

Section 850(a) adds a new section 806 to the SEED Act to authorize appropriations to carry out the authorities of the SEED Act.

Section 806(a) of the SEED Act authorizes the appropriation of \$388.5 million for fiscal year 1992 and \$388.5 million for fiscal year 1993, in addition to any amounts made available under part I of the Foreign Assistance Act of 1961 to provide such assistance.

Section 806(b) of the SEED Act allocates the authorization of appropriations as follows: \$164 million for Enterprise Funds and private enterprise development; \$20 million for support for democratic institutions; \$75 million for environment and energy activities; and \$129.5 million for technical assistance and training, stabilization assistance, labor market transition assistance, scholarships, medical assistance, and assistance related to housing.

Section 806(c) of the SEED Act provides for the proportionate reduction of the authorization levels in section 806(b) if appropriations are less than the sum of the specific allocation amounts.

Section 806(d) of the SEED Act authorizes the reallocation of funds among categories in section 806(b) through the use of congressional notification procedures specified in section 634A(a) of the Foreign Assistance Act.

Section 806(e) of the SEED Act designates the provisions referred to in section 806(a).

Section 806(f) of the SEED Act terminates the authorization of appropriations provided in other sections of the SEED Act, other than section 403 (relating to science and technology exchange agreements), effective as of the date of enactment of this section. The termination is applicable only to authorization of appropriations, not to the authorities themselves.

Section 806(g) of the SEED Act states that funds made available under this section may be used to provide assistance under this Act notwithstanding any other provision of law.

Section 806(h) of the SEED Act states that funds authorized to be appropriated by subsection 806(a) shall be considered to be funds made available to carry out part I of the Foreign Assistance Act of 1961. This subsection does not supersede any provision which authorizes assistance to be provided under this Act notwithstanding any other law.'

Section 850(b) is a conforming amendment to the table of contents.

Section 851—Conforming amendments to list of SEED actions

Section 851 is a conforming amendment to section 3(c), as so redesignated by section 842(a)(1) of this Act.

CHAPTER 4—OTHER PROVISIONS RELATING TO EUROPE

Section 861—Contributions to Anglo-Irish International Fund

Section 861(a) amends section 3 of the Anglo-Irish Agreement Support Act of 1986 by adding at the end a new section (3)(c), that of the amounts made available to carry out chapter 3 of Title I of the Foreign Assistance Act of 1961 (relating to the economic support fund), \$20 million for fiscal year 1992 and \$20 million for fiscal year 1993 shall be used for United States contributions to the International Fund.

Section 861(b) strikes section 5(c) of the Anglo-Irish Agreement Support Act of 1986 and amends section 6.

The new section 6(a) states that at the end of each year in which the U.S. Government makes any contribution to the International Fund (but not later than December 31), the President shall report to the Congress on the degree to which (1) the International Fund has contributed to reconciliation between the communities in Northern Ireland; (2) United States contributions to the International Fund are meeting their objectives of encouraging new investment, job creation, and economic reconstruction on the basis of strict equality of opportunity; (3) the International Fund has increased respect for human rights and fundamental freedoms of all people in Northern Ireland; (4) the Board of the International Fund, as a whole, is broadly representative of the interests of the communities in Ireland and Northern Ireland; and (5) disbursements from the International Fund are distributed in accordance with the principle of equality of opportunity and nondiscrimination in employment, without regard to religious affiliation, and address the needs of both communities in Northern Ireland.

The new section 6(b) states that reports submitted pursuant to subsection (a) shall discuss the results of any independent reviews that have been conducted of the programs and projects supported by the International Fund, with particular regard to the achievement of the objectives specified in paragraphs (1) through (5) above.

Section 862—Technical assistance for Baltic states and for democratic governments and nongovernmental organizations in the Soviet Union

Section 862(a) state that of the amounts made available for economic support assistance, not less than \$15 million for fiscal year

1992 and not less than \$15 million for fiscal year 1993, shall be made available only for assistance in accordance with this section.

Section 862(b) states that of the amounts made available each fiscal year pursuant to subsection (a), half shall be allocated for assistance to Baltic states of Estonia, Latvia, and Lithuania, and half shall be allocated for assistance to eligible recipients in the Soviet Union that request technical assistance from the United States.

Section 862(c) states that funds made available pursuant to this section shall be used to provide technical assistance in support of democratic reforms or market-oriented reforms.

The committee believes that one specific initiative to contribute to the development of effective democratic institutions would be to provide fellowships for individuals who work in the legislatures of the Baltic states and elected Soviet governments, to enable those individuals to come to the United States for short-term training programs on those aspects of the operations of the Congress that could be usefully transferred to their legislatures.

Section 862(d) waives restrictions that would otherwise prohibit such assistance to any Baltic state or eligible recipient in the Soviet Union.

Section 862(e) states that assistance (1) for a Baltic state may only be provided directly to the government of that state or through nongovernmental organizations; and (2) for an eligible Soviet recipient may only be provided directly to that government or through nongovernmental organizations.

Section 862(f) defines eligible recipient in the Soviet Union to mean (1) the government of any republic, and any local government, within the Union of Soviet Socialist Republics that was elected through open, free, and fair elections, and (2) any indigenous nongovernmental organization in the Soviet Union that promotes democratic reforms and market-oriented reforms. This section precludes assistance to the central government of the Soviet Union until such time as that government is elected through open, free, and fair elections.

Section 863—Assistance for the Republic of Armenia

Section 863(a) authorizes the appropriation of \$5 million for fiscal year 1992 and \$5 million for fiscal year 1993 for use in accordance with this section, in addition to amounts otherwise authorized to be appropriated to carry out chapter 9 of part I of the Foreign Assistance Act of 1961 (relating to international disaster assistance).

Section 863(b) states that amounts made available pursuant to this section shall be used for humanitarian assistance, transportation of materials provided for such assistance, medical treatment, education and vocational training, and the construction of housing for the victims of the Armenian earthquake of December 7, 1988.

Section 863(c) states that assistance provided pursuant to this section shall be channeled through United States private voluntary organizations and other United States nongovernmental organizations.

Section 864—Soviet-Eastern European research and training program

Section 864(a) authorizes \$5 million for fiscal year 1992 and \$5 million for fiscal year 1993 to carry out the Soviet-Eastern European Research and Training Act of 1983, in addition to amounts otherwise authorized to be appropriated for such purposes.

Section 864(b) amends section 807 of the Soviet-Eastern European Research and Training Act of 1983. The section, as amended, states that at the end of the fiscal year the Secretary of State shall prepare and submit to the Congress a report on the implementation of this title during that fiscal year. The report shall include (1) an analysis of the extent to which the payments made pursuant to this title were successful in supporting the functions referred to in section 802(3) of the title; (2) a financial statement showing how the funds paid to each institution pursuant to this title were used, with a summary of the results of any audit conducted by the United States Government with respect to those funds; (3) a listing of all institutions receiving payments under this title whose administrative expenses that were covered by such payments represented more than 10 percent of the amount of those payments, with an explanation for each such institution of why its administrative payments exceeded 10 percent of the amount of those payments; and (4) such recommendations as the Advisory Committee deems advisable.

Section 865—United States policy toward Yugoslavia

Section 865 is a sense of the Congress provision on U.S. policy toward Yugoslavia. It is the sense of the Congress that: (1) the United States supports the territorial integrity of Yugoslavia as a common state of constituent republics; (2) the United States recognizes the Federal Government as the legitimate government of Yugoslavia; (3) the people of Yugoslavia should resolve questions about the future composition of Yugoslavia through reform, democracy, and negotiation, and not by the use of force by any republic, by the Federal Government, or by any opposition group; (4) all ethnic groups, all republics, and all opposition parties should be included in discussions and decisions regarding the future composition of Yugoslavia; (5) the Federal Government of Yugoslavia and the governments of all republics should tolerate the rights of their people to engage in open dialogue about the future composition of Yugoslavia; (6) the Federal Government of Yugoslavia and the governments of all the republics should progress in the transition from communism to the adoption of democratic principles and a free-market economy; (7) democratic principles and a free-market economy in Yugoslavia should be supported; (8) the recent use of force in Yugoslavia should be condemned; (9) the Federal Government of Yugoslavia and the governments of all the republics should refrain from the use of force in resolving interethnic disputes; (10) the republics of Yugoslavia should preserve the political and social rights, as well as the linguistic and cultural autonomy, of all minority populations living within their borders; and (11) the President should announce that the United States will oppose any unjustified use of force and any abuse of human rights in Yugoslavia.

Section 866—Situation in Kosovo province of Yugoslavia

Section 866 states the sense of the Congress that: (1) ethnic Albanians living in the Republic of Serbia and in other parts of Yugoslavia should not be discriminated against because of their ethnicity; (2) the people of the Kosovo province, including ethnic Albanians, should retain their autonomous status in Yugoslavia, respecting the rights of all peoples and treating them equally under the law; (3) the people of Kosovo province should be allowed to hold free and fair elections for the Assembly of Kosovo province, which should be allowed to function as a representative institution reflecting the will of the people; and (4) Albanian leaders in Kosovo province and other Yugoslav and Serbian leaders should resolve their differences through negotiations and should not, under any circumstances, resort to violence or repression.

Section 867—Policy statement regarding the importation of sporting and hunting rifles and shotguns from certain East European countries

Section 867 states the sense of the Congress that the regulations issued pursuant to section 38 of the Arms Export Control Act should be amended to allow the importation into the United States of sporting and hunting rifles and shotguns manufactured in Poland, Hungary, or the Czech and Slovak Federal Republic.

Section 868—Soviet aid to Cuba

Section 868 states the sense of the Congress that (1) the Soviet Union has ended its economic subsidies to many nations which were formerly ruled by oppressive communist regimes; (2) Fidel Castro's regime in Cuba continues to ignore internationally accepted standards of human rights; (3) the Cuban centrally planned economic system would have collapsed long ago without outside assistance from the Soviet Union; (4) Castro continues to deny Cuban citizens their right to a democratic government; (5) a cutoff of Soviet assistance to Cuba would be consistent with American policy with respect to Cuba; and (6) a cutoff of Soviet assistance to Cuba would be consistent with a spirit of cooperation between the United States and the Soviet Union. It states the sense of the Congress that (1) President Bush should place Soviet cessation of aid to Cuba high on the list of objectives for the upcoming United-Soviet summit meeting; (2) a Soviet cutoff of aid to Cuba should remain a high priority in United States-Soviet relations until the Soviet Union ends its economic and military support to the repressive Castro regime; and (3) a democratically-elected government in Cuba should remain a significant goal of American foreign policy.

TITLE IX—ASIA AND THE PACIFIC

CHAPTER 1—EAST ASIA AND THE PACIFIC

Section 901—Burma

Section 901(a) requires the President to take into consideration four factors in determining whether Burma will receive foreign aid in fiscal years 1992 and 1993:

(1) whether the Government of Burma has ceded legal authority to a civilian government as mandated by the elections of May 1990;

(2) whether the Government of Burma has released persons arrested for the peaceful expression of their political views, including Aung San Suu Kyi and other leaders of the National League for Democracy.

(3) whether the Government of Burma has ceased harassment of persons and political parties attempting to exercise basic freedoms; and

(4) if Burma has taken the anti-narcotics measures required by the international narcotics control certification procedures under section 4402 of the Foreign Assistance Act.

Section 901(b) requires the President to notify appropriate congressional committees at least 15 days in advance of the obligation for foreign assistance funds for Burma, except for emergency humanitarian assistance or of the issues of a letter of offer to see any defense articles or services to Burma under the Defense Trade and Export Control Act.

Section 901(c) contains a statement of Congress concerning economic sanctions against Burma. While the President last year reported to the Congress that Burma had not met the conditions of the Customs and Trade Act, he has not yet made a decision on economic sanctions. This subsection expresses the sense of Congress that the President should impose sanctions and should call on other nations to act similarly.

Section 902—Cambodia

The committee believes that the people of Cambodia have reached a critical point in their nation's history. The international community has developed an approach for a comprehensive political settlement of the Cambodian conflict which holds out the promise of a peaceful and humane future of the Cambodian people and a reduction of the threat of a Khmer Rouge return to power.

In this context, the primary purpose of U.S. assistance to Cambodians is to support and not undermine the ongoing diplomatic effort. Secondarily, the United States should assist in the effort to meet the humanitarian needs of increasing numbers of Cambodians at risk.

Section 902(a) contains a statement of congressional findings concerning the present status of the Cambodian conflict, and section 902(b) expresses the sense of Congress regarding the future resolution of the conflict.

Section 902(c)(1) authorizes up to \$20 million for each of fiscal years 1992 and 1993 in humanitarian and development assistance for Cambodians near the Thai-Cambodian border and with Cambodia, notwithstanding any other provision of law. The term "humanitarian assistance" is defined in section 902(c)(2) to include food, clothing, medicine, and other humanitarian assistance; but does not include the provision of weapons, weapon systems, ammunition, any other equipment, vehicles, or material which can be used to inflict serious bodily harm or death, or any other item which is used solely in military combat.

Section 902(c)(3) provides that humanitarian and development assistance provided for Cambodians along the Thai-Cambodian border may be provided through non-Communist organizations and private voluntary organizations, so long as the President has not determined that specific groups or military units providing such assistance are cooperating militarily with the Khmer Rouge. With respect to such assistance provided for Cambodians on the Thai-Cambodian border:

The term "humanitarian assistance" includes ongoing activities such as the defraying of diplomatic and travel costs of leaders of non-communist organizations which are connected with negotiations of a political settlement of the Cambodian conflict.

The term "humanitarian assistance" also includes funding for democracy training projects.

The non-communist Cambodian organizations through which humanitarian and development assistance may be provided includes those organizations to which assistance has been previously provided under the authority of foreign assistance authorization and appropriations legislation.

If the president determines that non-communist military units which are not participating in the delivery of such assistance do cooperate with the Khmer Rouge, such a determination would not require the termination of assistance provided through non-communist organizations.

The committee remains deeply concerned about reports of cooperation between non-communist military units and the Khmer Rouge, and urges the President to continue his efforts to ensure that no such cooperation takes place.

Section 902(c)(4) requires that prior to the conclusion of an international agreement acceptable to the United States any humanitarian or developmental assistance for Cambodians in Phnom Penh-controlled areas should be provided through international agencies and United States private and voluntary organizations.

Section 902(d) restates the prohibition in Section 906 of the International Security and Development Cooperation Act of 1985 prohibiting any assistance that enhances the military capacity of the Khmer Rouge.

Section 902(e) authorizes not less than \$5 million in each of fiscal years 1992 and 1993 to provide humanitarian assistance for children and victims of war in Cambodia, notwithstanding any other provision of law. Prior to the conclusion of an international agreement concerning Cambodia acceptable to the United States, such assistance shall be provided through international relief agencies and United States private and voluntary organizations.

Section 902(f) authorizes such sums as may be necessary from funds made available for development assistance and economic support assistance for fiscal years 1992 and 1993, notwithstanding any other provision of law, to provide, through the United Nations or otherwise, for the non-military training of non-Communist Cambodians who are outside of Cambodia, including Cambodians in the United States, in appropriate skills that would be used by them upon returning to Cambodia in the context of an internationally acceptable political settlement in that country.

Section 902(g) authorizes such sums as may be necessary from funds made available under the Foreign Assistance Act for fiscal years 1992 and 1993, notwithstanding any other provision of law, for contributions and programs by the United States as part of an international program of relief (including resettlement and rehabilitation) and reconstruction in Cambodia in the context of an internationally acceptable political settlement in that country. The program of relief and reconstruction may be modelled on or consistent with the program developed at the International Conference on Cambodia which was held in Paris in July and August of 1989.

Section 902(h) clarifies that earmarkings and other limitations in appropriations acts are not superseded by this section and that reprogramming requirements in section 6304 of the Foreign Assistance Act or in appropriations acts are not affected by this provision.

Section 903—Prohibition on military assistance to Fiji

Section 903 provides that no military financing assistance of IMET assistance be provided to Fiji in fiscal years 1992 and 1993 unless the President certifies that Fiji has held elections in which there has been broad participation by all communities in Fiji. The committee notes that the executive branch has requested \$300,000 in grant military assistance and \$50,000 in IMET for Fiji in fiscal year 1992; the executive branch notes that these figures are for planning purposes and will not be utilized until a democratically-elected government is in power.

The committee is concerned about the provisions in the new constitution which reserve for ethnic Fijians a majority of seats in the lower house of the Parliament and resulting criticisms and proposed boycott of elections from the ethnic Indian community. If a substantial majority of the Indian community does boycott the election, the international community would undoubtedly consider this as a rejection of the new constitution.

Section 904—Malaysia

Section 904 contains findings and a statement of Congress expressing deep concern about Malaysia's policy and practice of denial of first asylum to Indochinese asylum-seekers in Malaysia and urging the Government of Malaysia to reestablish the policy of first asylum and bring its practices into conformity with internationally recognized humanitarian standards.

Section 905—South Pacific regional program

Section 905 earmarks \$10 million for South Pacific regional programs in addition to the \$10 million in economic support assistance and \$9.25 million in development assistance requested by the executive branch for South Pacific regional programs in its fiscal year 1992 congressional presentation materials, for a total of \$29.25 million in economic assistance for South Pacific regional programs for fiscal year 1992. The \$19.25 million requested by the executive branch is available unless the executive branch notifies the committee pursuant to reprogramming notifications under section 6304 of the Foreign Assistance Act. The \$10 million is to be taken from economic assistance funds originally allocated for Pakistan if a cer-

tification under section 620E(e) of the Foreign Assistance Act for Pakistan is not in effect on September 30, 1991. If such a certification is in effect, then funds are to be made available from fiscal year 1992 development assistance, economic support assistance, or international disaster assistance which are allocated for Asia and the Pacific.

Section 905(c) provides that the South Pacific regional program shall be funded for fiscal year 1993 at at least the same level as is made available for the region in fiscal year 1992.

Section 906—Taiwan's contributions to Operations Desert Shield and Desert Storm

Section 906 contains congressional findings and a policy declaration commending Taiwan for sharing in the international responsibilities associated with Operation Desert Shield and Operation Desert Storm and calling on the President to accept future contributions for multinational operations regardless of the position of the People's Republic of China.

Section 907—Cooperation on POW/MIA issue

Section 907 states the sense of Congress that the President should provide up to \$200,000 in each fiscal year 1992 and 1993 for support of humanitarian projects in Laos directly associated with cooperative efforts to resolve questions concerning U.S. prisoners and missing-in-action.

Section 908—Admission of Asian countries into the OECD

Section 908 contains findings and expresses the sense of Congress that the President should encourage the Organization for Economic Cooperation and Development (OECD) to study and consult on the issue of membership in the OECD for South Korea, Taiwan, Hong Kong, and Singapore.

Section 909—Assistance to displaced Burmese in Thailand and Burma

Section 909 earmarks \$1 million for humanitarian assistance for displaced Burmese nationals in Thailand and Burma, to be taken from economic assistance funds originally allocated for Pakistan if a certification under section 620E(e) of the Foreign Assistance Act for Pakistan is not in effect on September 30, 1991. If such a certification is in effect, then funds are to be made available from fiscal year 1992 development assistance, economic support assistance, or international disaster which are allocated for Asia and the Pacific.

Section 909(c) provides that this assistance is to be provided notwithstanding section 4402 of the Foreign Assistance Act, international narcotics certification procedures. Section 909(d) provides that this section does not supersede reprogramming requirements in the Foreign Assistance Act or other laws.

The committee believes that an increase from the \$250,000 provided for displaced Burmese in prior years is justified by the large number of persons in need. The committee expects that the program will continue to provide assistance to displaced Burmese, including Burmese students and members of ethnic minority groups, who have received humanitarian aid in previous years through

State Department Refugee Bureau funding. Intended beneficiaries should not include those engaged in combat inside Burma. The committee urges the Refugee Bureau to consider increased efforts to assist members of displaced ethnic minority groups. The committee notes its concern about the long-term well-being of Burmese students in Thailand, and urges more concerted efforts to facilitate resettlement for those Burmese now in Thailand who are without safe and reasonable alternatives.

Section 910—Arms transfers by the People's Republic of China to Iran, Iraq, Libya, Pakistan, and Syria

Section 910 prohibits sales to the People's Republic of China (PRC) under the Defense Trade and Export Control Act or the issuance of licenses under section 38 of that Act of any item on the U.S. Munitions List if the President determines that:

(1) any U.S. defense article or technology (including licensed technology) was used in any cruise missile or ballistic missile, any advanced fighter aircraft, or any major component of technology for any such missile or aircraft that was transferred, directly or indirectly, to Iran, Iraq, Pakistan, Syria, or Libya by the PRC in the previous calendar year in contravention of the Arms Export Control Act or regulations issued under section 38 of that Act; or

(2) any chemical weapons, or any materials, equipment, or technology intended for a military end-user in a nuclear program was transferred, directly or indirectly, to Iran, Iraq, Pakistan, Syria, or Libya by the PRC in the previous calendar year.

This prohibition shall not apply in the case of systems and components designed specifically for inclusion in civil products and controlled as defense articles only for purposes of export to a controlled country, unless the President determines that the intended recipient of such items is the military or security forces of the PRC.

CHAPTER 2—SOUTH ASIA

Section 921—Assistance for Afghanistan

Section 921 authorizes the President to make available development assistance and economic support funds to the Afghan people to provide humanitarian assistance and to support long-range bilateral and multilateral reconstruction efforts and the establishment of a broad-based freely-elected Afghan Government. Assistance under this section may be provided notwithstanding any provision of law that would otherwise prohibit such assistance to Afghanistan.

Section 922—Mines in Afghanistan

Section 922 expresses congressional findings and a statement of Congress urging that the Governments of the Soviet Union, Afghanistan, and the United States, and representatives of the mujahedeen agree, in accordance with the spirit of the "Land Mines Protocol" to make available information on mine locations in Afghanistan. It further urges the United Nations to work closely with

specialist demining agencies to develop a strategy for locating and removing mines, that mine clearance programs be monitored to ensure that mines are destroyed and not resold, and that efforts be taken to minimize the risks from mines to returning refugees.

Section 923—United States-Soviet dialogue on a political settlement in Afghanistan

Section 923 contains congressional findings and a statement of Congress welcoming the U.S.-Soviet dialogue on mutual termination of all outside military assistance to Afghanistan and a political settlement in Afghanistan and the U.S. proposal on an early and effective mutual termination of military assistance to Afghanistan, urging the Soviet Union to accept the U.S. proposal, and calling on other countries supplying military assistance to belligerents in Afghanistan to express their readiness to terminate military assistance in the context of a U.S.-Soviet agreement on a mutual termination of such assistance.

Section 924—United States support for democracy and development in Bangladesh

Section 924 contains congressional findings and statement of Congress congratulating the people of Bangladesh on the successful transition to a freely and democratically elected government in Bangladesh, welcoming the new government's commitment to democratic government and to economic adjustment, and urging the President to provide Bangladesh, at the earliest opportunity, with debt relief under section 411 of the Agricultural Trade Development and Assistance Act of 1954.

The committee expresses its sympathy and concern to the people and government of Bangladesh in the aftermath of the tragic cyclone which struck the coastal areas of the country on April 30. The committee welcomed the President's gesture in directing the provision of humanitarian assistance through a disaster relief force of nearly 8,000 military personnel to support the Bangladeshi relief operation.

Section 925—Nepal

Section 925 requires the allocation of \$15 million in development assistance funds for Nepal as set forth in the fiscal year 1992 congressional presentation materials, unless the Administration notifies the Congress pursuant to standard reprogramming procedures in section 6304 of the Foreign Assistance Act. An additional \$10 million in economic assistance is also to be made available for Nepal if a democratically elected government there assumes office pursuant to free and fair elections, to be taken from economic assistance funds originally allocated for Pakistan if a certification under section 620E(e) of the Foreign Assistance Act for Pakistan is not in effect on September 30, 1991. If such a certification is in effect, then funds are to be made available from fiscal year 1992 development assistance, economic support assistance, or international disaster assistance which are allocated for Asia and the Pacific.

The committee recognizes that Nepal, which is among the poorest countries in the world, faces substantial development chal-

lenges. The additional funding earmarked by the committee can help to enhance Nepal's capacity to deal with such concerns as population pressure, environmental degradation, child survival, training, and other development challenges. The committee is also recommending the additional assistance as an expression of U.S. support for the transition to democracy in Nepal and congratulates the country on the free and fair elections carried out on May 12, 1991.

Section 926—Promotion of human rights in Sri Lanka

Section 926 contains congressional findings and a statement of the Congress concerning the promotion of human rights in Sri Lanka. It strongly condemns the ongoing acts of terror in the country by insurgents, expresses deep concern about continuing reports of serious abuses of human rights by the Sri Lankan security forces, welcomes statements by the Sri Lankan government indicating recognition of the seriousness of these problems and the importance of bringing an end to abuses, and welcomes efforts by the Sri Lankan government to begin to address human rights concerns through various measures, including access by human rights and humanitarian organizations.

Section 926 also directs the President, in determining assistance levels and making military sales to that country in fiscal years 1992 and 1993 to take into account whether the Sri Lankan government has:

- (1) established a public register of detainees and ensured that detainees have access to lawyers and family members;
- (2) taken steps to deter disappearances and killings of civilians by persons under the control or influence of government forces;
- (3) taken measures to minimize civilian casualties in the combat operations in the north and east; and
- (4) made serious and substantial efforts to investigate and prosecute those involved in the murder of journalist Richard DeZoysa.

This section also urges the President to encourage and assist in the provision of effective human rights education and training in Sri Lanka. The committee understands that some of these activities may not have been anticipated in the executive branch's proposed allocation for foreign assistance to Sri Lanka. In the event that additional resources are required for human rights education and training, the committee would respond favorably to executive branch efforts to identify available funds.

CHAPTER 3—INDUSTRIAL COOPERATION PROJECTS IN CHINA AND TIBET

This new chapter establishes a set of principles for businesses to abide by voluntarily when conducting business in China and Tibet. These principles include the creation of a working environment which permits freedom of speech, association, and the press, and the establishment of a safe, environmentally sound workplace which prohibits the use of goods made by forced labor in the manufacturing process. The State Department is required to submit an annual report on whether or not U.S. companies are in compliance

with the principles. Those companies not in compliance will be ineligible for export marketing support from the U.S. Government.

Section 941—Statement of principles

Section 941(a) states that the purpose of this chapter is to create principles to govern the conduct of industrial cooperation projects of United States nationals in the People's Republic of China (PRC) and Tibet.

Section 941(b) states the sense of Congress that U.S. nationals operating in the PRC or Tibet should adhere to the following principles:

- (1) suspend the use of all goods mined, produced or manufactured by convict labor or forced labor and refuse to use forced labor in the industrial cooperation project;
- (2) seek to ensure that political views or activities, religious views, sex, ethnic or national background, will not prohibit hiring nor affect the status or terms of employment in the industrial cooperation project;
- (3) ensure that methods of production in industrial cooperation projects do not harm workers, the neighboring populations or the surrounding environment;
- (4) strive to use business enterprises that are not controlled by the PRC or its agents as partners in the industrial cooperation project;
- (5) prohibit any military presence on the premises of the industrial cooperation project;
- (6) undertake to promote freedom of association and assembly among employees and protest any infringement by the Chinese government of those freedoms to the appropriate authorities and to the International Labor Organization;
- (7) urge the Chinese government to release a list of all individuals arrested since March 1989, end detention and torture, and provide international observers access to places of detention in the PRC and Tibet and to trials of prisoners arrested in connection with pro-democracy events of April through June 1989 in the PRC and demonstrations which have taken place in Tibet since 1987;
- (8) discourage political indoctrination programs from taking place on the premises of the operation;
- (9) promote freedom of expression orally, in writing or in print, in the form of art, or through any media; and
- (10) undertake to prevent harassment of workers who decide freely and responsibly the number and spacing of their children and prohibit compulsory population control activities on the premises of the project.

Section 941(c) directs the Secretary of State to forward a copy of the principles to members of the Organization for Economic Cooperation and Development and encourage them to promote similar principles.

Section 942—Registration requirement

Section 942(a) requires U.S. nationals conducting industrial cooperation projects in the PRC or Tibet to register with the Secretary of State and indicate whether they agree to the principles listed in

Section 941. Section 942(b) provides that the registration requirement takes effect six months after enactment of this act.

Section 943—Reporting requirements

Section 943(a) requires U.S. nationals conducting an industrial cooperation project in the PRC or Tibet to report to the State Department describing their adherence to the principles. The first report is to be submitted one year after the date the national registers under Section 942 and annually thereafter.

Section 943(b) directs the Secretary of State to review the report submitted under section 943(a) and determine whether the U.S. national submitting the report is adhering to the principles.

Section 943(c) requires the Secretary of State to submit a report to the Congress and to the Secretariat of the Organization for Economic Cooperation and Development describing the level of adherence to the principles by U.S. nationals. The report is to be submitted 2 years after the date of the enactment of this Act and annually thereafter.

Section 944—Export marketing support

Section 944(a) permits departments and agencies of the United States to intercede with a foreign government or foreign national regarding export marketing activity in the PRC or Tibet on behalf of a U.S. national only if the U.S. national adheres to the principles.

Section 944(b) states that the phrase "intercede with a foreign government or foreign national" includes any contact by an officer or employee of the United States with officials of any foreign government or foreign national involving sales of a good, service, or technology to the PRC or Tibet. The term does not include government-to-government trade negotiations intended to resolve trade issues which may affect U.S. nationals who do not adhere to the principles.

Section 945—Definitions

Section 945 defines certain terms used in this section. Industrial cooperation project refers to a for-profit activity which employs more than 25 individuals or has assets greater than \$250,000.

TITLE X—AFRICA

CHAPTER 1—AUTHORIZATIONS OF ASSISTANCE FOR AFRICA

Section 1001—African Development Foundation

Section 1001(a) states the sense of the Congress that the purposes of the African Development Foundation are consistent with the purposes expressed in the Development Fund for Africa (DFA).

Section 1001(b) amends section 510 of the African Development Foundation Act to authorize the appropriation of \$14,950 million for each of fiscal years 1992 and 1993.

Section 1002—Support for the Southern Africa Development Coordination Conference

Section 1002(a) provides that funds made available from the DFA for assistance to the Southern Africa Development Coordination Conference (SADCC) shall be used to assist sector projects as specified in section 5102 of this Act. This section also waives the application of section 6204 of the Foreign Assistance Act or similar provisions commonly referred to as "Brooke-Alexander" amendments, which prohibit assistance to a country which has defaulted in payment of loans made available under the Foreign Assistance Act. This provision is included because of the regional nature of programs to be funded under this section, with benefits intended to flow to the nine member countries of SADCC. Because SADCC is not an implementing organization, projects are implemented through agreements with and in cooperation with individual countries in SADCC. Should a particular country come under Brooke amendment restriction, forcing a termination of assistance to that country could have an unintended impact on the regional goals of U.S. assistance to SADCC. This waiver, which applies only to funds authorized for SADCC projects, and not to regular bilateral programs, avoids that result.

Section 1002(b) urges the President to use diplomatic means, including multilateral negotiations and cooperation with international organizations, to protect the security of SADCC projects from external attacks and urges the government of South Africa to respect the territorial integrity of the states in the southern Africa region.

The committee intends that of the funds authorized for the Development Fund for Africa (DFA), not less than \$75 million should be used to assist projects of the Southern Africa Development Coordination Conference (SADCC).

Section 1003—Economic support assistance for sub-Saharan Africa

Section 1003 earmarks \$28.3 million in economic support assistance for each of fiscal years 1992 and 1993 for sub-Saharan Africa.

Section 1004—Support for democratization in sub-Saharan Africa

Section 1004(a) contains a statement by the Congress welcoming the commitment of several governments in sub-Saharan Africa to move toward multiparty systems of government and urging the President to increase U.S. assistance substantially to directly promote the growth and development of democracy in Africa.

Section 1004(b) contains specific examples of the kinds of democratization programs that should be supported in sub-Saharan Africa, including support for the institutions of democratic governance such as legislatures, judiciaries, and electoral administrations; support for the non-governmental institutions for a civil, pluralist society such as independent media, political parties, and human rights organizations; and support for educational exchanges designed to foster understanding of and respect for democratic values. This subsection further urges the President to utilize those organizations with expertise in the promotion of democratic development and political pluralism in undertaking democracy programs in sub-Saharan Africa.

The committee wholeheartedly supports the movement toward democracy and the new efforts at political liberalization now occurring throughout much of Africa. Although in the 1980s there were few countries with multiparty democratic systems, the recent progress of such states as Benin, Cape Verde, Cote d'Ivoire, and Gabon, as well as the commitment to greater political pluralism and openness in such states as Uganda and Zambia, is encouraging.

In order to support the continuation of this trend, the committee recommends that \$10 million from the DFA, in addition to the economic support assistance that the Administration intends to use to promote democratization, be used in fiscal years 1992 and 1993 for democracy and human rights programs authorized under section 1221 of this Act, which authorizes assistance for human rights and democratic initiatives. The committee notes that this is a significant increase over the level of funding such programs have received in the past but believes that the opportunities to foster democratic development and support indigenous efforts to bring about political reform in sub-Saharan Africa have never been greater and therefore warrant this increase. Since section 5503 of this Act earmarks \$1.5 million for the promotion of human rights and democracy in South Africa, the committee intends that the majority of this increase should be spent in other sub-Saharan countries.

In administering these programs, AID should work through, and in close consultation with, indigenous nongovernmental organizations in Africa, as well as with U.S. funded agencies such as the U.S. Information Agency and the National Endowment for Democracy, with experience in programs designed to promote democracy.

The committee recommends that use of DFA funds for these purposes be coordinated in close consultation with the Assistant Secretary of State for African Affairs, and that disbursement procedures be streamlined to enable a rapid response to unexpected developments or opportunities. The committee believes that the presence or absence of other AID programs in the country should not be a determining factor in the allocation of democracy assistance funds under this section.

Recognizing that democratic regimes in Africa can foster political stability, promote greater respect for human rights, and enhance opportunities for greater economic and social development, the committee acknowledges and supports the efforts of the following countries which are making a transition to democracy: Benin, Cape Verde, Gabon, Sao Tome and Principe, Uganda, Zambia, and Sierra Leone.

Section 1005—African center for conflict resolution

Section 1005 directs the AID Administrator to take steps to establish a African Center for Conflict Resolution whose purpose will be to assist in resolving regional, sub-national, and national conflicts on the continent of Africa.

Following consultations with several African heads of state, the committee has become aware of the need for increased participation and involvement by Africans in the resolution of their own disputes and conflicts. Recent events in Liberia and Mali, in addition to long-standing unresolved conflicts in Angola, Mozambique

and Ethiopia point out that conflicts on the continent of Africa are complex and require African-oriented solutions.

Recognizing this need, the committee recommends that of the funds appropriated for the DFA, \$1 million should be allocated for the establishment of the African Center for Conflict Resolution. The committee believes that the Center should be located in Africa, staffed primarily by African nationals, with support from U.S. government officials and private non-governmental organizations where necessary and appropriate. Further, the committee believes that the Center should maintain an autonomous posture with no formal or official association or nexus with regional or international organizations such as the Organization of African Unity or the United Nations in order to preserve its effectiveness and to insulate it from organizational pressures and influences. However, informal exchanges and associations with such organizations would be desirable and are encouraged.

In establishing the Center, AID is encouraged to work in close consultation with the relevant committees and subcommittees in Congress, in addition to non-governmental organizations in the United States with experience in the area of conflict resolution and negotiation in Africa. The recommended allocation of \$1 million is intended by the committee as a one-time contribution in fiscal year 1992; the committee does not contemplate any further commitment of funds from the DFA for this purpose.

The committee recommends that AID contract with an appropriate U.S. organization for assistance in such tasks as the initial organization of the Board of Directors, the selection of an appropriate site, the establishment of an organizational framework, and other start-up functions which will be necessary.

CHAPTER 2—PROVISIONS RELATING TO SPECIFIC COUNTRIES

Section 1021—Angola

Section 1021 expresses the sense of the Congress that the Government of Angola and the Union for the Total Independence of Angola should be commended for their willingness to enter negotiations to reach a cease-fire in the Angolan conflict and to reach agreement on a date for elections, and the United States should continue to support direct negotiations between the parties.

The Committee is greatly encouraged by the progress in Angola toward reconciliation and democratic elections. The committee recommends that the President utilize appropriate means to bolster the peace accord recently signed by MPLA and UNITA and to help ensure that the movement toward democratic elections in Angola remains unimpeded.

Section 1022—Burundi

Section 1022(a) states that in determining whether to furnish assistance under the Foreign Assistance Act to Burundi, the President shall take into account that the Government of Burundi has made substantial progress in: (1) reforming its military by its undertaking a Hutu recruitment program; (2) has taken steps to reverse the pattern of discrimination against the Hutu; and (3) has

embarked on a repatriation effort to accommodate the return of Hutu to the country.

The committee commends the recent progress made by President Buyoya and the Government of Burundi in reversing the pattern of widespread discrimination against the Hutu people.

Section 1023—Ethiopia

Section 1023(a) sets forth U.S. policy that condemns the abuse of human rights by the Government of Ethiopia; finds that without an end to the internal conflicts there will be no end to Ethiopia's social crisis; supports the right of the people of Eritria to the exercise of their rights; favors the resumption of economic assistance if there is progress in resolving the internal conflicts and improving respect for human rights; urges the President and Secretary of State to focus world pressure and opinion on the Government to institute needed reforms and engage in meaningful negotiations with opposition groups; urges the President and the Secretary of State to engage in discussions with the Soviet Union seeking a resolution to the crisis in Ethiopia.

Section 1023(b) urges the President to impose diplomatic and economic sanctions if the Government of Ethiopia fails to act in good faith to resolve its internal conflicts and improve respect for human rights.

Section 1023(c) requires a report every 90 days on the actions of the Government with regard to the internal conflicts, respect for human rights, and economic reform.

Section 1024—Kenya

Section 1024(a) sets forth congressional findings concerning the friendly relations between the United States and Kenya; Kenya's role in the East Africa region; Kenya's role in the recent evacuation of the U.S. Embassy in Somalia; the level of U.S. assistance to Kenya; actions by the Government of Kenya in obstructing aid to refugees from Somalia in Kenya; actions by the Government of Kenya in repressing critics of the government; and reports of violations of internationally recognized human rights.

Section 1024(b) sets forth U.S. policy condemning the detention of Kenyan citizens for the peaceful expression of their views and the government's disregard of human rights; calls upon the Government of Kenya to end intimidation and harassment of those working for democracy and to provide safeguards to ensure freedom of the press, independence of the judiciary, and protection of the rights of those detained.

Section 1024(c) provides for the suspension of economic support and military assistance to Kenya on the date of enactment of this Act. This section also provides for a presidential waiver if the President determines that the Government of Kenya is taking steps to: charge and try or release persons detained for political reasons; respect the independence of the judiciary; and, respect freedom of expression.

Recent actions by the Government of Kenya have prompted concern over the problems of human rights violations in the country. The suspension of assistance to Kenya in this section is intended to

encourage progress in this area, in addition to progress in the area of freedom of expression and respect for an independent judiciary.

Section 1025—Liberia

Section 1025(a) contains congressional findings concerning the impact of the civil war on the people and infrastructure in Liberia and the long and historical relationship between the U.S. and Liberia.

Section 1025(b) states that it shall be U.S. policy to commit diplomatic resources and energies to resolving the fundamental conflicts which underlie the humanitarian emergencies in Liberia.

Section 1025(c) provides that funds made available for International Disaster Assistance may be used to provide assistance for civil strife relief, rehabilitation, and general recovery in Liberia.

Section 1025(d) authorizes the use of unexpended economic support assistance previously obligated for Liberia for peacekeeping efforts in Liberia.

Section 1025(e) requires that assistance to Liberia may be provided only if the Government of Liberia has achieved substantial progress toward reconciliation among all parties to the conflict and, if there is an elected Government in office in Liberia, the President, in determining whether to provide assistance, shall consider whether that government is committed to respecting internationally recognized human rights.

The committee recognizes the need for speedy assistance to Liberia to combat the famine, disease and refugee problems which have resulted due to the armed internal conflict. The committee encourages a negotiated settlement to the conflict between the National Patriotic Front of Liberia and the consenting parties of the Interim Government, and encourages the President to utilize and appropriate means to assist the factions in Liberia to reach an immediate peaceful settlement. Until such time as there is progress toward reconciliation among the warring factions, the committee recommends that no assistance other than humanitarian relief be provided to Liberia.

The committee remains concerned about the impact of the massive outflow of refugees from Liberia on its neighbors. The Committee believes that the United States and other donor nations and organizations have worked hard to assist the refugees in this crisis, and urges the President to maintain a strong focus on this problem. The committee is very concerned, however, that the refugee crisis had exacerbated serious economic problems in the region which also need to be addressed.

A case in point is Guinea, one of the countries in the region whose people have sacrificed throughout 1990 on behalf of the Liberian refugees. Over 300,000 refugees fled to Guinea in 1990 from Liberia. From reports and visits to the region, it has become clear that relief agencies have had great difficulty in assisting Liberians in Guinea because it lacks adequate infrastructure, notably in its ports, road system, and telecommunications.

The committee also recognizes the serious refugee problems in Sierra Leone and Cote d'Ivoire resulting from the existing turmoil in Liberia. The committee commends these countries for their humanitarian policies and recognizes the dire need for the United

States and the international community to devote attention and resources toward assisting them.

The committee requests that the Agency for International Development explore every means possible to help alleviate the enormous economic burden being shouldered by Guinea, Sierra Leone and Cote d' Ivoire as a result of the influx of refugees from Liberia.

Section 1026—Malawi

Section 1026(a) contains congressional findings concerning the Government of Malawi's support to refugees from Mozambique; continued violations of internationally recognized human rights; continued detention of citizens without charge because of their political views; restrictions on the press and political meetings; and actions of the Malawi Young Pioneers in repressing freedom and hindering prospects for democracy in Malawi.

Section 1026(b) contains a statement of policy that while the United States recognizes and commends the response of the Government of Malawi to the plight of refugees from Mozambique, it condemns the abuse of human rights by the Government.

Section 1026(c) provides that foreign military assistance for Malawi may not be provided for the Malawi Young Pioneers and may be provided only to support the Malawian military's effort to secure the Nacala railroad connecting Malawi with the Nacala Port of Mozambique and for military activities which assist the Mozambique peace process.

Section 1027—Mozambique

Section 1027(a)(1) states that it shall be U.S. policy to: (A) give high priority to encouraging a transition to multiparty democracy, a cease-fire between the Government and Mozambique National Resistance (RENAMO) and free and fair elections; (B) to continue and expand bilateral development assistance to Mozambique; (C) to strengthen Mozambique's transport sector through assistance to the Southern Africa Development Coordination Conference; (D) to identify additional opportunities for U.S. support of Mozambique's reconstruction; and (E) to contribute to Mozambique's national reconciliation.

Section 1027(a)(2) states that the United States shall encourage international support for emergency humanitarian aid for displaced persons in Mozambique and Mozambique refugees living in neighboring countries.

Section 1027(b) states that the provision of economic support assistance and foreign military financing to Mozambique for fiscal years 1992 and 1993 shall bear a relation to significant steps by the government of Mozambique to increase respect for human rights.

Section 1027(c) requires the Secretary of State to report on actions taken to implement this section.

The committee notes that on November 30, 1990, the people of Mozambique moved from a one party government to a multiparty system through a recently created democratic constitution. While the Government of Mozambique's developmental and economic policies are progressive, the internal conflict is a consistent obstacle to comprehensive success. Peace talks between RENAMO and the Government of Mozambique are scheduled to take place in mid

1991, and the committee recommends that the President support efforts to reach a peaceful solution to the conflict in Mozambique.

Section 1028—Somalia

Section 1028(a) contains findings with regard to the civil war and collapse of the Barre Government, with resulting refugee problems and a decline of the economy.

Section 1028(b) states that it shall be U.S. policy to encourage a peaceful and democratic resolution to the problems in Somalia and to commit diplomatic resources to resolving the fundamental conflicts which underlie the humanitarian emergencies in Somalia

Section 1028(c) provides that foreign military financing, military training, and economic support assistance may be provided only if the President determines that the Government of Somalia has made significant progress toward democratization and respect for human rights.

Section 1028(d) sets forth criteria for providing assistance to refugees under Public Law 480 for fiscal years 1992 and 1993. Such assistance may be provided only if there is an impartial counting of eligible beneficiaries, none of the beneficiaries belong to military or paramilitary units, and the amount of food to be provided does not significantly exceed the projected number of beneficiaries.

Section 1028(e) provides that funds made available for International Disaster Assistance may be used to provide assistance for civil strife relief, rehabilitation, and general recovery in Liberia.

Section 1029—South Africa

Section 1029(a) contains a sense of the Congress statement concerning to U.S. support for the elimination of apartheid and the establishment of democratic majority rule in South Africa.

Section 1029(b) directs that funds made available for the Development Fund for Africa shall be used for low-income housing assistance in South Africa.

Of the amounts appropriated for the DFA, the committee strongly encourages the Administrator to allocate \$20 million in each of fiscal years 1992 and 1993 to provide assistance for the development, construction and financing of low-cost housing in South Africa. The committee encourages AID to look to organizations in South Africa such as the New South Africa Housing Association and other credible non-governmental organizations which have been organized for the purposes of providing housing to the victims of apartheid on a low-cost basis.

The committee notes with concern that the executive branch has yet to obligate the \$10 million in economic support funds that were appropriated for assistance to support a peaceful transition to democracy in South Africa by the Dire Emergency Supplemental Appropriations for Disaster Assistance, Food Stamps, Unemployment Compensation Administration, and Other Urgent Needs and Transfers and reducing funds budgeted for Military Spending Act of 1990, (Public Law 101-302). That legislation provides that those funds are to be used for "assistance, through the National Endowment for Democracy and other groups, to support programs and activities of organizations to encourage negotiations leading to a

peaceful transition to a genuine democracy based on universal suffrage within South Africa.”

The committee is aware that aspects of the executive branch's initial proposal for use of the funds raised a variety of questions from Members of Congress and that the executive branch is reformulating the proposal to meet congressional concerns. However, the desire to meet these concerns in no way justifies the exceptionally long delay in obligating the funds which were appropriated several months ago.

The committee urges, in the strongest possible terms, that the executive branch consult on an urgent basis with interested Members of Congress and appropriate nongovernmental organizations and present, at the earliest opportunity, such revisions of its proposal as it feels necessary. The committee notes that the need for prompt action is all-the-more important in view of the requirement that the executive branch obligate these funds in the current fiscal year.

Section 1030—Sudan

Section 1030(a) states that it shall be U.S. policy to encourage negotiations between the Government and the Sudanese People's Liberation Army to end their conflict.

Section 1030(b) prohibits foreign military financing to Sudan for fiscal year 1992 and 1993.

Section 1030(c) prohibits economic support assistance for fiscal years 1992 and 1993. This section also provides that if humanitarian assistance is provided to Sudan the President shall take steps to ensure such assistance reaches intended recipients.

Section 1030(d) provides that the prohibitions on military assistance and economic support assistance shall cease to apply if the President determines that the Government of Sudan, is making progress toward respect for human rights and democratization.

The committee remains concerned about the internal conflict in Sudan between the Government and the Sudanese People's Liberation Arm, and encourages the Government to negotiate a peaceful settlement to that conflict.

Humanitarian assistance is recommended to be provided through non-governmental organizations.

Section 1031—Zaire

Section 1031(a) contains a number of findings concerning relations between the United States and Zaire; the process of establishing a multiparty democracy in Zaire; and, efforts by security forces to suppress political movement.

Section 1031(b) contains a statement of the Congress supporting efforts towards political pluralism in Zaire and urging the Government, among other things, to ensure freedom of expression and direct participation of a broad spectrum of Zairean society in the drafting of a new constitution. The section also urges the creation of a politically neutral transition government and expresses the readiness of the Congress to explore ways of providing support to facilitate the holding of free and fair elections.

Section 1031(c) prohibits foreign military financing to Zaire for fiscal years 1992 and 1993.

Section 1031(d) prohibits international military education and training to Zaire for fiscal years 1992 and 1993.

Section 1031(e) prohibits economic support assistance to Zaire for fiscal years 1992 and 1993.

Section 1031(f) provides that development assistance for fiscal years 1992 and 1993 shall not be transferred to the Government of Zaire. This subsection does not prohibit nongovernmental organizations through which development assistance is provided from working with appropriate governmental ministries or departments.

Section 1031(g) authorizes the President to waive the prohibitions on foreign military financing, training, and economic support assistance if the President determines that free and fair elections have been held in Zaire. Such determination is to be reported to the Congress and such determination shall not become effective until 15 days after it is reported to Congress. This section also provides for notification to Congress before any obligation to funds for Zaire.

While the committee is encouraged by announcements of new reforms and a stated commitment to multiparty democracy by the Government of Zaire, it remains concerned about continued reports of human rights abuses by the Government.

CHAPTER 3—UNITED STATES COMMISSION ON SOUTHERN AFRICA

Section 1041—Short title

Section 1041 provides that this title may be cited as the U.S. Commission on Southern Africa Act.

Section 1042—Findings

Section 1042 contains congressional findings which note that: (1) apartheid in South Africa has resulted in disparities between whites and nonwhites in education, health care, employment opportunities, and housing; (2) there is a key role for U.S. citizens and businesses to play in assisting the development of human resources in southern Africa, in improving the living conditions for nonwhites, and in laying the foundation for leadership in a democratic post-apartheid society in South Africa and Namibia.

Section 1043—Establishment

Section 1043 provides for the establishment of the U.S. Commission on South Africa, which shall not be an agency of the U.S. Government.

Section 1044—Purpose of Commission

Section 1044(a) establishes that the purpose of the Commission is to solicit private funds to conduct programs to train disadvantaged South Africans and Namibians for positions in business and government primarily in the fields of education, health care, law, and housing.

Section 1044(b) provides the authority necessary for the Commission to carry out its purpose. The Commission may establish, implement, and provide funds for human resource development programs for disadvantaged South Africans and Namibians, including

training programs; and provide scholarships and internships for appropriate study and training.

Section 1045—Membership; chairperson

Section 1045 establishes the membership, chairperson and rules of the Commission. There shall be 11 members appointed by the President. Not more than 6 shall be members of the same political party. The Commission shall elect a chairperson from among its members. Members of the Commission shall not be employees of the United States and shall receive no compensation except for travel expenses in performance of their duties.

Section 1046—President and staff of Commission

Section 1046 provides that the Commission appoint and fix the compensation of the President of the Commission. The President of the Commission is given authority to appoint and fix the pay of the staff and procure services of experts and consultants. The president and staff are not to be considered as employees of the United States by reason of their service to the Commission.

Section 1047—Powers of Commission

Section 1047 establishes the power of the Commission to solicit, hold and administer funds and property and to enter into contracts in furtherance of the purposes of the Commission.

Section 1048—Requirements

Section 1048 sets forth requirements that (a) permit the use of funds only for programs which clearly reflect the objective of an end to the apartheid system; (b) restrict the inuring of benefits to Commission members, officers, or employees; (c) provide for independent audits; (d) provide for audits by the Comptroller General of the United States; and (e) provide for record keeping by recipients of assistance provided through the Commission.

Section 1049—Report

Section 1049 provides for an annual report to the Congress on Commission activities.

Section 1050—Funding

Section 1050 provides that funds made available for the Development Fund for Africa shall be provided as a grant to the Commission.

The committee recommends that \$1 million be allocated from the DFA in fiscal year 1992 for the establishment of the U.S. Commission on Southern Africa, which will provide training, education and experience to the disadvantaged and disenfranchised citizens of South Africa and Namibia.

It is the committee's intent that the Commission receive a one-time grant for fiscal year 1992 for start-up expenses. Subsequently, it is expected that the Commission will support its functions through private donations. The Commission is authorized to fund and implement programs designed to train disadvantaged South African and Namibian mid-management professionals in areas such as community health administration; housing and urban de-

velopment; and various other state/civic functions. The Commission is directed to carry out this mandate by means of funding programs, internships, scholarships, on-site projects, seminars, research exchange programs, and other appropriate means designed to enhance the ability of the disenfranchised to participate in the day-to-day operation of the government.

The committee believes that the establishment of the Commission will help to meet the needs of human resource development within the disadvantaged segments of society in southern Africa. While there are several private institutions whose exemplary work have made significant differences in southern Africa, the Commission will be charged with coordinating numerous functions—each designed to develop mid-management workers from the disadvantaged population. The recently independent nation of Namibia is a prime example of the need for human resource development. As Namibians become the architects of their own society, the need for skilled mid-level management personnel becomes even more critical.

The committee believes that while there is a scholarship program currently in place for South African students, the Commission approach goes well beyond the reach of the classroom, and provides the type of experience and exposure which can only come as a result of practical programs.

CHAPTER 4—OTHER PROVISIONS

Section 1061—U.S. trade restrictions on products from sub-Saharan Africa

Section 1061 states the sense of the Congress that a special effort should be made to reduce trade barriers and promote economic interchange between the United States and the countries of sub-Saharan Africa.

Section 1062—Recognition of sub-Saharan African support during the Persian Gulf crisis

Section 1062(a) contains congressional findings concerning the support for the United States during the Persian Gulf crisis from certain sub-Saharan Africa countries.

Section 1062(b) expresses the sense of the Congress commending these countries for their support.

Section 1063—Conditions on furnishing IMET for sub-Saharan Africa

Section 1063 provides that international military education and training (IMET) may be provided to sub-Saharan Africa country only if the President considers certain conditions, including whether the country has a democratically elected government and is committed to respecting internationally recognized human rights, whether the country's armed forces are engaged in human rights violations and whether elements of the government of the country are engaged in destabilization efforts aimed at another country.

Section 1064—International fund for Agricultural Development

Section 1064 allocates \$6 million from the Development Fund for Africa to be made available only for a U.S. contribution to the International Fund for Agricultural Development (IFAD) Special Program for Africa in each of fiscal years 1992 and 1993. That amount is in addition to the amount mandated for contribution to that organization in section 1402.

The committee takes note of the progress of IFAD's 121 projects in sub-Saharan Africa and its investment of \$928 million in the region. IFAD was the first international financial institution to respond to the socioeconomic crisis in sub-Saharan Africa. The Committee recognizes, in particular, the thrust of IFAD's Special Programme for Africa (SPA-1), which has emphasized food security, advancement of the smallholder farm sector, environmental rehabilitation, protecting the poor under structural adjustment programs, and participatory approaches to development with a new priority for women.

Section 1065—Exemptions from restrictions on assistance

Section 1065 provides that restrictions on assistance contained in this title shall not apply to international narcotics control assistance and assistance provided through private voluntary organizations or other nongovernmental organizations for the holding of free and fair elections.

Section 1066—United Nations Educational and Training Program for Southern Africa

Section 1066 allocates \$400,000 from the Development Fund for Africa for a U.S. contribution to the United Nations Educational and Training Program for Southern Africa.

Section 1067—Preemption of state and local sanction measures against Namibia

Section 1066 declares null and void any sanction imposed by any state or governmental institution with respect to Namibia. U.S. economic sanctions were imposed against Namibia by the Comprehensive Anti-Apartheid Act of 1986. Namibia has achieved independence through free and fair elections and U.S. sanctions have lapsed. This provision makes void economic sanctions imposed by the several states of the United States.

Special Concerns—Basic and primary health care in sub-Saharan Africa

Following the visit of the Secretary of Health and Human Services, Dr. Louis Sullivan, to several African countries, the committee believes it is important to underscore the U.S. commitment to assist in the provision of basic health care services in sub-Saharan Africa and encourages AID to structure its programs to this need.

Morocco and the Western Sahara

The committee commends and strongly supports the efforts of United Nations Secretary General Javier Peres de Cuellar to bring about a peaceful resolution to the conflict in the Western Sahara.

The committee hopes that the parties to the conflict in the Western Sahara will continue to support the U.N. initiative so that the full implementation of the referendum on the Western Sahara may be concluded by the end of 1991.

Tunisia

The committee encourages an increase of \$2.5 million in economic support assistance for Tunisia in fiscal year 1992. The committee believes that additional economic support assistance is necessary to continue existing programs in Tunisia which, in turn, contribute to Tunisia's economic growth.

The committee remains encouraged by Tunisia's significant progress toward economic and political reform. Tunisia has undertaken a structural adjustment program designed to open its economy, encourage foreign investment, reduce subsidies and privatize government-run industries. Since 1986, the U.S. has supported Tunisia's structural adjustment program, making significant contributions through the provision of ESF, as well as Public Law 480 and Section 416 food assistance.

Tunisia is a lower middle income country poised for significant economic expansion. If Tunisia's economic take-off is successful, it could become a more significant market for American goods and services. If it fails, the democratic and liberal foundations of Tunisia could be jeopardized. Providing a modest increase for economic support assistance will demonstrate clearly that, despite past policy misunderstandings, the ties between Tunisia and the U.S. are close and mutually beneficial.

Djibouti

The key role played by Djibouti in the Gulf crisis, its record of support for U.S. interests in the region, and its moderate government justify the provision of development assistance to Djibouti.

In addition to providing support for developmental projects, development assistance would assist the Government of Djibouti to deal effectively with the recent influx of refugees from Ethiopia and Somalia as a result of the internal conflicts in those countries. The committee hopes that AID will reexamine the sectoral needs and potential of Djibouti with a view toward providing assistance from the DFA to Djibouti during fiscal years 1992 and 1993.

Sierra Leone

The committee notes the movement toward a multiparty democracy in Sierra Leone and is concerned over inadequate levels of assistance to Sierra Leone. The committee believes that development assistance should be increased during the fiscal year to reflect the U.S. commitment to nations moving toward democracy, and also to assist in the development needs of Sierra Leone.

TITLE XI—OTHER PROVISIONS

Section 1101—Effective date

Section 1101 states that amendments made by this Act to the Foreign Assistance Act, the Arms Export Control Act, or any other

Act shall take effect on October 1, 1991, unless otherwise provided in this Act.

Section 1102—Definition relating to prior year military assistance

Section 1102 provides that as used in titles VII through X of this Act, the term "foreign military financing assistance" includes, if appropriate in the context, assistance provided on any terms under section 23 of the Arms Export Control Act for fiscal years prior to fiscal year 1992.

Section 1103—The Peace Corps

Section 1103(a) authorizes \$200 million in each of fiscal years 1992 and 1993 for the Peace Corps. The committee expresses its support for continued growth of the Peace Corps in a balanced fashion among the various regions of the world in which Peace Corps has programs. While the committee continues to be supportive of new and somewhat nontraditional Peace Corps programs in central and eastern Europe, it remains committed to the concept that a central objective of the organization is to provide assistance to poor people in developing countries.

The committee expects the Peace Corps to be as persistent in its concern for the role of women as it is for other aspects of development policy and programs. The committee expects this concern to be addressed through Peace Corps program planning and evaluation, programming, and training, and noted in congressional reporting documents. The committee encourages such actions as training for professional staff and volunteers in strategies for integrating women, establishment of a senior staff task force on women in development, appointment of women in development coordinators in all country programs, and continued support for the Office of Women in Development.

Section 1103(b) amends section 7(a)(6) of the Peace Corps Act to give the Peace Corps Inspector General authority to authorize, under special circumstances, an extension of appointment of one year for officers and employees under his or her supervision. Although it was pleased to receive a report from the General Accounting Office indicating no instances of bias, the committee recognizes that the potential for conflict of interest could arise in the Director of the Peace Corps' consideration of Inspector General staff for extensions of appointment. By providing a limited extension authority to the Inspector General, the conflict of interest potential is substantially reduced.

Section 1104—Environmental security and foreign policy

Section 1104(a) provides that this section may be cited as the "United States Environmental Security and Foreign Policy Act of 1991".

Section 1104(b) contains findings concerning the need for environmental protection concerns to be highlighted in the formulation of U.S. foreign policy.

Section 1104(c) sets forth a congressional declaration of environmental security and foreign policy as the policy of the United States. This subsection states that current and potential threats to the environment will be assessed and measures shall be taken to

obtain international environmental cooperation. The committee expects that the President through the Secretary of State will actively pursue international cooperation in an effort to identify environmental threats and solutions to those threats. The Secretary should use all means at his disposal to address these environmental threats and should, wherever appropriate, pursue cooperation with other nations through both bilateral and multilateral means.

The subsection also sets forth certain fundamental principles to guide the development of United States foreign policy toward international environmental issues: the protection of human life and the atmosphere from the effects of environmental degradation; protection of biological diversity, of the world's forest cover, and of the oceans and living marine resources; broad-based environmentally sustainable development; and integration of economic and environmental decisionmaking processes.

Section 1104(c)(3) directs the President to review U.S. environmental programs with international implications or applications and international environmental developments with implications or applications for the United States, and to initiate and participate in international environmental activities whose focus are the identification and/or the resolution of international environmental problems or issues.

Section 1104(c)(4) assigns to the Secretary of State the primary responsibility for coordinating and overseeing all major environmental agreements and activities between the United States and foreign countries, international organizations, and international commissions. The committee does not intend to prohibit or discourage any other U.S. government agency from conducting international environmental activities, such as technical assistance and training, providing information on environmental protection, or participating in United States delegations created for the purpose of negotiating with other nations or international bodies.

The committee expects that the Secretary of State will maintain a coordination process which will insure that he is fully informed of proposed international environmental programs or actions by other agencies and which will keep other agencies fully informed of the status of international environmental activities of the Department of State.

Section 1104(d) requires a biennial report to Congress, with the first report due on May 1, 1992. The purpose of the report is to bring together in one document a wide range of information, including information and recommendations concerning major multilateral environmental initiatives, bilateral agreements, U.S. participation in support of environmental programs in international bodies, international activities with respect to research and monitoring of environmental conditions, and U.S. environmental policies and activities in providing foreign assistance.

Section 1105—United States Support for UNCED

Section 1105 contains findings and a sense of Congress statement urging active U.S. participation in the United Nations Conference on Environment and Development (UNCED), which will take place in Rio de Janeiro, Brazil in June, 1992. The Committee believes that the UNCED presents a significant opportunity to shape inter-

national environmental policies, institutions, and mechanisms and sustainable development policies into the next century. UNCED is also an opportunity for the United States to assert a leadership role and to further national security concerns related to the environment. The role of the U.S. UNCED Coordination Center in the Department of State is central to U.S. preparation for the Conference and the advancement of U.S. interests in the UNCED process.

The committee notes that other countries have made substantial contributions to both the Voluntary Fund for UNCED and the Trust Fund for Preparatory Activities for UNCED and urges the U.S. Government to allocate funds for these purposes at a level which reflects U.S. responsibilities and leadership in international environmental issues.

Section 1106—United Nations convention on the right to food

Section 1106 is a sense of Congress provision urging a major effort to be made to strengthen the right to food in international law to assure the access of all persons to adequate food supplies. The provision urges the United States to work for a United Nations Declaration and Convention concerning the right to food, which should include the following elements:

(1) the responsibility of every government to maintain policies aimed at providing food for its people;

(2) the responsibility of the international community to provide both emergency and nonemergency food assistance when appropriate;

(3) the responsibility of individual governments, and of armed opposition groups, to assure access of all civilians to sufficient supplies of food during times of war or armed conflict; and

(4) sanctions against any government or armed opposition group which takes steps to deny the right to food to the people of a country.

The committee notes that more people around the world die annually from man-made disasters than from drought or other natural disasters, and many of these deaths are caused by governments who use food as a political weapon to hold on to power or to punish political opponents. Currently there is no established system for trying to pressure a country which is denying food to its people or obstructing international relief efforts. International sanctions, which would exclude relief assistance, offer a way to elicit cooperation.

Section 1107—Reforming the United Nations response to international disasters

Section 1107 is a sense of Congress provision that a major effort should be made to reform and restructure the U.N. mechanism for responding to international disasters and other humanitarian emergencies. The provision urges the United States to propose in the United Nations the appointment by the Secretary General of a senior representative to be responsible for coordination of humanitarian affairs and the creation of a standing interagency group consisting of all U.N. agencies involved in disaster assistance, with a secretariat in the office of the humanitarian affairs coordinator.

The committee notes that the United Nations generally lacks the ability to respond to emergencies with the immediacy needed to save lives. These concerns have been echoed internationally, most notably in a recent report by the Nordic countries (Denmark, Finland, Norway, and Sweden) on the U.N. response to disasters, which is part of a larger report on reform issues in the U.N. system. The report concludes that the general weakness of the present system prevents it from providing "a rapid, concerted, and effective response by the U.N. agencies," and recommended improvements in institutional arrangements similar to those suggested in this provision.

Section 1108—Authority to forgive repayment of an Alliance for Progress loan

Section 1108 directs the AID Administrator to forgive the debt owed by the Institute Centroamericano de Administration de Empresas pursuant to Alliance for Progress Loan Agreement dated April 25, 1972 (current loan number: 524-L-035), subject to the advance availability of appropriations.

REQUIRED REPORTS SECTION

COST ESTIMATE

The committee estimates that, assuming the full appropriations of the amounts authorized in H.R. 2508, the total budget authority required to carry out this bill is as follows: \$12,399,201,900 for fiscal year 1992 and \$13,035,985,000 for fiscal year 1993. The committee estimates minimal increases over the next five years due primarily to inflation. The committee requested that the Congressional Budget Office estimate the fiscal year allocation of the gross budget authority and outlays authorized in H.R. 2508, if fully appropriated. The committee agrees with the CBO cost estimate.

INFLATIONARY IMPACT STATEMENT

The committee makes the following observations with respect to the inflationary impact of H.R. 2508:

The total amount authorized to be appropriated by this legislation is within the ceiling for the international affairs (150) budget function established by the Budget Enforcement Act of 1990 and the conference report on the Budget Resolution for fiscal year 1992;

The committee essentially straightlined authorization levels in the bill for fiscal year 1993, disallowing any real growth except for African development assistance, the Middle East peace process, and restoration of the President's full request for foreign military financing;

The total estimated net cost of this legislation for fiscal year 1992 is only one percent of the budget authority in the executive branch's total budget request; and

Virtually all of the security assistance procurement and an estimated 70 percent of the economic assistance procurement resulting from this bill will take place in the United States. Such procurement will contribute significantly to the creation

of additional jobs for American workers and to the expansion of American business.

The committee believes the negligible impact the appropriation of funds authorized in this legislation might have on inflation will be far outweighed by the national security and domestic economic benefits which will flow from enactment of this legislation.

STATEMENTS REQUIRED BY CLAUSE 2 (L) (3) OF HOUSE RULE XI

(a) Oversight findings and recommendations

Among the principal oversight activities which contributed to the committee's formulation of this legislation were:

Extensive hearings and review of the executive branch's request by the full committee as well as the Subcommittee on Arms Control, International Security and Science, on Europe and the Middle East, on Human Rights and International Organizations, on Asian and Pacific Affairs, on International Economic Policy and Trade, on Africa, and on Western Hemisphere Affairs.

An extensive review of the implementation and effectiveness of U.S. foreign assistance programs begun in 1988;

Numerous Washington and field-based studies reviewing U.S. security, development, and food assistance policies and programs by committee Members and staff; and

Ongoing consultations between committee Members and staff and executive branch officials concerning the implementation and administration of U.S. international security, development, Public Law 480, and other economic assistance programs and Peace Corps activities.

As a result of these oversight activities, the committee recommends that the House approve the authorizations of appropriations contained in this legislation.

(b) Budget, credit and spending authority

H.R. 2508 will create no new budget, credit, or spending authority.

(c) Committee on Government Operations summary

No oversight findings and recommendations which relate to this legislation have been received from the Committee on Government Operations under clause 4(c)(2) of House Rule X.

(d) Congressional Budget Office cost estimate

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, June 3, 1991.

HON. DANTE B. FASCELL,
Chairman, Committee on Foreign Affairs, U.S. House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the attached cost estimate on H.R. 2508, the International Cooperation Act of 1991, as ordered reported by the House Committee on Foreign Affairs on June 3, 1991.

The provisions of the bill that affect the federal government are limited to such amounts as are provided in appropriations acts. Therefore, this bill has no pay-as-you-go implications. Enactment of this bill is estimated to have no significant budget costs to state or local governments. Should the Committee so desire, we would be pleased to provide additional information on the estimate.

Sincerely,

ROBERT D. REISCHAUER, *Director*.

1. Bill number: H.R. 2508.
2. Bill title: International Cooperation Act of 1991.
3. Bill status: As ordered reported by the House Committee on Foreign Affairs on June 3, 1991.
4. Bill purpose: This legislation rewrites the Foreign Assistance Act of 1961, the Arms Export Control Act, and other legislation regarding foreign assistance. The bill authorizes appropriations for fiscal years 1992 and 1993 for most bilateral development and military assistance programs and provides a multi-year authorization for the Philippine multilateral assistance program.
5. Estimated cost to the Federal Government:

[By fiscal year, in millions of dollars]

	1992	1993	1994	1995	1996
International Affairs (Function 150):					
Estimated authorization.....	12,401	13,068	173	181	0
Estimated outlays.....	5,311	7,949	5,670	3,882	1,267
National Defense (Function 050):					
Estimated authorization.....	10	10	11	11	12
Estimated outlays.....	10	10	11	11	12

Basis for Estimate.—The estimate assumes enactment of this legislation by October 1, 1991 and subsequent appropriation of the authorized amounts in the years specified in the bill. All transfers required by various sections are assumed to be made. Increases for pay and employee benefits authorized for fiscal year 1993 were estimated using CBO baseline assumptions. Outlays were estimated using historical spend-out rates where available. Estimates of open-ended authorizations and outlays for new and modified programs are discussed below.

Foreign military sales financing.—The bill authorizes \$4,411.4 million in fiscal year 1992 and \$4,840.0 million for fiscal year 1993 for a foreign military financing program without distinction between program grants and loan subsidies. Administrative costs for the program are also included within the authorization without specific limits. The outlay estimate assumed administrative costs and loan subsidies at the baseline level. Outlays for the program were estimated using the country earmarks contained in the bill and baseline spend-out rates for the various program elements.

Multilateral assistance initiative for the Philippines.—Chapter 2 of Title V of the Foreign Assistance Act, as amended by the bill, authorizes a net increase for the multilateral assistance initiative for the Philippines of \$680 million. The fiscal year 1992 appropria-

tion is limited to \$160 million. The balance is assumed to be appropriated through fiscal year 1995 at the rate of \$160 million per year adjusted for inflation.

Enterprise for the Americas Initiative.—Chapter 4 of Title V of the Foreign Assistance Act, as amended by the bill, authorizes the President to reduce the outstanding concessional development assistance debt of Latin American and Caribbean countries that meet specific eligibility criteria. The bill authorizes the appropriation of \$242 million in fiscal year 1992 and \$225 million in fiscal year 1993 for the cost of the loan modifications. Outlays in 1992 and 1993 are equal to the amounts authorized for those years.

Debt forgiveness.—Section 1108 authorizes the Administrator of the Agency for International Development to forgive the debt of the Instituto centroamericano de Administration de Empresas subject to the appropriation of the cost of the loan modification as required by the Credit Reform Act. The present value of the loan is estimated to be \$2 million based on the remaining payments and the long-term federal funds rate from the CBO economic assumption as the discount rate.

Section 222 requires the creation of another foreign military sales trust fund for new sales. The new trust fund is not an expansion of federal activity and has no net budget impact.

Defense receipt and collections.—Section 231 authorizes the exclusion of non-recurring research and development recoupment charges from the sale of defense articles that are not major defense equipment. Section 232 authorizes the waiving of contract administrative service charges on sales of defense equipment and service, to NATO subsidiary organizations. The Defense Security Assistance Agency estimates the loss of defense receipts from section 231 to be \$8 to \$10 million per year and that section 232 could lower defense collections by \$2 million per year. The estimate projects the foregone receipts and collections using CBO economic assumptions.

6. Pay-as-you-go considerations. The provisions of the bill that affect receipts of the federal government are limited to amounts provided in advance in appropriations acts. Enactment of the bill has no pay-as-you-go implications under section 252 of the Budget Enforcement Act of 1990.

7. Estimated cost to state and local governments: None.

8. Estimate Comparison: None.

9. Previous CBO cost estimates: None.

10. Estimate prepared by: Joseph C. Whitehill, and Kent Christensen.

11. Estimate approved by: James L. Blum, Assistant Director for Budget Analysis.

MINORITY VIEWS OF HON. WILLIAM S. BROOMFIELD, HON. ROBERT J. LAGOMARSINO, HON. WILLIAM F. GOODLING, HON. JIM LEACH, HON. TOBY ROTH, HON. HENRY J. HYDE, HON. DAN BURTON, HON. JOHN MILLER, HON. BEN BLAZ, HON. ELTON GALLEGLY, HON. AMO HOUGHTON, HON. PORTER J. GOSS, AND HON. ILEANA ROS-LEHTINEN

At this point in the process, the foreign assistance legislation reported by the Committee on Foreign Affairs contains serious flaws. If these flaws are not remedied before floor consideration, we will urge House Republicans to oppose the legislation.

Ironically, the process that resulted in the proposed legislation began with promise. In December 1990, Chairman Fascell, Congressman Broomfield, Congressman Hamilton, and Congressman Gilman asked the Administration to submit a foreign aid bill to the Committee for its consideration. The Administration responded by submitting a proposal which Chairman Fascell and Congressman Broomfield introduced on April 16, 1991, as H.R. 1792.

H.R. 1792 represented a good faith effort to reform the process by which the United States provides foreign assistance. Based on H.R. 2655, which passed the House of Representatives in the 101st Congress, the Administration proposal incorporated many of the recommendations for reform made in 1989 by the Hamilton-Gilman Task Force on Foreign Assistance.

Unfortunately, the committee went in a different direction. Although the core foreign aid provisions of the proposed legislation institute the necessary organizational reforms, the subcommittee recommendations—which comprise more than half of the bill—demonstrate that serious reform of foreign aid legislation has again eluded the Committee. The subcommittee recommendations earmark billions of dollars, mandate numerous reports from the Administration, and micromanage U.S. foreign policy in practically every corner of the globe.

In recognition of the serious defects in the legislation, and of the problems which lie ahead if these defects are not corrected, Republicans offered an amendment in the nature of a substitute at the outset of the committee markup. Pursuant to this amendment, we proposed separating the subcommittee recommendations from the basic foreign aid re-authorization and proceeding to consider them as separate pieces of legislation in committee and on the floor. In this manner, the policy language of the bill and the general assistance authorities—which are supported by a bipartisan consensus—could have been considered independently from the controversial subcommittee provisions. The latter, in turn, would not have weighed down the core provisions of the bill and, we hoped, could be improved during markup and floor debate.

This effort failed. Worse, the existing problems of the legislation became more pronounced during the markup as Members from both parties—often without debate—successfully offered amendments which added more than \$700 million in earmarks and otherwise further restricted the Administration's ability to conduct foreign policy with flexibility and discretion. While many of these earmarks mandate programs or aid levels for countries which enjoy strong bipartisan support, they are often unnecessary and serve to aggravate executive branch concerns.

In its current form, the legislation reported by the committee has little chance of being enacted into law. The Administration will strongly oppose the legislation. Even if the bill passes the House of Representatives, there is little possibility of favorable action in the Senate. Thus, the Appropriations Committee once again will determine the composition and contours of U.S. foreign assistance. The Committee on Foreign Affairs, in contrast, will become further irrelevant to the foreign aid process.

In sum, this legislation must be significantly improved before it can earn the support of House Republicans. We remain eager, however, to work with the majority and the executive branch to fashion a bill that would deserve bipartisan support. Accordingly, in the period prior to floor consideration, we hope that the problematic provisions of the legislation can be rectified by means of political compromise and a strong dose of clear-eyed realism.

WILLIAM S. BROOMFIELD.
 ROBERT J. LAGOMARSINO.
 HENRY J. HYDE.
 WILLIAM F. GOODLING.
 BEN BLAZ.
 DAN BURTON.
 PORTER J. GOSS.
 ILEANA ROS-LEHTINEN.
 ELTON GALLEGLY.
 TOBY ROTH.
 AMO HOUGHTON.
 JIM LEACH.
 JOHN MILLER.

**DISSENTING VIEWS OF HON. ROBERT J. LAGOMARSINO,
HON. HENRY J. HYDE, HON. CHRISTOPHER H. SMITH,
HON. DAN BURTON, HON. ELTON GALLEGLY, HON.
PORTER J. GOSS, AND HON. ILEANA ROS-LEHTINEN**

This bill proposes two significant changes to current law and standing policy with respect to certain restrictions on the use of United States population assistance monies overseas. For the better part of the last decade, the Kemp-Kasten anti-coercion law and the Mexico City Policy separating family planning services and abortion have established the parameters within which United States family planning assistance has been extended to developing countries. Nullifying the Kemp-Kasten law and overturning the Mexico City Policy would abet a foreign policy stance which is destructive to life itself and indifferent to flagrant human rights abuses.

The Kemp-Kasten law, approved by Congress in 1985, simply proscribes United States population assistance to any organization which "supports or participates in the management of a program of coercive abortion or involuntary sterilization." Family planning programs which divorce themselves from offensive involuntary programs are not affected by this limitation. At this time, in fact, only one organization has been denied U.S. funds, namely the United Nations Population Fund (UNFPA). In addition to comanaging and supporting the abhorrent policies of China's one-child-per-couple population control program, UNFPA is widely known to defend and even promote the coercive program in China as an example of an effective and exemplary family planning program.

The committee bill contains an amendment offered by Representative Peter Kostmayer which earmarks as much as \$20 million for the UNFPA, subject to the fencing of the U.S. contribution in a separate account so that, in theory, such funds are not used in China. This assumes that the United Nations system is willing and able legally to segregate such monies, a presumption. Furthermore, this vain attempt to separate U.S. funds from the work of the UNFPA in China ignores the fact that China will interpret such action to mean that the United States really doesn't care about its assault against women, children and the family itself.

The Bush Administration made its position known clearly when, in 1989, the President vetoed the foreign operations assistance bill because, among other items, it included a provision quite similar to the Kostmayer language. Again, it is clear that the President would exercise his veto authority to excise essentially the same provision overturning the Kemp-Kasten law should the Kostmayer amendment sustain the scrutiny of the House and Senate.

Each year the U.S. Agency for International Development has reported no significant change either in the coercive nature of China's population program or in UNFPA's assistance to it that would warrant the resumption of support for the U.N. agency. In

response, AID has annually reprogrammed the funds budgeted for UNFPA to other population and family planning projects, thus stressing the United States commitment to voluntary programs. For Fiscal Year 1991, AID has again announced the reprogramming of \$10 million to a total of 15 family planning projects. As long as China continues its compulsory and coercive population control program, and the UNFPA upholds its support for and co-management of that program, we believe the United States should maintain its distance and reprogram the allocated monies to voluntary family planning programs. The Kostmayer amendment, if sustained, would prohibit such U.S. disengagement from China's controversial program.

Secondly, an amendment offered by Representative Jan Meyers would negate the standing Mexico City Policy which requires the United States to uphold a "wall of separation" between abortion and family planning. Since 1984, organizations which "perform or actively promote abortion as a method of family planning in other nations" have not been eligible for U.S. population assistance monies. While more than 400 family planning organizations have agreed to adhere to this policy, only two organizations have formally refused to sign the Mexico City clauses. Here again, such policies do not lessen the U.S. commitment to family planning assistance as long as such organizations promote contraception rather than condone or encourage abortion. We believe this clear and fully defensible distinction must be sustained.

The two organizations which have not agreed to adhere to the Mexico City Policy and, therefore, are not eligible for U.S. family planning funds are the London-based International Family Planning Federation and the Planned Parenthood Federation of America. Both of these organizations have sought openly to legalize abortion around the globe. Ironically, among the 126 less-developed nations, only 13 have legalized abortion as a method of birth control.

Again, the Bush Administration has announced its clear intention to veto a bill which attempts to weaken the Mexico City Policy or tear down the "wall of separation" between programs offering contraceptive services and those promoting abortion. Both the Second Circuit Court of Appeals and the District of Columbia Court of Appeals have ruled that the Mexico City Policy is consistent with the U.S. Constitution. We believe this pro-life Policy should be preserved.

**CHRISTOPHER H. SMITH.
ROBERT J. LAGOMARSINO.
ILEANA ROS-LEHTINEN.
HENRY J. HYDE.
DAN BURTON.
PORTER J. GOSS.
ELTON GALLEGLY.**

DISSENTING VIEWS OF HON. LEE H. HAMILTON, HON. ROBERT J. LAGOMARSINO, HON. JIM LEACH, HON. TOBY ROTH, HON. HENRY HYDE, HON. DOUG BEREUTER, HON. DAN BURTON, HON. JAN MEYERS, HON. BEN BLAZ, AND HON. AMO HOUGHTON

We were deeply disappointed that the committee, without hearings and over strong objections from the Administration and various agriculture and other exporting groups, adopted an amendment imposing cargo preference on U.S.A. commercial exports to nations receiving U.S. cash transfer assistance under the Economic Support Fund (ESF).

In addition to expanding cargo preference, the amendment would impose an administrative monstrosity on hundreds of millions of dollars of private export transactions with purchases in ESF cash transfer countries. The amendment requires the President to track sales of U.S. goods, including purely private commercial sales, to countries receiving ESF cash assistance and to ensure that the price of the goods is fair and the geographic distribution of the location of the purchases and the ports of departure is equitable. In FY90 and FY91, approximately \$1 billion annually in sales of U.S. goods and services would have been directly affected (excluding Israel's cash transfer of \$1.2 billion) and up to \$12 billion indirectly affected. Taking such state intervention in private transactions even further, the recipient country must sign an agreement to give the U.S. GAO access to personnel and records in its country, presumably to ensure compliance by the importer.

Proponents of this amendment claim that it would promote U.S. exports by requiring cash transfer recipients to spend an amount equal to the cash transfer—i.e. their own money, not the cash transfer itself—on U.S. goods and services. The goods which are purchased would then be made subject to U.S. law requiring transport on American ships.

In reality, however, the cash-transfer countries already buy far more in American goods and services than they get in cash transfers, and the United States is running a large trade surplus with them.

As the table below shows, cash transfer aid to countries affected by the amendment is less than \$800 million in fiscal 1992, compared with U.S. exports to those countries running over \$13 billion last year. Therefore, the only real impact of the amendment will be to impose cargo preference on U.S. sales already being made to these countries. It will not increase those sales. Instead, it will tend to decrease them, because in paying for the higher cost of U.S. shipping, the cash transfer countries will have less money remaining to buy U.S. goods and services.

Neither will the amendment provide much help, if any, to the U.S. merchant marine. A.I.D. figures show that in calendar 1990,

A.I.D.-financed cargoes cost an average \$59.60 per ton on U.S. ships, almost double the \$30.43 per ton on foreign-flagged ships at international rates. On some commodities the disparity is even greater. For example, A.I.D.-financed corn shipments were charged an average \$39.61 per ton for U.S. flag carriage compared with \$17.76 per ton for international rates. Faced with the higher cost of purchasing U.S. goods that must come by ship, the cash transfer countries can be expected to focus their purchase of U.S. goods and services on items which are not transported by sea. Inevitably, cash transfer countries will switch the procurement of ocean-borne items to non-U.S. exporters who do not require the higher transportation expense.

U.S. producers of ocean-carried goods who must compete with foreign supplies will be hurt economically if the amendment remains in this legislation. U.S. agricultural exports, most of which go by ship, would be among those most affected. Other major U.S. product groups exported by sea that would be adversely affected include coal, oil, chemicals, machinery, and iron and steel products. Requirements on source, port of export, and pricing could potentially damage the competitiveness of all U.S. exports to ESF cash transfer countries.

Another serious aspect of the amendment is that it breaks the compromise reached between agriculture and maritime interests in 1985, and expands cargo preference requirements to cover agricultural exports that were deemed exempt in the 1985 Food Security Act. That legislation increased the cargo preference requirement applicable to the Public Law 480—Food For Peace Program in exchange for an exemption for commercial agricultural exports financed under Federal export credit guaranteed programs. This amendment pierces that compromise agreement and creates a dangerous precedent for expanding cargo preference requirements to all commercial U.S. agricultural exports.

If cargo, preference is extended to commercial agricultural export sales, it will have a significant adverse impact on U.S. agriculture—one of the sectors of the U.S. economy that is most internationally competitive, and one which contributes positively toward a reduction in our trade deficit. Inevitably, expanded cargo preference requirements over time could wipe out billions of dollars in commercial export sales for U.S. agricultural producers, and result in a comparable reduction in income for many farmers.

The amendment is fundamentally at odds with the purpose of ESF cash transfer programs, which are only available to friendly countries. Cash transfers are specifically designed to give flexible assistance to friendly countries when the U.S. determines that the recipient country needs such flexibility in order to effectively address its human and economic problems. The most common use of cash transfers is for economic stabilization programs to redress external indebtedness and imbalances in the balance of payments that prevent a country from being an effective participant in international trade. Without such flexible assistance, economic growth and trade, including trade with the U.S., are significantly inhibited. Countries receiving cash transfers already have a strong trade relationship with the U.S. and a desire to further strengthen bilat-

eral cooperation so the amendment seems to place an unnecessary and punitive burden on those nations that are friendly.

The Torricelli amendment would divert part of these countries' resources to the U.S. maritime industry in proportion to the cash transfer they receive. Because this new subsidy to the U.S. maritime industry is linked to the ESF cash transfer, it reduces the value of the cash transfer to the recipient country, reduces the ability of the country to address its most pressing economic and human problems, and undermines the utility of the ESF cash transfer program as a tool of U.S. foreign policy. A healthy climate for U.S. exports will be inhibited, not helped, by the restrictions imposed on assistance by this amendment.

In summary, we oppose the amendment because it is unnecessary, it would significantly damage U.S. export competitiveness for all goods, not just those shipped by sea, it would create unnecessary government bureaucracy and interference in private export transactions, and it would work against the very purposes of the ESF cash transfer program.

In opposing this amendment we are in no way impairing American shipping. We support a strong and healthy U.S. merchant marine. The Congressional Budget Office points out that cargo preference and related costs already amount to several hundred million dollars annually. If further expenditures to support the merchant marine are necessary, then they should be addressed separately on their own merits by Congress in either transportation, maritime or defense authorization and appropriation bills, and not through an indirect mechanism that will hurt U.S. export competitiveness.

**U.S. EXPORTS TO COUNTRIES (EXCLUDING ISRAEL) RECEIVING ESF CASH TRANSFERS OF \$25
MILLION OR MORE IN FISCAL YEAR 1992**

[in million of dollars]

	Cash transfers estimates fiscal year 1992	U.S. exports ¹ calendar year 1990
Egypt.....	115.0	2,248.8
Pakistan.....	26.0	1,142.9
Philippines.....	83.0	2,471.6
Portugal.....	40.0	922.3
Turkey.....	75.0	2,253.3
El Salvador.....	90.0	555.8
Honduras.....	43.0	563.0
Nicaragua.....	125.0	
Andean Narcotics Initiative *.....	199.1	
(Bolivia).....		138.6
(Colombia).....		2,308.4
(Peru).....		778.1
Totals.....	796.1	13,382.8

¹ Source: Department of Commerce, A.I.D. data.

* Country distribution of these funds to be determined upon certification.

DOUG BEREUTER.
HENRY HYDE.
ROBERT J. LAGOMARSINO.
LEE H. HAMILTON.
TOBY ROTH.
JIM LEACH.
DAN BURTON.
JAN MEYERS.
BEN BLAZ.
AMO HONGHTON.

ADDITIONAL VIEWS OF HON. WILLIAM S. BROOMFIELD

One of the critical challenges facing the United States over the next decade is controlling the proliferation of weapons, conventional and unconventional, which threaten the security and stability of nations around the world. No region of the world is more affected by this problem than the Middle East.

Since the mid-1970's, the nations of the Middle East have imported more than \$200 billion in conventional arms, most of which were supplied by the five permanent members of the United Nations Security Council. Nations of the Middle East also possess, or are seeking to possess, weapons of mass destruction, including nuclear, biological, and chemical weapons, as well as ballistic missile delivery systems associated with those weapons.

It is clear that the continued unfettered proliferation of weapons poses not only a threat to the security and stability of the Middle East, but also, in some cases, may undermine the national security and foreign policy objectives of the United States. It is equally clear, however, that the United States must continue to support the legitimate need of states in the region to defend themselves.

In an effort to address this difficult issue, the committee, under the leadership of Chairman Fascell, considered and agreed to an amendment to this legislation which institutes policy guidelines for arms transfers to the Middle East and which calls on the President to work with other nations to establish a comprehensive multilateral arms transfer regime with respect to the Middle East.

Critical to the committee's amendment is a provision which requires an indefinite moratorium on major arms sales to the Middle East. I admire and applaud the "challenge of restraint" embodied in such an approach, but I do not believe that other nations will reciprocate just because the United States unilaterally curtails its arms sales. Indeed, in the aftermath of the Persian Gulf war, there have been several reports of arms transfer activity in the region. Much of this activity is between nations that the United States exerts little influence over and has almost no leverage to control. And, in fact, there is every reason to anticipate that this "Middle East arms bazaar" will continue unabated—if not intensify—during the unilateral moratorium mandated by this amendment.

I believe that a different approach will ultimately be more successful in achieving the objectives of the committee. It is an approach embodied by the arms control initiative announced by the President on May 29, 1991. That initiative proposes a ban on weapons of mass destruction in the Middle East and calls for a meeting of the United States, the Soviet Union, China, France and Britain to establish guidelines for limiting and controlling transfers of destabilizing conventional arms to the Middle East.

The President's approach is the correct one. It is a realistic first step which recognizes that the United States will only be successful

in controlling the proliferation of weapons in the Middle East if it addresses the problem at the outset from a multilateral perspective. It is an approach which deserves the strong support of this committee and the Congress.

WILLIAM S. BROOMFIELD.

DISSENTING VIEWS OF HON. HENRY J. HYDE

Section 242 of this legislation represents a comprehensive attempt to reduce arms proliferation in the Middle East. I strongly endorse the goal of limiting arm transfers to the Middle East. I am concerned, however, that the proposed mechanism for achieving this goal is flawed as a matter of constitutional law and fiscally ill-advised.

Under section 242, U.S. transfers of defense articles or defense services to the Middle East would be permitted only if such transfers were pursuant to an agreement entered into before May 21, 1991. Transfers pursuant to an agreement entered into on or after May 21, 1991, would be prohibited, despite the fact that this legislation could not be signed into law until long after that date. The purpose of selecting May 21, 1991, as the cut-off date for arms transfer agreements that may be implemented later is to deter immediately the United States and other countries from entering into new agreements to transfer arms to the Middle East.

This retroactive approach has several problems. First, it would interfere with the President's constitutional power to conduct the foreign policy of the United States. Numerous Supreme Court cases, particularly *Curtiss-Wright Export Co. v. United States*, have affirmed that the President is the chief agent of the United States in its relations with other countries.

Even assuming, for purposes of argument, that Congress after the date of enactment could constitutionally impose a prospective, blanket restriction on the President's ability to enter into arms transfer agreements, it is preposterous to contemplate such a restriction on the constitutional prerogatives of the President prior to the date of enactment. Yet because section 242 essentially invalidates agreements entered into after May 21, 1991, that is precisely the effect of the legislation.

In this regard, the proposed provision is inconsistent with the principles of separation of powers set forth in the Presentment Clause of the Constitution, contained in Article I, Section 7. This clause requires that action by Congress be duly passed and presented to the President for his approval. The provision in question attempts to avoid the requirements of the Presentment Clause by discouraging proposed arms transactions prior to the enactment of the legislation.

Second, the proposed provision would interfere with the President's statutory authority to execute current laws relating to the transfer of arms abroad, and thereby with his Constitutional obligation as Chief Executive to implement the law. These laws include the Arms Export Control Act and the relevant portions of the Foreign Assistance Act, which authorize arms transfers subject to Presidential determination and Congressional notification. Congress may alter this authority through duly enacted legislation, but

to attempt to limit it prior to such legislative action would prevent the President from exercising his responsibility under Article II of the Constitution to faithfully execute the laws of the United States.

Third, the retroactivity provision could result in fiscal liabilities for the United States. If the Department of Defense, for example, were unable to implement arms transfer agreements lawfully entered into between May 21, 1991, and the date of enactment, it might have to suspend procurement contracts with defense contractors that had been performing work relating to those agreements. In that event, the U.S. government would be responsible for any costs or damages incurred by the defense contractor resulting from the suspension of the procurement contract.

If Congress seeks to block further arms transfers to the Middle East during the period prior to enactment, it has another avenue open to it to achieve this end—one that is contained in statute and is fully consistent with the Constitution. Under the Arms Export Control Act, Congress may disapprove arms transfers proposed by the President through a joint resolution of disapproval. The proponents of the provision in question apparently find this procedure too onerous, however, because it would require a two-thirds vote of both houses of Congress if the President disapproved such a resolution.

In summary, section 242 should be amended to permit transfers pursuant to agreements lawfully entered into prior to the enactment of the legislation. I hope that the managers of this legislation will accept an amendment to this effect on the floor of the House of Representatives.

HENRY J. HYDE.

