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This paper is part of a three part study on agricultural trade issues. The goal is to define priority areas for A.I.D. support to agricultural trade and trade policy in the countries of the ANE region.

This paper examines U.S. commodity and industry interests in trade development in the region, legislative restrictions on foreign assistance designed to respond to U.S. commodity interests, and implications for A.I.D. trade development activities. The paper discusses issues and implications for A.I.D. programming in terms of limitations on export promotion support and potential for collaboration with trade and industry groups. Conclusions made in this study that could help both A.I.D. programming and industry interests include: restricting assistance to export competitors, cooperation opportunities, target market sensitivity, and improving communication.

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TRADE ASSOCIATIONS AND FOREIGN AID:

U.S. Commodity and Industry Interests and A.I.D. Trade Development Activities

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PREFACE

Many countries in the Asia Near East (ANE) region have become more competitive in world markets for a wide variety of agricultural products. As the agency for International Development (A.I.D.) Bureaus responsible for this region seek to develop a strategy aimed at increasing income and employment in individual countries, increased attention to the role of agricultural trade has been identified as a critical priority. This paper is one of three products of a study directed at defining priority areas for A.I.D. support to agricultural trade and trade policy in the countries in the region. The study has four objectives:

First, to examine changing trade patterns within the region and between the region and other parts of the world. Additionally, to identify and examine factors that have contributed to these changes and are likely to contribute to future trade opportunities;

Second, to identify lessons learned from successful trade promotion and trade policy reform programs in three case study countries, Malaysia, Thailand and Indonesia;

Third, to examine U.S. commodity and industry interests in trade development in the region, legislative restrictions on foreign assistance designed to respond to U.S. commodity interests, and implications for A.I.D. trade development activities; and

Finally, to develop an agenda for further analysis that will contribute to the ability of the ANE Bureau, Office of Technical Resources (TR) to support country and regional programs and projects directed at expanding agricultural trade.

Abt Associates and its subcontractors, Abel, Daft and Earley and the Food Research Institute of Stanford University are performing the initial work under the first three objectives of the study through a buy-in to the Agricultural Policy Analysis Project II.

The three papers produced under this buy-in include:

- Tim Josling and Dina Umali. Agricultural Trade Issues in Asia and the Near East: Country and Regional Trade Patterns.
- Martin E. Abel and Thomas C. Earley. The Role of Agricultural Trade in the Economic Development of Malaysia, Thailand and Indonesia.
- Mark D. Newman and Christine M. Erbacher. Trade Associations and Foreign Aid: U.S. Commodity and Industry Interests and A.I.D. Trade Development Activities.

TRADE ASSOCIATIONS AND FOREIGN AID: U.S. Commodity and Industry Interests and A.I.D. Trade Development Activities

Executive Summary

Leaders of many emerging market economies and developing countries are addressing large external debt burdens and import bills through structural adjustment programs that aim to put their economies on a more even financial keel. Consideration of exports as a potential source of growth and foreign exchange to support those programs is natural for countries from Asia to Eastern Europe, and from North Africa to the Pacific.

For United States foreign assistance, support for trade development and promotion activities offers the potential for both market development and increased competition for U.S. domestic interests, complicating the development of a strategy to support trade-related business development.

This paper reviews legislation that limits the use of foreign assistance to promote trade, such as the Bumpers and Lautenberg amendments to the Foreign Assistance Act. It then presents findings of a survey of U.S. commodity and industry association interests in foreign aid. Implications for A.I.D. programming in terms of limitations on export promotion support and potential for collaboration with commodity and industry groups are discussed.

Survey results indicate that U.S. commodity and industry association support for foreign assistance varies widely. Increasing income in the developing world as a mechanism to increase buying power receives very strong support. At issue is the potential competition on international markets that U.S. food and agricultural groups fear, especially where government support puts them at a disadvantage.

Some U.S. commodity groups take a narrower view of the effects of development assistance programs because of their single product focus. Findings underscore the diversity of interests, and the critical importance of understanding this diversity in establishing foreign assistance priorities.

U.S. commodity and industry associations representing a broad range of products indicate both considerable interest in economic development in the developing world and former eastern bloc and continued support for restrictions limiting U.S. foreign assistance that will have a significant impact on U.S. exports. A lack of open communications between industry and A.I.D. and imprecise measures of significant competition for U.S. exports, creates an opportunity to be overly conservative in A.I.D. programming in support of trade development activities.

1. INTRODUCTION

As the U.S. Agency for International Development (A.I.D.) considers initiatives to promote trade development as a source of economic growth and foreign exchange for its client countries, potential conflict with U.S. commodity and industry interests is a regular consideration.

The countries of Asia, Eastern Europe, the Near East, and North Africa[1] are important as a market for U.S. products and as potential competition for U.S. producers. As a result, individual U.S. commodity and industry groups have alternately urged that foreign assistance programs contribute to sales of U.S. products in these countries, and that support be restricted for activities which may generate income to pay for imports by increasing competition faced by U.S. suppliers on world markets.

This paper is directed at improving understanding of the issues involved from three perspectives. First, it describes and attempts to clarify the actual legislative guidelines affecting A.I.D's trade support activities. Secondly, it presents results of a limited survey of U.S. commodity and industry association positions on trade-related foreign assistance. Finally, it discusses issues and implications for A.I.D. programming in terms of limitations on export promotion support and potential for collaboration with trade and industry groups.

1.1 Common Perceptions

To much of the world, it appears that the United States espouses the importance of free trade in international negotiations, such as the General Agreement on Tariffs and Trade (GATT), but in many instances is hesitant or unwilling to support development projects that may increase competition for U.S. products. This perception is prevalent enough that donors from other nations and developing country leaders regularly state that U.S. foreign assistance works against the production of products that might compete with U.S. goods.

On the other hand, a number of U.S. agricultural and industry interest groups perceive that use of foreign assistance dollars to promote trade development undermines their world markets. This has led to enactment of specific limitations, as embodied in the Bumpers and Lautenberg amendments to U.S. foreign assistance legislation.

Commodity interest groups sometimes cite A.I.D. projects, in combination with World Bank projects in which the U.S. plays a major role, as an illustration of the U.S. Government

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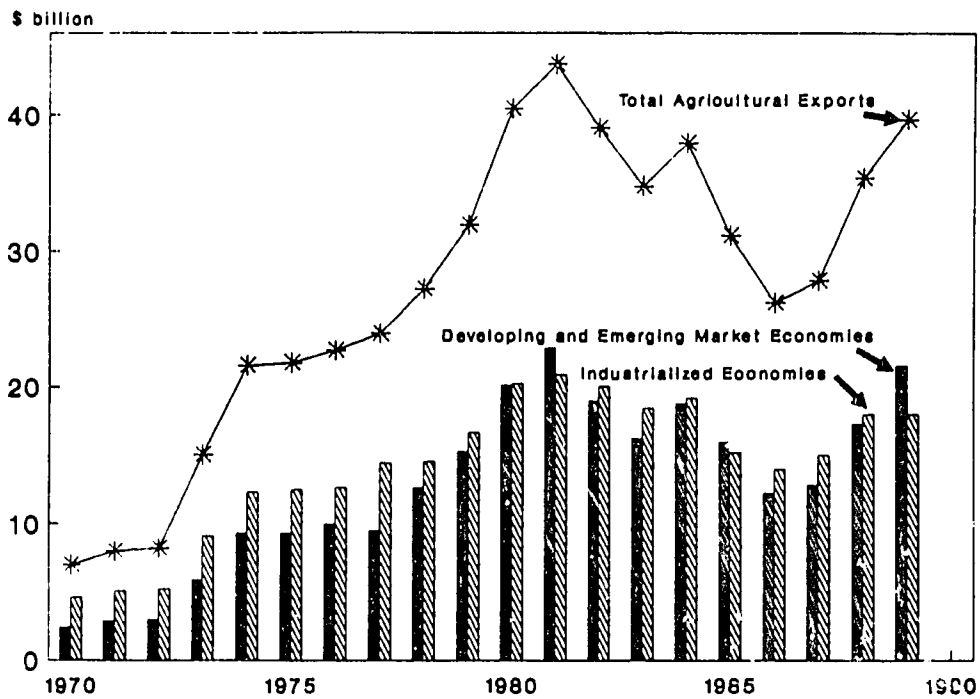
[1]A.I.D.'s Bureau for Europe and the Near East (ENE) and Bureau for Asia and the Private Sector (APRE) support agricultural and economic development activities in 18 countries, including Thailand, Philippines, Indonesia, Pakistan, Sri Lanka, India, Bangladesh, Tunisia, Egypt, Morocco, Jordan, Yemen, Oman, Afghanistan, Nepal, the Pacific Islands, Poland and Hungary.

fostering competition for its own farmers. The development of the Malaysian palm oil industry, and of Brazilian, Costa Rican, and most recently, Bolivian soybean production are often cited, as is assistance for the construction of an Egyptian port at Sofaga, which is reportedly more conveniently situated for imports of Malaysian palm oil and Australian wheat than for U.S. grain and vegetable oil imports.

Development agencies and many economists maintain that development assistance programs, by stimulating economic growth in poor countries, benefit overall U.S. agricultural exports. As poor countries grow and their purchasing power expands, so does their ability to import. The level of their agricultural imports then increases dramatically as a result of efforts to improve population nutritional levels. Studies have shown that the most rapid growth rates in food and feed grain imports are found in the developing countries with the fastest growing populations (Cummings and Dalrymple, ERS).

An examination of the growth in U.S. agricultural exports by region over the last 20 years shows imports by developing countries and emerging market economies have been as important as trade with industrialized countries (see Figure 1). The prevailing trends have already led the developing world and emerging market economies to become more important markets for U.S. agriculture than the industrialized world is. If economic reform programs succeed in giving rise to the purchasing power necessary to make demand effective, these countries can be expected to far surpass the industrialized world in market growth potential.

Figure 1. Developing and Emerging Market Economies Gain Importance for U.S. Ag Exports



Source: USDA

Abt Associates Chart

1.2 The Rules Governing Support for Export Development

Annual foreign assistance appropriations legislation and internal A.I.D. policy determinations restrict the use of funds to promote foreign agricultural exports where they would have a significant impact on U.S. exports. Similar restrictions limit assistance for the manufacture of "import-sensitive" goods such as textiles, apparel, and manufactured leather goods. After a brief discussion of interests and issues, this paper addresses the rules governing trade development support activities, their implementation, and potential implications for the effectiveness of foreign assistance in promoting development.

1.3 U.S. Commodity and Industry Group Interests

U.S. commodity and industry association support for foreign assistance varies widely. Results of a survey of associations showed that increasing income in the developing world as a mechanism to increase buying power receives very strong support. At issue is the potential competition in international markets that U.S. food and agricultural groups fear, especially where government support puts them at a disadvantage.

Some U.S. commodity groups take a narrower view of the effects of development assistance programs because of their single product focus. While resources available for this study did not permit an exhaustive review of U.S. commodity and industry interests, results of a survey of 22 organizations underscores the diversity of interests, and the critical importance of understanding this diversity in establishing foreign assistance priorities.

Commodity and industry groups interviewed can be divided into four categories:

- **General farm organizations and commodity associations** representing either broad agricultural producer interests or a single commodity on a wide range of domestic and international issues;
- **Market development cooperators** working with USDA on export promotion;
- **Industry trade associations** representing manufacturing firms and food processors as well wholesale/retail and import/export interests; and
- **Political coalitions and alliances** representing shared political interests of commodity, agricultural product, and industry representatives.

While a number of associations perform a variety of activities, this breakdown is useful to distinguish groups interested in foreign assistance and the potential for working with A.I.D. in support of its trade development programs.

Individual association positions are colored by such factors as U.S. comparative advantage in the commodity represented, the state of world supply and demand, and the level of development at which demand for the specific commodities increases.

The survey also revealed that associations most supportive of foreign assistance are those which are aware of the increase in their sales generally resulting from developing countries' economic growth in commodities such as feed grains, meat, and seeds.

The associations least supportive of foreign assistance are those faced with intense competition with developing countries, generally in commodities and products which are protected against imports through quotas, tariffs, and other barriers to entering the U.S. domestic market.

1.4 Implications and Issues

Chapters on legislative restrictions on support for trade development, implementations of the restrictions, and commodities and industry interests are followed by a concluding discussion of implications for A.I.D. support for trade development activities. Among the questions to be considered are the following:

- Should broad U.S. interests or the most vocal interests dictate development assistance priorities?

- Does it make sense to base an approach to support of trade-creating activities on comparative advantage, exclusive of specific U.S. commodity interests?

- How can A.I.D. improve its understanding of U.S. commodity and industry interests?

- What are some of the high potential payoffs to working with the technical assistance activities of commodity and industry groups, especially given:

    - New emphasis on cooperation with agribusiness;

    - Limitations on ability to work with individual firms;

    - Risk that A.I.D.'s pursuit of ways to work with agribusiness may give rise to a new set of "industry groups" whose objective is to serve a brokerage function?

2. LEGISLATION AND POLICY DETERMINATIONS CONCERNING TRADE DEVELOPMENT ACTIVITIES

Legislation restricting the use of foreign development assistance programs gained momentum in the mid-1980s as a result of problems in the U.S. farm economy, as well as problems faced by specific organizations. This section provides an overview of specific legislation and resulting A.I.D. policy determinations that affect trade development activities.

Current rules prohibit U.S. taxpayer-supported assistance for agricultural exports when it would have a significant impact on U.S. exports. Similar restrictions also apply to assistance for the manufacture of such "import-sensitive" goods as textiles, apparel, and manufactured leather products. As a result of A.I.D. sensitivity to congressional criticism, in some cases the agency has a policy that is more restrictive on agricultural development assistance than U.S. law requires.

2.1 The Bumpers Amendment

The "Bumpers amendment," originally Section 209, P.L. 99-349 of 1986, is the most widely cited legislative restriction on A.I.D.'s trade-related activities. The Bumpers amendment allows foreign assistance to support trade development activities when the intention is to promote food security. However, it specifically prohibits the use of U.S. development assistance funds for the competitive growth or production for export of agricultural commodities which would cause substantial injury to or have a significant impact on U.S. commodity exports (emphasis added).

The Bumpers amendment was approved largely as a result of the American Soybean Association (ASA) campaign initiated in 1985 to attach four amendments to the 1985 farm bill to limit technical assistance to developing countries. The text and a legislative and political history (Stowe) of the Bumpers amendment are provided in Appendices A-1 and B, respectively.

Interpretation of congressional intent in enacting the Bumpers amendment requires analysis of both the legislation itself and the accompanying conference report. The text of the legislation specifically allows A.I.D. development assistance for competing commodities for reasons of food security or research intended to benefit U.S. producers. However, the exceptions in the language and the accompanying conference report limit this allowance by prohibiting projects where U.S. exports will experience an undefined significant impact.

A.I.D. has developed an interpretation and guide to the implementation of the Bumpers amendment which is set forth in its Policy Determination 15: Assistance to Support Agricultural Export Development of September 13, 1986 (included in Appendix A-2).

The determination underscores that A.I.D. policy is to avoid support which would lead to direct competition with similar U.S. agricultural exports to third countries and have a

significant impact on U.S. exporters. Implementation procedures, including review at the country mission and A.I.D./Washington are provided for. These are discussed in further detail in Chapter 3.

Bumpers Amendment Stipulations:

No development assistance funds can be made available for agricultural development activities in connection with the production of an agricultural commodity for export from a foreign country which would compete with U.S. exports, except:

- o where designed to increase food security and
- o where such activities cannot reasonably be expected to cause a "significant impact" on U.S. exports and
- o where activities are not specifically and principally designed to increase agricultural exports,

or except where production for export will not lead to direct competition for U.S. agricultural exports,

or also except where research activities are primarily to benefit American producers.

2.2 Historical Restrictions on Trade-Related Aid

During the late 1970s there was considerable debate over the potential impact on U.S. agriculture of U.S. funded development assistance, as well as programs of other government agencies. Limitations on bilateral and multilateral programs were enacted, and A.I.D. took the initiative to specify a policy on support for specific commodities.

2.2.1 Policy Determination 71

During debate leading to the 1979 restrictions on uses of foreign assistance, A.I.D. took the initiative to require that "proposed projects involving production, processing or marketing of sugar, palm oil, or citrus for export" undergo reviews to examine the "potential injury" to U.S. producers. A.I.D. policy would be to finance only those projects related to sugar, palm oil, or citrus when "such rationale is strong and their likely impact on U.S. producers is low." This was embodied in Policy Determination 71 of May, 1978: A.I.D. Financing of Palm Oil, Citrus and Sugar Projects and Related Products. P.D. 71 represented an A.I.D.'s attempt to address congressional concerns at an early stage, heading off further restrictions.

2.2.2 Bilateral Restrictions

A number of restrictions on trade-related U.S. Government-supported programs were enacted in 1979 as part of the foreign assistance appropriations legislation and have been re-enacted annually. Direct assistance (from A.I.D.) or funding from the Export-Import Bank and the Overseas Private Investment Corporation for "establishing or expanding production of any [surplus] commodity for export," when those exports would cause "substantial injury" to United

States producers of the same, similar, or competing commodity is prohibited by Section 521 of the FY 1990 appropriations act (P.L. 101-167), originally enacted as Section 608 of P.L. 95-481 (1979).

2.3 Multilateral Restrictions

Restrictions on U.S. trade-related support for multilateral development banks, such as the World Bank and regional banks, dates from 1986. The Secretary of the Treasury is directed to instruct the U.S. representatives to multinational development banks to oppose any assistance by those institutions, using any appropriated funds for the production of commodities or minerals for export, if the commodity is in surplus on world markets and if the assistance would cause substantial injury to U.S. producers of the same, similar, or competing commodity or mineral. The prohibition, currently Section 522 of the 1990 Foreign Assistance Appropriations Act, was originally enacted as Section 22 of P.L. 99-472, the Export Import Bank Act Amendment of 1986.

2.4 Lautenberg Amendment

Technical assistance on processed agricultural products is also limited by the Lautenberg Amendment, originally enacted in 1979 and now Section 547 of the 1990 Foreign Assistance Act. The Lautenberg amendment prohibits A.I.D. development assistance funds, other than those made available to carry out Caribbean Basin Initiative programs, from being used to aid in the manufacture for export of certain "import-sensitive" items which would compete directly with United States exports.

"Import sensitive" items are described under the U.S. codes implementing the Generalized System of Preferences, as including competing textiles and apparel subject to textile agreements and also manufactured leather goods, such as footwear, handbags, luggage, flat goods, work gloves, and certain leather wearing apparel.[2] This restriction applies both to direct assistance and to economic support funds. There has been no specific A.I.D. Policy Determination in response to the amendment. Rather, review has become part of the standard project appraisal process within A.I.D.

2.5 Relaxation of Restrictions in the "War Against Drugs"

Recently the foreign assistance appropriation laws have been modified to allow some exceptions to the restrictions discussed above in the use of foreign assistance funds. As part of the "war against drugs," Section 599H of the FY 1990 Foreign Assistance Appropriations Act

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[2]Generalized System of Preferences legislation, originally P.L. 93-618, Title V, as amended and updated through 1988, with specific amendments to the eligible articles listed under P.L. 98-573, Section 504, effective Jan. 4, 1985. (See Appendix A-7).

permits A.I.D. use of funds in Peru, Bolivia, and Jamaica to promote crops which can economically be grown in the coca producing regions of these countries.

Also as part of this fight, Section 14 of the International Narcotics Control Act of 1989 (P.L. 101-231) renders inapplicable those sections of the FY 1990 Foreign Assistance Appropriations Act that restrict activities to promote the production of an agricultural commodity for export which would compete with a similar commodity grown or produced in the United States, provided this assistance is part of crop substitution activities in the narcotics control effort.[3]

[3]U.S. General Accounting Office, Testimony of Allan I. Mendelowitz, p. 14. (See Appendix A-8 for legislation.)

3. IMPLEMENTATION OF RESTRICTIONS ON TRADE DEVELOPMENT SUPPORT

Incorporating U.S. laws into A.I.D. programming is crucial, in particular where those laws impose restrictions which may prevent activities that substantially benefit developing countries. A.I.D. has an official process for approving projects and programs which takes into account the laws and derived A.I.D. policies governing foreign assistance. This process is part of the Delegation of Authority procedures, which may vary somewhat among the different A.I.D. bureaus.

3.1 A.I.D. Project Approval Process

The A.I.D. program planning process has several stages at which projects are critiqued for adherence to law and to A.I.D.'s strategic plan (see Figure 2). The process begins each fall when the Bureau for Program and Policy Coordination (PPC) sends specific program guidance to the missions on the formation of their Country Development Strategy Statements (CDSS). After A.I.D./Washington reviews and approves the CDSS, the mission formulates project ideas and prepares New Project Descriptions (NPDs) in keeping with the restrictions imposed upon it.

From the beginning of project conceptualization, missions take into consideration A.I.D. policies and U.S. law, such as the Bumpers and Lautenberg amendments. In the case of the Bumpers amendment restrictions, if a question arises regarding compliance, mission counsel and agriculture specialists are consulted and a Bumpers determination may be made. However, if further questions on compliance remain, the more extensive Project Identification Document (PID) can still be developed and submitted to Washington, where another evaluation, or Bumpers determination, can be made, using Department of Commerce trade and Department of Agriculture commodity production statistics.

After the initial Regional Bureau approval of the NPD, the host country and mission prepare the PID. The NPD is generally submitted as Congressional Notification at either an annual Congressional Presentation or a separate meeting. A.I.D. then gives a Congressional Presentation of its proposed projects. At this stage Congress examines the projects, raises questions of compliance, and often conducts consultations with experts, the Department of Agriculture, and other interested parties. Congress then has 15 days to raise an objection. Congress must also pass authorization and appropriation legislation in the fall.

Following the initial A.I.D./Washington approval of the NPD, the more detailed PID is reviewed and approved by a Regional Bureau project committee in Washington, often consisting of a project officer, an area specialist, and a regional bureau lawyer. The deputy assistant administrator may also review it. It is then resubmitted to the mission with an evaluation and guidance for the preparation of the Project Paper (PP). The Department of Agriculture is sometimes further consulted during the development of the Project Paper, which must then be

Figure 2. Evaluation Process for Competitive Impacts of A.I.D. Projects and Programs

STEP	REVIEW & AUTHORIZATION RESPONSIBILITY	
	INFORMAL	FORMAL
Country Needs	Mission Director	
Planning Guidance	AID/W - PPC	Bureau/Administrator
CDSS	Mission Director/Offices	Mission Director
Project Ideas	PDO & Mission Director	PDO & Mission Director
NPDs	Mission GC/PDO/Dir/Ag	Mission Director/TR
PID/PAIP	Mission	PPC & Regional Bureau Project Committee: Project Office, Bureau/TR/AG Office, Bureau General Counsel
Congressional Presentation	USDA/Interest Groups	Congress
PP/PAID	Mission Director (consulting with USDA, if necessary)	Mission Director &/or DC
Authorization/Appropriation		Congress/OMB
Operating Year Budget		PPC
Project Authority for Funding New Projects (PAF)		Regional Bureau
Project Agreement (PROAG)		Mission/Host

Note: Competitive Impact Evaluations consider Bumpers and Lautenberg amendments, A.I.D. policy decisions and other factors discussed in the text.

submitted to the bureau by June. When an idea is initially developed, new projects are designed taking into account the Bumpers amendment and other U.S. laws, but it is at the annual budget submission that a final project examination by A.I.D. is made. Here, responsibility for compliance rests ultimately with the PPC, which is invited to attend the review and can question the project's consistency with U.S. law and A.I.D. policy. If compliance remains in doubt, the project is sent back to the mission for further examination or rejection. Ongoing projects are subjected annually to congressional and Office of Management and Budget scrutiny.

In this process of program planning, the country mission has primary responsibility to ensure compliance with the Bumpers amendment and other U.S. laws, and A.I.D./PPC in Washington has secondary responsibility. Other U.S. agencies play only a consultative role in this process until the Congressional Notification and Presentation. At that time, the subcommittee sometimes consults other departments, such as Agriculture, and outside parties.

3.2 Bumpers Amendment Implementation

The Bumpers amendment has perhaps had the greatest influence on A.I.D.'s perception of U.S. domestic agricultural concerns and the related politics. In response to these concerns, A.I.D. has specifically answered the questions and statements which helped to build the political consensus for the Bumpers amendment to pass. To comply with the Bumpers amendment, A.I.D. set up a policy implementation process in PD-15, establishing rules for consideration of programs and projects. PD-15 requires the examination of prospective projects to determine if they will increase the production of a commodity for export and can reasonably be expected to have a significant impact on U.S. exports. (Figure 2 outlines the formal and informal evaluation process.) A.I.D. cites five factors for missions to consider in assessing proposed projects:

"-- export potential of the commodity in question;

-- magnitude of production likely to result from the project;

-- likely export markets;

-- volume of U.S. exports of the commodity in question and similar commodities; and

-- U.S. share of the world or regional market that could reasonably be expected to be affected by increased exports of the commodity" (PD-15, p. 2).

These factors are considered when evaluating New Project Descriptions (NPDs) included in the Mission Action Plans. If, at that stage, no determination can be made regarding the legality of the project under the Bumpers amendment, a Project Identification Document (PID) may be developed. A.I.D./Washington must more closely review it for Bumpers legality if any doubt remains about Bumpers amendment compliance.

3.3 Functioning of Bumpers Amendment

The Bumpers amendment has had some effect on project formation, although for the most part, A.I.D. policy has generally been to avoid projects that would significantly harm U.S. agriculture and industry.

3.3.1 Projects Eliminated

At least two development assistance projects, one in Burma and a second in Thailand, have been eliminated as a direct result of the Bumpers amendment.

In the mid-1980s, an agricultural development project was initiated in Burma which included a subproject promoting oilseed production. Due to concern that the oilseed work might be prohibited under PD-15, in April 1988, USAID/Burma cut most of the $2 million intended for oilseed research and technical assistance. These funds were reallocated elsewhere in the same project to a subproject focused on general agricultural research and extension (Stowe).

A second instance occurred in Thailand, which requested financing to import palm oil seedlings from Costa Rica as a subproject of a larger agricultural research project. This request was denied due to the potential for Thailand to compete with U.S. oilseed exports in the long term.

3.3.2 Projects Subject to Bumpers Determinations

Both the missions and the PPC in Washington have intensely scrutinized several projects to determine whether they comply with the Bumpers amendment. As yet, no standard set of criteria has been established for accepting or rejecting projects. The following case examples provide a general sense of the way the Bumpers determination process has worked in the past.

Sri Lanka--onions. Under a crop diversification project, A.I.D. was to assist Sri Lanka's Ministry of Agriculture in increasing the productivity of high value commodities. One of seven chosen commodities was onions, which were to be exported to the Gulf states and Japan. Because the U.S. exports onions to Japan, PD-15 required a Bumpers determination. In order to determine possible substantial injury, a worst case scenario was constructed in which it was assumed that all of Sri Lanka's increased onion exports went to Japan where they displaced only U.S. onion exports. Under this scenario, it was thought that the displacement would be less than 1 percent of U.S. onion exports.

Pakistan--Mandarins. Pakistan requested aid to produce mandarin oranges which were to be used as a color enhancer for a product which would then be exported. Setting 1 percent as the indicator of "substantial injury," assistance for mandarin production was approved. A.I.D. determined that even if some displacement of the exported product occurred, this project remained consistent with PD-15.

Jordan - Miscellaneous horticultural products. A.I.D. was financing export promotion activities for Jordan. A small portion of the total of $500,000, perhaps $100,000, would be used for a market demand survey to determine the high value goods for which Jordan could increase production for export to Europe. The issue was the possibility that a market might be found for Jordanian exports that would compete with U.S. exports.

3.4 Issues Related to Implementation of Restrictions

The Bumpers amendment and other restrictions on A.I.D. development assistance together prohibit assistance for the production of agricultural commodities for export which are in surplus or direct competition with U.S. agricultural goods when that assistance would have a significant impact on U.S. exports. The Lautenberg amendment extends protection as well to U.S. "import sensitive" manufactured goods, prohibiting the use of A.I.D. funds to assist in the manufacture of these items for export. Although no study has been done to determine the quantitative effect of these restrictions on A.I.D. activities, these stipulations have sensitized A.I.D. to U.S. agricultural interests. The establishment of an American Soybean Association/A.I.D. Liaison Committee in February 1985 in order to discuss mutual concerns in a much less public setting was a part of this process (Stowe). However, there is some feeling within A.I.D. that as a general rule, the agency followed the principles encompassed by the restrictions even before they became law.

Regardless of prior adherence to the principles, it seems quite likely that the Bumpers amendment and other restrictions have had an impact on U.S. foreign agricultural assistance. Performance and career promotional concerns have the potential to affect the activities of every bureaucracy. These concerns can provide incentives to avoid projects that offer very strong development benefits, but raise questions of Bumpers legality and possible elimination on that basis. The potential result is an overly conservative approach to project idea development and the loss of potentially beneficial projects. (Figure 3 summarizes potential impacts of development assistance restrictions on A.I.D. programming.)

As a result of the potential for conservatism in project conception resulting from political and bureaucratic repercussions of foreign assistance restrictions, it is important to identify clearly the political interests which support these measures and to understand the scope of this support. Further, it is important for A.I.D. to understand how commodity interests perceive their activities and the scope for possible cooperation between A.I.D. and the commodity associations.

Figure 3. Potential Impacts of Trade Development Assistance Restrictions

Stage	Action		Potential Impacts on		
			Host Economy	U.S. Exports	A.I.D.
Idea for Project	Accept ↓	Reject as potentially conflicting with Bumpers & other restrictions →	Less growth than possible, lower income and ability to purchase local and imported goods	Avoid competition in a single sector, whether minimal or substantial unknown Lessen growth prospects for future U.S. exports	Project officer avoids possible career setback AID contributes less to development Avoids Congressional confrontation
Project (NPD)	Accept ↓	Reject →	" "	" "	Project officer faces possible career setback AID expends resources on dead end project Less development contribution Avoids Congressional confrontation

Figure 3. Potential Impacts of Trade Development Assistance Restrictions (continued)

Stage	Action		Potential Impacts on		
			Host Economy	U.S. Exports	A.I.D.
Congressional Presentation	Accept	Reject	" "	Avoid competition, whether minimal or substantial unknown, in single sector Lessen growth prospects for future U.S. exports	Project officer faces possible career setback AID expends resources on dead end project design Less development contribution Congressional confrontation and increased scrutiny
Project design continues		Passed after Bumpers determination	Country obtains A.I.D. assistance contributing to growth	Minimal competition in single sector Increased growth prospects for future U.S. exports	Project officer's success Significant contribution towards development

4. COMMODITY AND INDUSTRY ASSOCIATION INTERESTS IN TRADE ASSISTANCE

The United States is entering the 1990s with a weak dollar, the beginnings of an economic downturn, and international economic developments that require a new look at interdependence of interests among business and government and among nations. The opportunities for economic development in the developing world and in economies that were formerly centrally planned are leading to new interest in foreign assistance that will contribute to agricultural trade.

Industry and commodity association opposition to use of tax dollars to support developing country exports was sufficient to generate the restrictions on development assistance discussed above. However, two factors contribute to the importance of an assessment of current industry positions:

- Given the role that single interest politics can play in the U.S. legislative process, it is possible that past regulations reflect a response to a limited range of organized interests which faced no organized opposition, rather than overall U.S. food and agriculture interests.

- Even if past restrictions did reflect broad interests, it is possible that evolving economic and political conditions have led to changes in the interests of commodity and industry associations.

4.1 The Association Survey

A survey of commodity and industry associations was conducted as part of this study in order to assess current positions on foreign development assistance, and to identify potential areas for future cooperation between the associations and A.I.D. Although resource constraints prevented an exhaustive and comprehensive survey, a sample of 22 associations, selected from a broad and fairly representative range of commodity and industry associations, provides interesting insights and case examples. These can provide a basis for conclusions in their own right, as well as suggesting additional issues that A.I.D. should address in designing a strategy to work more closely with commodity and industry groups in promoting trade and agribusiness development.

Survey results, (summarized in Figure 4), indicate that U.S. commodity and industry association support for foreign assistance varies widely. Increasing income in the developing world as a mechanism to increase buying power receives very strong support. At issue is the potential competition on international markets that U.S. food and agricultural groups fear, especially where government support puts them at a disadvantage.

Figure 4. Commodity and Industry Association Policies Regarding Foreign Assistance for Trade Development

DO YOU HAVE A POSITION ON...	Associations with Positions			No Positions (Out of 22)
	Support %	Ambivalent %	Oppose %	
Foreign Aid?	71	0	29	5
Aid Promoting Agricultural Production for Local Markets?	56	13	31	6
Aid to Increase Income for Increased Purchases?	86	7	7	8
AID for Agricultural Production for Exports, No U.S. Impact?	57	7	36	8
Aid for Agricultural Production for Export, Potential Impact on U.S. Exports, But No Subsidies?	27	7	67	7
Generalized System of Preferences (GSP)?	43	21	36	7
Tie AID to Purchases of U.S. Exports?	62	8	31	9

Source: Abt Associates' survey of 22 U.S. commodity and industry associations

Some U.S. commodity groups take a narrower view of the effects of development assistance programs because of their single product focus. Findings underscore the diversity of interests, and the critical importance of understanding this diversity in establishing foreign assistance priorities.

4.2 Categories of Commodity and Industry Groups

The commodity and industry groups interviewed can be divided into four categories:

- **General Farm Organizations and Commodity Associations** representing either broad agricultural producer interests or a single commodity on a wide range of domestic and international issues;
- **Market Development Cooperators** working with USDA on export promotion;
- **Industry Trade Associations** representing manufacturing firms and food processors as well wholesale/retail and import/export interests; and
- **Political Coalitions and Alliances** representing shared political interests of commodity, agricultural product, and industry representatives.

While a number of associations perform activities falling in multiple categories, this breakdown is useful in distinguishing groups' interest in foreign assistance and potential for working with A.I.D. in support of its trade development programs. (See Figure 6 for Categorization of Associations Surveyed.)

Most of the **General Farm and Commodity Organizations** interviewed, such as the American Farm Bureau and the National Association of Wheat Growers, provide members with a broad range of services, spanning domestic and international market development, public relations, legislative and government liaison, industry information, technical assistance and education, environmental and other research, and industry standards compliance services.

Market Development Cooperators focus almost exclusively on export market development for the industry. They generally work closely with the USDA Foreign Agricultural Service (FAS) and receive USDA funding for generalized commodity export promotion. Some branded export promotion activities for processed food products are also conducted in close collaboration with cooperator programs. Some commodity organizations, such as the Feed Grains Council and the American Soybean Association are also Market Development Cooperators.

Industry Trade Associations, such as the United Fresh Fruit and Vegetable Association and Packaging Machinery Manufacturers, provide wide ranging professional services to marketing and manufacturing firms. They are similar to farm and commodity groups in some

Figure 6. Commodity and Industry Associations Surveyed, by Type

Organization	Type
American Seed Trade Association	2,3
American Soybean Association	1,2
American Sugar Alliance	4
American Farm Bureau Federation	1
Florida Citrus Mutual	1
Food Processing Machinery & Supplies Association	2
Leather Industries of America	2
Millers' National Federation	2
National Agriculture Chemical Association	3
National Association of Wheat Growers	1
National Corn Growers' Association	1
National Cotton Council	1
National Cottonseed Products Association	2
National Pasta Association	3
National Sunflower Assocation	2
Packaging Machinery Manufacturers' Institute	3
Rice Council for Market Development	2
United Fresh Fruit & Vegetable Association	3
U.S. Feed Grains Council	2
U.S. Meat Export Federation	2
U.S. Wheat Associates	2
Western Growers' Association	1,2

Key: 1 = General Farm/Commodity Association
2 = Market Development Cooperator
3 = Industry Trade Association
4 = Political Coalition

respects, but focus on activities outside the farmgate. They generally represent horizontal groups of businesses in like or related parts of the food system.

Political Coalitions and Alliances, such as the American Sugar Alliance, a group of sugar grower and processor associations and companies, often represent a vertical cut of groups in different segments of the same industry which have a specific, shared political interest for which they work.

4.3 Official and Unofficial Industry Positions

Individual association positions are colored by such factors as U.S. comparative advantage in the commodity represented, the state of world supply and demand, and the level of development at which demand for the specific commodities increases.

The survey also revealed that the associations most supportive of foreign assistance are those which are aware of the increase in their sales which generally results from developing countries' economic growth in commodities such as feed grains, meat, and seeds.

The associations least supportive of foreign assistance are those faced with high levels of competition from developing countries, generally in commodities and products which are protected against imports through quotas, tariffs, and other barriers to entering the U.S. domestic market.

Associations interviewed varied in the degree to which they were able or willing to state "official" positions. Where organizations lacked official policy positions regarding particular issues, but officers were willing to respond on the basis of their interpretation of interests and concerns of their membership, responses were included in the survey results.[4]

A number of associations asserted that as cooperators with USDA, they either could hold no policy positions or could hold none that differ from those of the United States Trade Representative (USTR). Interestingly, however, the American Soybean Association (ASA), although a FAS cooperator itself, spearheaded the campaign which resulted in the imposition of the Bumpers amendment.

4.4 Priority International Issues

Survey results clearly indicated that foreign aid had a lower profile or was less controversial than when the Bumpers amendment was passed. Associations reported greater

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[4]As the objective of the survey was to gain insight into the interests and concerns of the organizations, such unofficial responses are valuable. For ease of exposition, responses have been combined in presenting results. However, detailed breakdowns of official and unofficial responses can be obtained from the authors.

concern with results of the Uruguay Round of trade negotiations under the General Agreement on Tariffs and Trade (GATT) and the approaching European Community unified market than with foreign assistance policy. Nonetheless, as the results and implications of developments in the GATT and with EC 1992 become more clear, foreign assistance is likely to gain attention.

4.5 Positions on Foreign Assistance Policy

The survey first sought to identify commodity and trade association positions on foreign aid in general. Positions on trade-promoting foreign assistance, tied aid, and competition with U.S. exports were then addressed. Finally, opportunities for collaboration with A.I.D. were examined.

4.5.1 Association Attitudes Toward Foreign Assistance in General

Seventy-one percent of associations reporting positions consider themselves to be supporters of foreign aid. Five commodity associations report particularly supportive policy positions regarding foreign assistance in general.

- The U.S. Meat Export Federation reports that economic growth in developing countries is particularly important for market expansion for U.S. beef and pork. The Federation reports that it is very comfortable with its competitive position in export markets, as long as it has market access and resources for publicity and education.

- The U.S. Feed Grains Council's support for foreign assistance is also a strong realization of self-interest. It states officially in its 1990 resolutions that the council calls for "...support for development assistance and increased funding for lending institutions...provided that their efforts are conducive to expanding U.S. exports."[5] Although development of foreign agricultural production leads to competition, the council supports foreign assistance as long as the production support does not promote large-scale competition for U.S. feed grains. The council reports that increased national incomes in developing countries increase protein consumption and production and therefore increase feed imports.

- The American Seed Trade Association (ASTA) is generally supportive of foreign aid, although it does not take an official foreign development assistance policy position. Many of its U.S. member firms have subsidiaries and joint ventures in other countries. ASTA sees development assistance increasing the market for the U.S. seed industry in other countries. In fact, it cooperates in the International Seed Federation Program, suggesting names of retired seed industry people to

[5]U.S. Feed Grains Council, 1989 Report to Members, p. 28.

help other countries become established in the industry. ASTA feels it benefits from the existence of foreign industries, which provide it with access to off-season research and to isolated supplies from other areas when disease contaminates one region.

- The United Fresh Fruit and Vegetable Association also sees a certain amount of self-interest in the provision of foreign assistance to developing countries. United is an association of both producers and distributors of fresh produce. Although some of its members would be against any kind of foreign assistance, the association generally regards assistance positively. The association provides names of industry technical experts to countries needing assistance and realizes that as incomes increase in developing countries, the capacity to import rises. Further, development allows countries to export their most valuable niche products, complementing U.S. production and providing counter-seasonal supplies for the distributors and in-season markets for the entire industry.

- The Food Processing Machinery & Supplies Association feels that foreign aid is important in helping developing countries. Association members stand to gain as countries begin to process more of their agricultural products and become a market for the member companies.

Several more moderately supportive positions on foreign assistance are focused on market opportunities generated through food aid programs, tempered by ill will from specific past experiences. For example:

- The National Corn Growers' Association's official position supports foreign assistance in general, PL 480, and some foreign assistance for foreign production. However, one project, construction of the Sofaga port on the Red Sea in Egypt, where it is reportedly more convenient to import materials from Australia than from the U.S., is cited as an example of development assistance that has created significant competition for U.S. producers.

- The American Soybean Association expressed official support for foreign assistance in the generic sense, with particular support for debt relief of developing countries and for an increased PL 480 program. The Association took this position despite its history of opposing aid which promotes competition for U.S. soybeans.

Five associations interviewed, representing cotton, citrus, leather, milling, and general farm interests, expressed opposition to foreign aid.

- The National Cotton Council (NCC) had one of the more strongly stated positions opposing foreign aid. The NCC reports that it is against technical assistance and other assistance which would foster competition for U.S. cotton. In defining

competition, the NCC representative stated that any bale of cotton that goes onto the world market actually or potentially displaces one from the U.S. This very narrow definition of foreign assistance limits what the NCC would support. The association does, however, favor putting U.S.-manufactured cotton yarn among the eligible products for the PL 480 program.

- Also very conservative in its attitude toward foreign assistance is Florida Citrus Mutual whose response to the general question on development assistance was that anything which hurt U.S. producers was unacceptable. It disapproves of direct payments or low-interest loans to developing country producers, because these subsidize producers in an industry that Florida Citrus Mutual views as already troubled by oversupply. For this reason, aid for infrastructure is also opposed. On the other hand, technology transfer is acceptable to Florida Citrus Mutual, as the flow of technology is rapid and would occur regardless of whether technical assistance were offered.

- In contrast, Leather Industries of America, although holding no official policy positions, is particularly opposed to the transfer of U.S. technology, in the knowledge that it fosters competition in its industry which is suffering in the U.S. It feels that the only way that developing countries can repay their creditors is to export more than they import. Therefore, it regards the theory that development assistance creates trading partners as a fallacy. Leather Industries uses the restrictive policies of India and Brazil as illustrations of countries that have received development assistance but that block any returns to their donors.

- The Millers' National Federation has an official policy of opposing "government financing or loan guarantees for constructing flour-milling capacity in developing nations." The reasoning is that mill construction does not improve self-sufficiency, as countries still rely on wheat imports. The position urges developing countries to look instead "to low-capital-requirements, high-labor-need types of industries." This policy dates from 1981.

- The American Farm Bureau Federation is generally negative toward the provision of development assistance, outside of food aid and the PL 480 program. The Farm Bureau opposes any "economic and/or technological aid through any state, federal, or international program which contributes to the production or distribution of any agricultural products by our foreign competitors which adversely affect the interest of U.S. producers," and further, "strongly oppose[s] U.S. monetary, credit, and foreign aid policies that encourage Third World countries to expand exports at the expense of the American farmer and manufacturer."[6]

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[6]American Farm Bureau Federation, 1990 resolutions.

4.5.2 Attitudes Toward Assistance for Different Purposes

After examining positions on foreign aid in general, the survey addressed more specific issues regarding foreign assistance objectives and purposes. The object was to highlight particular aspects of foreign aid as they concern or interest individual groups.

Overall, support was strongest for foreign assistance directed at increasing income and the ability of developing country consumers to purchase more on international markets. Slightly more than half of the associations responding favored support for agricultural production, regardless of whether for local or export markets, provided that it does not affect U.S. exports. About a third of the associations reported opposition to such support. Where potential impact on U.S. exports is involved, about two-thirds oppose support, even when subsidies are not involved. The following sections highlight aspects of specific responses of interest. Results are summarized in Figure 4 above.

Supporting Agricultural Production for Local and Export Markets. About half of the associations surveyed that reported positions favor development of assistance directed at promotion of agricultural production for local markets. The survey questions attempted to distinguish between assistance directed at feeding and marketing to people in a developing country and the promotion of agricultural products that would enter world markets.

Assistance for agricultural production for export, provided that it does not affect U.S. producers, received about as much suppor as did support for production for local markets. Opposition increased from one-third to two-thirds of the respondents when the possibility that such production would negatively impact on the U.S. was introduced.

- The Meat Export Federation expressed support for assistance with meat production, explaining that although much of the market for sales of meat might be lost, embryo, semen, and breeding stock will still be in demand and high-quality grain-fed meat will always have a market.

- The Feed Grains Council also reports support for foreign assistance for local production, maintaining that increased protein consumption, which accompanies rising income in developing countries, will result in greater need for feed grain.

- The American Soybean Association would mildly support assistance for production for local markets, provided no subsidies were involved. The Association, supports assistance "...provided such assistance is based on

comparative advantage and will not increase the exports of commodities in current or projected surplus supply."[7]

An ASA representative reported that assistance leading to exports would be acceptable, provided that impacts on world and U.S markets are minimal.

Recent developments regarding ASA opposition to assistance to Bolivian soybean exports, which are calculated at only 1.17 percent of U.S. soybean exports for 1989-90 on a total meal equivalent basis (GAO), provides some insight into the association's view of a "minimal impact."[8] As a result of experience with Brazil becoming a major exporter of soybeans after initially receiving foreign assistance for its soybean industry, the ASA does not want to take any chances of a similar occurrence in Bolivia.

- The National Association of Wheat Growers (NAWG) would support assistance for production for local markets provided that it is based on the country's comparative advantage. It opposes assistance that would artificially foster a wheat industry where none existed previously. At the same time, it underscored that without income, countries would be unable to import.

- The American Farm Bureau Federation is ambivalent in its position on aid for local production. Its resolutions oppose any aid which "adversely affects" U.S. producers, which subsidizes products that directly compete with U.S. products, or which are in surplus.

- A number of other associations support aid for agricultural production for domestic markets, although they have no official policy positions on the issue. ASTA, for the reasons stated previously, strongly favors assistance to the seed trade and actively supports it.

- While not voicing an official position, an officer of the United Fresh Fruit and Vegetable Association indicated that a majority of its members would support assistance for production for local and export markets, as it helps to develop suppliers and prospective consumers.

- The Rice Council supports assistance for local production based on comparative advantage, but does not believe that drives for self-sufficiency should be pursued

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[7]American Soybean Association, "Exports, Market Development and Trade Policies," Report to Members 1990, p. 13.

[8]Testimony of James Lee Adams, Chairman, American Soybean Association, before the House Subcommittees on Wheat, Soybeans, and Feed Grains, and Department Operations, Research and Foreign Agriculture of the House Committee on Agriculture, June 27, 1990.

when food security can best be achieved through a combination of trade and development.

Almost one-third of respondents oppose aid for production for local or export markets, even when it does not affect the U.S. Two-thirds of those expressing positions would oppose such support if U.S. exports were affected.

- Florida Citrus Mutual supports aid only in the form of technical assistance and opposes any increased production of citrus in competition with the U.S. For reasons of competitive advantage it opposes even assistance in infrastructure.

- A Leather Industries Association representative, reporting an unofficial position, indicated that it would support foreign technical assistance, even for production of products for internal use, only where starvation is near. The association feels that transferring technology is economic suicide for U.S. industry.

- The American Sugar Alliance opposes any new investment in sugar production and any foreign assistance for production or processing because of the current surplus of sugar on the world market.

- The National Cotton Council response indicated that any bale reaching the world market competes with U.S. industry.

- Although offering only an unofficial statement, the Rice Council for Market Development sees any rice that enters the world market affecting the total amount of rice traded and therefore affecting the U.S.

Foreign assistance directed at income and import growth. Support for assistance directed at increasing income in order to permit increased purchases by developing countries and emerging market economies was the most popular form of assistance, with support from 86 percent of respondents.

This line of inquiry was intended to directly address industry viewpoints on one of the most important end-results of successful foreign development assistance: rising national incomes and import purchases. It was therefore also an appeal to the self-interest of the associations. As indicated earlier in this paper, the potential impact of assistance on living standards and ability to consume is one of the strongest appeals to U.S. self-interest in support for foreign assistance.

The fact that such a large share of respondents answered affirmatively to this appeal to self-interest should play an important role in A.I.D.'s strategy for working with trade and industry groups. Clearly delineation of the differences between self-interested export promotion and broadly based support for increasing country incomes and ability to import is also necessary. This is discussed further in section 5 below.

Among the policy positions of special interest in considering the link between aid, income, and imports are the following:

- A 1990 U.S. Feed Grains Council resolution called for aid if it was "...conducive to expanding U.S. exports."[9]

- Leather Industries of America, indicated that the philosophy that development assistance as a means to promote trading partners is a fallacy. Leather Industries cited the restricted Indian market along with the 301 petition it filed as examples of the elimination of return benefits to donor countries which could emerge from development assistance. Developing country government policies were cited as the cause of the problem.

4.6 Industry Technical Assistance Activities

A final objective of this study was to gain insights into potential opportunities for cooperation between these associations and A.I.D. The survey results indicate that this potential differs by type of association. Market Development Cooperators and Industry Trade Associations are probably the most valuable resources for A.I.D. programming. Improved public relations could probably reduce the threat of conflict with general farm and commodity associations, as well as with political coalitions. However, the latter groups are less likely to be valuable resources in A.I.D. programming directed at trade development.

Market Development Cooperators already receive funding from USDA. For a number of them, technical assistance plays an important role in their market development efforts. Many of the bona fide industry trade associations also see the development of less developed countries as in their self-interest and would welcome opportunities to work with A.I.D. While associations' technical assistance often leads them to increase export sales, it also leads to clear development benefits for the sectors to which they provide technical assistance.

Some associations expressed interest in technical assistance in conjunction with A.I.D., but lack an understanding of the agency and how it operates. Survey results indicate that in many cases, increased communications between A.I.D. and the associations is desired, regardless of the individual association positions on foreign assistance. In some instances, this improved communication could lead to increased cooperation and mutual benefits.

It is important to note, however, that among the associations surveyed that have worked with A.I.D. in the past, there are some clear reservations about the difficulty of working within

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[9]U.S. Feed Grains Council, 1990 Report to Members, p. 28.

A.I.D.'s administrative procedures. The success of any effort to improve communication and cooperation between A.I.D. and commodity and industry associations must respond to this perception.

5. CONCLUSIONS AND IMPLICATIONS FOR A.I.D. PROGRAMMING

With the clear success of the strategies of several Asian countries to promote high growth rates and increase levels of development by following an export-oriented strategy, it is natural that leaders of countries from Asia to Eastern Europe, and from North Africa to the Pacific should look to exports to provide that impetus for growth.

5.1 Industry Interest in Development and Support for Restrictions on Assistance to Export Competitors

Survey responses of 22 U.S. commodity and industry associations representing a broad range of products indicate both considerable interest in economic development in the developing world and former eastern bloc and continued support for restrictions limiting U.S. foreign assistance that will have a significant impact on U.S. exports. A lack of open communications between industry and A.I.D. and imprecise measures of significant competition for U.S. exports, creates an opportunity to be overly conservative in A.I.D. programming in support of trade development activities.

5.2 Opportunities for Cooperation with Industry

The survey also identified important opportunities for A.I.D. to take advantage of the technical expertise and self-interest of individual associations to support some of its trade and agribusiness development activities. Industry-specific expertise can contribute to improving developing country industries' efficiency and in many cases can also benefit U.S. producers. For example, the American Soybean Association and Feed Grains Council are credited by some with much of the development of Spain's manufactured animal feed and modern livestock sector.

Survey results indicate that the potential for cooperating in providing development assistance differs by type of association. Market development cooperators and industry trade associations are probably the most valuable resources for A.I.D. programming. Improved public relations could probably reduce the threat of conflict with general farm and commodity associations, as well as with political coalitions. However, these latter groups are less likely to be valuable resources in A.I.D. programming directed at trade development. Figure 5 summarizes findings on potential interactions by group type.

5.3 Sensitivities Versus Market Opportunities

The issue of foreign assistance to developing countries is very important to many of the agricultural commodity associations. The particularly protected or sensitive sectors in the U.S., such as leather, citrus, cotton, and sugar, are very responsive to any assistance that increases the level of competition in the world market. This sensitivity is apparent in the survey responses, where, despite a qualification that there would be no impact on U.S. markets, 36 percent of the associations responding still opposed foreign assistance that promotes exports.

Figure 5. Potential Cooperation and Conflict Between Associations and A.I.D.

Association	Area of Potential Cooperation or Conflict				
	Foreign Assistance Supporter?	Income Growth Awareness?	Potential Conflict With AID[1]	AID Resource?	Technical Assistance Supplier?
General Farm/Commodity Association	-	-	-	+/o	o[2]
Market Development Cooperator	+	+	-/o	+	+
Industry Trade Association	+	+	o	+	+
Political Coalition	o/-	o	-	o	o

[1] - Indicates that there is potential for conflict

[2] Individual members may have particular hu[illegible]atarian interests

Key: + = Positive
o = Indeterminate
- = Negative

Source: Abt Associates survey results.

Despite the sensitivity of some associations to foreign assistance, others recognize the benefits which growth in developing countries accord their export sales. The American Seed Trade Association, the U.S. Meat Export Federation, the U.S. Feed Grains Council, and the National Association of Wneat Growers, among others, are all cognizant of the increase in their sales which generally results from developing countries' economic growth, even if the countries have some increase in production of the commodities themselves. Others are also aware of this connection, but feel it to a lesser extent, as seen in their survey responses.

Because one industry's competition is another industry's market, methods need to be developed to evaluate and interpret potential impacts on U.S. commodity interests of export market development in A.I.D. client countries. This need is supported by the survey in several cases. For example, the U.S. exports raw hides to be tanned in other countries while the U.S. tanning industry seeks markets for its own leather products. The U.S. wheat industry supplies technical assistance in milling wheat as part of their export market development efforts, while the U.S. milling industry wants wheat to leave the U.S. already milled into flour. A further example is that of the feed grains and oilseeds industries providing assistance to improve livestock production while the U.S. meat industry seeks export markets for what it sees as its own generally superior meat products.

5.4 Potential Follow-up Activities

5.4.1 Guidelines for Trade Development Support

Although some guidelines have been established for the Bumpers amendment and other determinations of competitive impacts on U.S. agriculture, the concept of a "significant impact" on U.S. exports merits analysis. While it may not be possible to establish hard and fast rules, developing quantitative and qualitative guidelines and benchmarks could help A.I.D. staff to assess trade development project and program opportunities. This could lead to the development of potentially valuable projects which might otherwise be pushed aside at the idea conception stage due to uncertainties about competition, U.S. law, and political pressure from agricultural interests.

5.4.2 Taking Inventory of Association Resources

In order to better understand U.S. commodity and industry interests, a more extensive and detailed survey would help to clarify the policy positions, capabilities, and competitive situations of U.S. agricultural interest groups. This second survey could examine association activities more extensively and provide A.I.D. missions with an inventory of commodity and industry association capabilities, attitudes, and resources that can complement and contribute to A.I.D. programming and support economic development through trade in the countries with which the agency works.

5.4.3 Improving Communications with Commodity and Industry Groups

There is also clearly some room to explore opportunities for cooperation between industry and agricultural commodity associations and A.I.D. in the provision of development assistance. The associations interviewed have expressed a variety of positions regarding foreign development assistance. The varying levels of support and the different approaches to markets provide for different levels of opportunity for cooperation among the industries. However, more extensive exploration is needed of country specific opportunities for coordination of technical assistance, recognizing that national development cannot be exclusively export market development for U.S. agriculture.

From the survey responses, it appears that A.I.D. and the associations can communicate more and perhaps cooperate more. Many associations would like to establish a dialogue with A.I.D. and many are involved in overseas technical assistance. With greater understanding, beneficial new projects can be developed which previously may have been avoided due to concern for the political consequences from irritated commodity interest groups. For this purpose, improved communications with commodity and industry associations should be explored, both to provide a resource for agribusiness development in A.I.D. countries and to increase mutual understanding of the objectives and implications of A.I.D. activities abroad.

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APPENDICES

APPENDIX A

LEGISLATION AND SUPPORTING DOCUMENTATION

Exhibit A-1

Bumpers Amendment Statutory Language
Prohibiting Certain AID Agricultural Development Activities

Section 209 (the "Bumpers Amendment") of the Urgent Supplemental Appropriations Act, 1986 (P.L. 99-349), enacted July 2, 1986, and Section 558 of the FY 1987 Foreign Assistance Appropriations Act (enacted in the FY 1987 Continuing Resolution) provide:

> None of the funds appropriated by this or any other Act to carry out chapter 1 of part I of the Foreign Assistance Act of 1961 shall be available for any testing or breeding feasibility study, variety improvement or introduction, consultancy, publication, conference, or training in connection with the growth or production in a foreign country of an agricultural commodity for export which would compete with a similar commodity grown or produced in the United States: *Provided*, That this section shall not prohibit (1) activities designed to increase food security in developing countries where such activities will not have a significant impact on the export of agricultural commodities of the United States; or (2) research activities intended primarily to benefit American producers.

The Conference Report (H.Rept. 99-649) accompanying the Supplemental Appropriations Act and the FY 1987 Foreign Assistance Appropriations Act clarify the scope of the above section as follows:

> COMPETITION WITH U.S. FARM PRODUCERS
>
> GENERAL PROVISION—SEC. 209
>
> Amendment No. 221: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate which provides bill language prohibiting the use of U.S. bilateral assistance for programs that would be in competition with U.S. farm producers.
>
> The conferees have agreed to include Section 209 recommended by the Senate concerning commodity exports by developing countries; however, the conferees agree that this language is only intended to apply to: (1) projects or activities that are specifically and principally designed to increase agricultural exports in developing countries that can reasonably be expected to cause substantial injury to United States exporters; (2) the production of such agricultural commodities for export that are deemed to be in direct competition with U.S. agricultural exports.

THE ADMINISTRATOR

PD-15
September 13, 1986

A.I.D.

POLICY DETERMINATION

Assistance to Support Agricultural Export Development

A. Introduction

The goal of A.I.D. agricultural development assistance is to help the developing countries achieve food self-reliance, which represents a balanced approach to addressing the problem of hunger. Food self-reliance involves supporting (1) the production of agricultural commodities that are economically viable to produce, (2) more efficient food distribution, (3) expanded purchasing power, and (4) international trade.

Although A.I.D. encourages international trade as one important element of the development process, the Agency is concerned about potential injury to U.S. agricultural exports. A.I.D. does not intend to support production of agricultural commodities for export that are likely to have a significant impact on competing U.S. exports.

B. A.I.D. Policy

A.I.D. assistance fosters the food security objectives of developing countries. Long-run food security, as defined in A.I.D.'s "Food and Agricultural Development" Policy Paper (May 1982), is the ability of a country to assure a nutritionally adequate food supply to its population on a continuing basis. This can result from a combination of domestic production and importation of food on commercial terms paid with foreign exchange earnings. Comparative advantage provides the conceptual underpinning governing the decision of which commodities to produce, whether for domestic consumption or for export.

Food security defined in this way is consistent with a strategy of food self-reliance, rather than a strategy of food self-sufficiency. Food self-reliance recognizes that a country's food supply can be assured not only through increased domestic food production and more efficient food distribution, but also through expanded purchasing power and international trade, including intra-regional trade.

In this context, it is A.I.D. policy to avoid supporting the production of agricultural commodities for export by developing countries when the commodities would directly compete with exports of similar U.S. agricultural commodities to third countries and have a significant impact on U.S. exporters.

This policy supplements, but does not supersede, PD-71 which applies to three commodities (palm oil, citrus, and sugar) produced in the developing countries and exported to the U.S. or to third countries in direct competition with U.S. producers.

C. Implementation

To comply with Agency policy on this issue and with applicable statutory requirements, Missions will examine whether or not an activity designed to increase the production of a particular commodity for export can reasonably be expected to have a significant impact on U.S. exports of that or a similar commodity. Proposed activities, as well as components of on-going activities for which funds have not yet been obligated, that are likely to have a significant impact on exports of U.S. agricultural commodities to third country markets will not be funded.

A.I.D./Washington will regard the agricultural export dimension of all projects as an important policy issue when considering New Project Descriptions (NPDs) included in Mission Action Plans. Proposed projects likely to have a significant impact on U.S. agricultural exports to third countries will not be approved at the NPD stage. If a determination cannot be made on the basis of the information provided in the NPD, a Project Identification Document (PID) may be developed, but the PID will be reviewed in A.I.D./Washington, not in the field. This is consistent with current Delegation of Authority procedures regarding projects having special policy concerns.

Examination of the export dimension of on-going and proposed projects will include consideration of the following factors:

-- export potential of the commodity in question;

-- magnitude of production likely to result from the project;

-- likely export markets;

-- volume of U.S. exports of the commodity in question and similar commodities;

-- U.S. share of the world or regional market that could reasonably be expected to be affected by increased exports of the commodity.

M. Peter McPherson
Administrator

Sept 13 86
Date

1:27 May 12, 1978 PD-71

POLICY DETERMINATION: AID Financing of Palm Oil, Citrus and Sugar Projects and Related Products

1. Because of the potential injury to US producers of similar products, AID/W will as a matter of general policy examine at the earliest possible stage proposed projects involving production, processing or marketing of sugar, palm oil, or citrus for export. Approval to proceed with project development in these cases must be made by the appropriate Regional Assistant Administrator with the concurrence of AA/PPC and AA/IIA following review by PPC/PDPR/EDD in cooperation with IIA/EA/IEA. These divisions will examine potential injury to US producers on the basis of data supplied by the Mission on the export potential of the project, likely export markets, magnitude of production resulting from the project, and the recipient country's relative share of the world market and/or US import market; and on information available in Washington about the condition of the US industry.

2. Commodities financed under non-project assistance and activities financed by subsequently generated local currencies would be given a similar review with participation by SER/COM when the Mission is aware that the commodities will contribute to establishing or expanding production, processing or marketing of these products for export. However, we do not envisage changing existing procedures governing non-project assistance to require Missions to trace all final uses of imported commodities.

3. Missions are not prohibited from developing project ideas in which these commodities are involved. Rather, they should be aware that their potential impact on US producers is a matter of concern which has resulted in restrictive legislation in the OPIC authorization bill and in the replenishment authorization for the International Financial Institutions. AID should, therefore, only finance such projects when their development rationale is strong and their likely impact on US producers is low.

Robert H. Nooter
Acting Administrator

5/12/78
Date

Exhibit A-4

Restrictions on International Finance
Sections 521 and 522 of the Foreign Assistance Appropriations Act of 1990

FINANCIAL INSTITUTIONS—NAMES OF BORROWERS

SEC. 519.[40] None of the funds appropriated or made available pursuant to this Act shall be available to any international financial institution whose United States governor or representative cannot upon request obtain the amounts and the names of borrowers for all loans of the international financial institution, including loans to employees of the institution, or the compensation and related benefits of employees of the institution.

FINANCIAL INSTITUTIONS—DOCUMENTATION

SEC. 520.[41] None of the funds appropriated or made available pursuant to this Act shall be available to any international financial institution whose United States governor or representative cannot upon request obtain any document developed by or in the possession of the management of the international financial institution, unless the United States governor or representative of the institution certifies to the Committees on Appropriations that the confidentiality of the information is essential to the operation of the institution.

COMMERCE AND TRADE

SEC. 521.[42] None of the funds appropriated or made available pursuant to this Act for direct assistance and none of the funds otherwise made available pursuant to this Act to the Export-Import Bank and the Overseas Private Investment Corporation shall be obligated or expended to finance any loan, any assistance or any other financial commitments for establishing or expanding production of any commodity for export by any country other than the United States, if the commodity is likely to be in surplus on world markets at the time the resulting productive capacity is expected to become operative and if the assistance will cause substantial injury to United States producers of the same, similar, or competing commodity: *Provided*, That such prohibition shall not apply to the Export-Import Bank if in the judgment of its Board of Directors the benefits to industry and employment in the United States are likely to outweigh the injury to United States producers of the same, similar, or competing commodity.

SURPLUS COMMODITIES

SEC. 522.[43] The Secretary of the Treasury shall instruct the United States Executive Directors of the International Bank for Reconstruction and Development, the International Development Association, the International Finance Corporation, the Inter-American Development Bank, the International Monetary Fund, the Asian Development Bank, the Inter-American Investment Corporation, the African Development Bank, and the African Development Fund to use the voice and vote of the United States to oppose

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[40] First enacted as sec. 506 of the Foreign Assistance Appropriations Act, 1977.
[41] Similar language was first enacted as sec. 520 of H.R. 4473, as made applicable to the Continuing Appropriations Act, 1981.
[42] First enacted as sec. 608 of the Foreign Assistance Appropriations Act, 1979.
[43] 22 U.S.C. 262h.

any assistance by these institutions, using funds appropriated or made available pursuant to this Act, for the production or extraction of any commodity or mineral for export, if it is in surplus on world markets and if the assistance will cause substantial injury to United States producers of the same, similar, or competing commodity.

NOTIFICATION REQUIREMENTS

SEC. 523.[44] For the purposes of providing the Executive Branch with the necessary administrative flexibility, none of the funds made available under this Act for "Agriculture, rural development, and nutrition, Development Assistance", "Population, Development Assistance", "Child Survival Fund", "Health, Development Assistance", "International AIDS Prevention and Control Program", "Education and human resources development, Development Assistance", "Private Sector, environment, and energy, Development Assistance", "Science and technology, Development Assistance", "Sub-Saharan Africa, Development Assistance", "International organizations and programs", "American schools and hospitals abroad", "Trade and development program", "International narcotics control", "Economic support fund", "Peacekeeping operations", "Operating expenses of the Agency for International Development", "Operating expenses of the Agency for International Development Office of Inspector General", "Anti-terrorism assistance", "Foreign Military Financing Program", "International military education and training", "Inter-American Foundation", "African Development Foundation", "Peace Corps", or "Migration and refugee assistance", shall be available for obligation for activities, programs, projects, type of materiel assistance, countries, or other operation not justified or in excess of the amount justified to the Appropriations Committees for obligation under any of these specific headings for the current fiscal year unless the Appropriations Committees of both Houses of Congress are previously notified fifteen days in advance: *Provided*, That the President shall not enter into any commitment of funds appropriated for the purposes of chapter 2 of part II of the Foreign Assistance Act of 1961 or of funds appropriated for the purposes of section 23 of the Arms Export Control Act for the provision of major defense equipment, other than conventional ammunition, or other major defense items defined to be aircraft, ships, missiles, or combat vehicles, not previously justified to Congress or 20 per centum in excess of the quantities justified to Congress unless the Committees on Appropriations are notified fifteen days in advance of such commitment: *Provided further*, That this section shall not apply to any reprogramming for an activity, program, or project under chapter 1 of part I of the Foreign Assistance Act of 1961 of less than 20 per centum of the amount previously justified to the Congress for obligation for such activity, program, or project for the current fiscal year.

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[44] First enacted without the proviso clauses as sec. 114 of the Foreign Assistance Appropriations Act, 1974.

COMMODITY COMPETITION

SEC. 546.[69] None of the funds appropriated by this or any other Act to carry out chapter 1 of part I of the Foreign Assistance Act of 1961 shall be available for any testing or breeding feasibility study, variety improvement or introduction, consultancy, publication, conference, or training in connection with the growth or production in a foreign country of an agricultural commodity for export which would compete with a similar commodity grown or produced in the United States: *Provided*, That this section shall not prohibit:

(1) activities designed to increase food security in developing countries where such activities will not have a significant impact in the export of agricultural commodities of the United States; or

(2) research activities intended primarily to benefit American producers.

PROHIBITION OF FUNDING RELATED TO COMPETITION WITH UNITED STATES EXPORTS

SEC. 547.[70] None of the funds provided in this Act to the Agency for International Development, other than funds made available to carry out Caribbean Basin Initiative programs under the Tariff Schedules of the United States, section 1202 of title 19, United States Code, schedule 8, part I, subpart B, item 807.00, shall be obligated or expended—

(1) to procure directly feasibility studies or prefeasibility studies for, or project profiles of potential investment in, the manufacture, for export to the United States or to third country markets in direct competition with United States exports, of import-sensitive articles as defined by section 503(c)(1) (A) and (E) of the Tariff Act of 1930 (19 U.S.C. 2463(c)(1) (A) and (E)); or

(2) to assist directly in the establishment of facilities specifically designed for the manufacture, for export to the United States or to third country markets in direct competition with United States exports, of import-sensitive articles as defined in section 503(c)(1) (A) and (E) of the Tariff Act of 1930 (19 U.S.C. 2463(c)(1) (A) and (E)).

PROHIBITION AGAINST INDIRECT FUNDING TO CERTAIN COUNTRIES

SEC. 548.[71] None of the funds appropriated or otherwise made available pursuant to this Act shall be obligated to finance indirectly any assistance or reparations to Angola, Cambodia, Cuba, Iraq, Libya, the Socialist Republic of Vietnam, South Yemen, Iran, or Syria unless the President of the United States certifies that the withholding of these funds is contrary to the national interest of the United States.[72]

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[69] First enacted as sec. 557 of the Foreign Assistance Appropriations Act, 1987.
[70] First enacted as sec. 559 of the Foreign Assistance Appropriations Act, 1987.
[71] A similar requirement concerning indirect assistance was first enacted as sec. 560 of the Foreign Assistance Appropriations Act, 1987.
[72] Presidential Determination 90-6 of January 2, 1990 (55 F.R. 1643), certified that the withholding of funds to multilateral development banks and other international organizations is contrary to the national interest.

SEC. 2. This order is effective upon publication in the Federal Register.

RONALD REAGAN.

SUBCHAPTER V—GENERALIZED SYSTEM OF PREFERENCES

SUBCHAPTER REFERRED TO IN OTHER SECTIONS

This subchapter is referred to in sections 2253, 2703, 3105 of this title; title 22 section 290k-3.

§ 2461. Authority to extend preferences

The President may provide duty-free treatment for any eligible article from any beneficiary developing country in accordance with the provisions of this subchapter. In taking any such action, the President shall have due regard for—

(1) the effect such action will have on furthering the economic development of developing countries through the expansion of their exports;

(2) the extent to which other major developed countries are undertaking a comparable effort to assist developing countries by granting generalized preferences with respect to imports of products of such countries;

(3) the anticipated impact of such action on United States producers of like or directly competitive products; and

(4) the extent of the beneficiary developing country's competitiveness with respect to eligible articles.

(Pub. L. 93-618, title V, § 501, Jan. 3, 1975, 88 Stat. 2066; Pub. L. 98-573, title V, § 502, Oct. 30, 1984, 98 Stat. 3018.)

AMENDMENTS

1984—Par. (1). Pub. L. 98-573, § 502(1), inserted "through the expansion of their exports".

Par. (4). Pub. L. 98-573, § 502(2)-(4), added par. (4).

EFFECTIVE DATE OF 1984 AMENDMENT

Section 508 of Pub. L. 98-573 provided that: "The amendments made by this title (enacting section 2466 of this title, amending sections 2461 to 2465 of this title, and enacting provisions set out as notes under sections 2101 and 2461 of this title) shall take effect on January 4, 1985."

STATEMENT OF PURPOSE OF 1984 AMENDMENT

Section 501(b) of Pub. L. 98-573 provided that: "The purpose of this title [enacting section 2466 of this title, amending sections 2461 to 2465 of this title, and enacting provisions set out as notes under sections 2101 and 2461 of this title] is to—

"(1) promote the development of developing countries, which often need temporary preferential advantages to compete effectively with industrialized countries;

"(2) promote the notion that trade, rather than aid, is a more effective and cost-efficient way of promoting broad-based sustained economic development;

"(3) take advantage of the fact that developing countries provide the fastest growing markets for United States exports and that foreign exchange earnings from trade with such countries through the Generalized System of Preferences can further stimulate United States exports;

"(4) allow for the consideration of the fact that there are significant differences among developing countries with respect to their general development and international competitiveness;

"(5) encourage the providing of increased trade liberalization measures, thereby setting an example to be emulated by other industrialized countries;

"(6) recognize that a large number of developing countries must generate sufficient foreign exchange earnings to meet international debt obligations;

"(7) promote the creation of additional opportunities for trade among the developing countries;

"(8) integrate developing countries into the international trading system with its attendant responsibilities in a manner commensurate with their development;

"(9) encourage developing countries—

"(A) to eliminate or reduce significant barriers to trade in goods and services and to investment,

"(B) to provide effective means under which foreign nationals may secure, exercise, and enforce exclusive intellectual property rights, and

"(C) to afford workers internationally recognized worker rights; and

"(10) address the concerns listed in the preceding paragraphs in a manner that—

"(A) does not adversely affect United States producers and workers, and

"(B) conforms to the international obligations of the United States under the General Agreement on Tariffs and Trade."

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 2463, 2464 of this title.

§ 2462. Beneficiary developing countries

(a) Designation by President

(1) For purposes of this subchapter, the term "beneficiary developing country" means any country with respect to which there is in effect an Executive order or Presidential proclamation by the President of the United States designating such country as a beneficiary developing country for purposes of this subchapter. Before the President designates any country as a beneficiary developing country for purposes of this subchapter, he shall notify the House of Representatives and the Senate of his intention to make such designation, together with the considerations entering into such decision.

(2) If the President has designated any country as a beneficiary developing country for purposes of this subchapter, he shall not terminate such designation (either by issuing an Executive order or Presidential proclamation for that purpose or by issuing an Executive order or Presidential proclamation which has the effect of terminating such designation) unless, at least 60 days before such termination, he has notified the House of Representatives and the Senate and has notified such country of his intention to terminate such designation, together with the considerations entering into such decision.

(3) For purposes of this subchapter, the term "country" means any foreign country, any overseas dependent territory or possession of a foreign country, or the Trust Territory of the Pacific Islands. In the case of an association of countries which is a free trade area or customs union, or which is contributing to comprehensive regional economic integration among its members through appropriate means, including, but not limited to, the reduction of duties, the President may by Executive order or Presidential proclamation provide that all members

Subsec. (b)(4)(A), (B). Pub. L. 98-573, § 503(b)(2), which directed the insertion of ", including patents, trademarks, or copyrights" after "control of such property" in subpars. (A) and (B), was executed by inserting that phrase in subpars. (A) and (B) following "control of property".

Subsec. (b)(4)(C). Pub. L. 98-573, § 503(b)(3), inserted ", including patents, trademarks, or copyrights" after "control of such property".

Subsec. (b)(6). Pub. L. 98-573, § 503(b)(4)-(6), added par. (6).

Subsec. (c)(4). Pub. L. 98-573, § 503(c)(2), substituted "and the extent to which such country has assured the United States that it will refrain from engaging in unreasonable export practices;" for the period at end.

Subsec. (c)(5) to (7). Pub. L. 98-573, § 503(c)(1), (3), added pars. (5) to (7).

1979—Subsec. (a)(3). Pub. L. 96-19, § 1111(a)(1), inserted reference to associations of countries which are contributing to comprehensive regional economic integration among its members through appropriate means, including, but not limited to, the reduction of duties.

Subsec. (b)(2). Pub. L. 96-39, § 1106(g)(1), struck out "withhold supplies of vital commodity resources from international trade or to raise the price of such commodities to an unreasonable level which causes serious disruption of the world economy" thereby correcting a typographical error in Pub. L. 93-618 under which that phrase had been set out twice.

Subsec. (b)(6). Pub. L. 96-39, § 1106(g)(2), inserted a comma after "partnership".

Subsec. (d). Pub. L. 96-39, § 1111(a)(2), designated existing provisions as par. (1) and added par. (2).

1976—Subsec. (b). Pub. L. 94-455 added par. (7) and inserted reference to par. (7) in last sentence.

EFFECTIVE DATE OF 1984 AMENDMENT

Amendment by Pub. L. 98-573 effective Jan. 4, 1985, see section 508 of Pub. L. 98-573, set out as a note under section 2461 of this title.

EFFECTIVE DATE OF 1979 AMENDMENT

Amendment by Pub. L. 96-39 effective July 26, 1979, see section 1114 of Pub. L. 96-39, set out as an Effective Date note under section 2581 of this title.

EXECUTIVE ORDER No. 11844

Ex. Ord. No. 11844, Mar. 24, 1975, 40 F.R. 13295, which related to the designation of beneficiary developing countries, was superseded by Ex. Ord. No. 11888, Nov. 24, 1975, 40 F.R. 55276, see note below.

EX. ORD. No. 11888, IMPLEMENTING THE GENERALIZED SYSTEM OF PREFERENCES

Ex. Ord. No. 11888, Nov. 24, 1975, 40 F.R. 55276, as amended, amended the Tariff Schedules of the United States in order to implement the Generalized System of Preferences established by this subchapter. The text of Ex. Ord. No. 11888 is not set out in the Code because the Tariff Schedules are not set out in the Code. See Publication of Tariff Schedules note set out under section 1202 of this title.

EXECUTIVE ORDER No. 11960

Ex. Ord. No. 11960, Jan. 19, 1977, 42 F.R. 4317, which amended the Generalized System of Preferences, was revoked by Ex. Ord. No. 11974, Feb. 28, 1977, 42 F.R. 11230A, which amended Ex. Ord. No. 11888, see note above.

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 2463, 2464 of this title; title 15 section 4711; title 22 section 2191a; title 26 section 871.

§ 2463. Eligible articles

(a) Lists of articles to be considered for designation

The President shall, from time to time, publish and furnish the International Trade Commission with lists of articles which may be considered for designation as eligible articles for purposes of this subchapter. Before any such list is furnished to the Commission, there shall be in effect an Executive order or Presidential proclamation under section 2462 of this title designating beneficiary developing countries. The provisions of sections 2151, 2152, 2153, and 2154 of this title shall be complied with as though action under section 2461 of this title were action under section 2111 of this title to carry out a trade agreement entered into under section 2111 of this title. After receiving the advice of the Commission with respect to the listed articles, the President shall designate those articles he considers appropriate to be eligible articles for purposes of this subchapter by Executive order or Presidential proclamation.

(b) Eligible articles qualifying for duty-free treatment

The duty-free treatment provided under section 2461 of this title with respect to any eligible article shall apply only—

(1) to an article which is imported directly from a beneficiary developing country into the customs territory of the United States; and

(2) If [1] the sum of (A) the cost or value of the materials produced in the beneficiary developing country or any 2 or more countries which are members of the same association of countries which is treated as one country under section 2462(a)(3) of this title, plus (B) the direct costs of processing operations performed in such beneficiary developing country or such member countries is not less than 35 percent of the appraised value of such article at the time of its entry into the customs territory of the United States.

The Secretary of the Treasury, after consulting with the United States Trade Representative, shall prescribe such regulations as may be necessary to carry out this subsection.

(c) Articles which may not be designated as eligible articles

(1) The President may not designate any article as an eligible article under subsection (a) of this section if such article is within one of the following categories of import-sensitive articles—

(A) textile and apparel articles which are subject to textile agreements,

(B) watches, except those watches entered after June 30, 1989, that the President specifically determines, after public notice and comment, will not cause material injury to watch or watch band, strap, or bracelet manufacturing and assembly operations in the United States or the United States insular possessions,

(C) import-sensitive electronic articles,

(D) import-sensitive steel articles,

[1] So in origins. Probably should be "if".

(E) footwear, handbags, luggage, flat goods, work gloves, and leather wearing apparel which were not eligible articles for purposes of this subchapter on April 1, 1984,

(F) import-sensitive semimanufactured and manufactured glass products, and

(G) any other articles which the President determines to be import-sensitive in the context of the Generalized System of Preferences.

(2) No article shall be an eligible article for purposes of this subchapter for any period during which such article is the subject of any action proclaimed pursuant to section 2253 of this title or section 1862 or 1981 of this title.

(Pub. L. 93-618, title V, § 503, Jan. 3, 1975, 88 Stat. 2069; Pub. L. 96-39, title XI, § 1111(a)(3), July 26, 1979, 93 Stat. 315; Pub. L. 98-573, title V, § 504, Oct. 30, 1984, 98 Stat. 3020; Pub. L. 99-47, § 8(b)(2), June 11, 1985, 99 Stat. 85; Pub. L. 99-514, title XVIII, § 1889(7), Oct. 22, 1986, 100 Stat. 2926; Pub. L. 100-418, title I, § 1903, Aug. 23, 1988, 102 Stat. 1313.)

AMENDMENTS

1988—Subsec. (c)(1)(B). Pub. L. 100-418 amended subpar. (B) generally. Prior to amendment, subpar. (B) read as follows: "watches,".

1986—Pub. L. 99-514 made a technical correction to directory language of Pub. L. 98-573, § 504(a), requiring no change in text. See 1984 Amendment note below.

1985—Subsec. (a). Pub. L. 99-47 inserted "or Presidential proclamation" after "Executive order" in two places.

1984—Subsec. (b). Pub. L. 98-573, § 504(a), as amended by Pub. L. 99-514, inserted ", after consulting with the United States Trade Representative," after "Secretary of the Treasury" in last sentence.

Subsec. (c)(1)(E). Pub. L. 98-573, § 504(b), substituted "footwear, handbags, luggage, flat goods, work gloves, and leather wearing apparel which were not eligible articles for purposes of this subchapter on April 1, 1984" for "footwear articles specified in items 700.05 through 700.27, 700.29 through 700.53, 700.55.23 through 700.55.75, and 700.60 through 700.80 of the Tariff Schedules of the United States".

1979—Subsec. (b). Pub. L. 96-39 restated par. (2) so as to reduce the minimum value-added requirement from 50 percent to 35 percent for associations of countries comparable to the existing minimum percentage for individual countries or single members of an association, and struck out provision following par. (2) which defined "country" as used in par. (2)(a).

EFFECTIVE DATE OF 1984 AMENDMENT

Amendment by Pub. L. 98-573 effective Jan. 4, 1985, see section 508 of Pub. L. 98-573, set out as a note under section 2461 of this title.

EFFECTIVE DATE OF 1979 AMENDMENT

Amendment by Pub. L. 96-39 effective July 26, 1979, see section 1114 of Pub. L. 96-39, set out as an Effective Date note under section 2581 of this title.

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 3011 of this title.

§ 2464. Limitations on preferential treatment

(a) Withdrawal, suspension, or limitation of duty-free treatment; reporting requirements

(1) The President may withdraw, suspend, or limit the application of the duty-free treatment accorded under section 2461 of this title with respect to any article or with respect to any country; except that no rate of duty may be established in respect of any article pursuant to this section other than the rate which would apply but for this subchapter. In taking any action under this subsection, the President shall consider the factors set forth in sections 2461 and 2462(c) of this title.

(2) The President shall, as necessary, advise the Congress and, by no later than January 4, 1988, submit to the Congress a report on the application of sections 2461 and 2462(c) of this title, and the actions the President has taken to withdraw, to suspend, or to limit the application of duty-free treatment with respect to any country which has failed to adequately take the actions described in section 2462(c) of this title.

(b) Withdrawal or suspension of designation as beneficiary developing country

The President shall, after complying with the requirements of section 2462(a)(2) of this title, withdraw or suspend the designation of any country as a beneficiary developing country if, after such designation, he determines that as the result of changed circumstances such country would be barred from designation as a beneficiary developing country under section 2462(b) of this title. Such country shall cease to be a beneficiary developing country on the day on which the President issues an Executive order or Presidential proclamation revoking his designation of such country under section 2462 of this title.

(c) Beneficiary developing country; determinations, treatment, reviews, etc.

(1) Subject to paragraphs (2) through (7) and subsection (d) of this section, whenever the President determines that any country—

(A) has exported (directly or indirectly) to the United States during a calendar year a quantity of an eligible article having an appraised value in excess of an amount which bears the same ratio to $25,000,000 as the gross national product of the United States for the preceding calendar year (as determined by the Department of Commerce) bears to the gross national product of the United States for calendar year 1974; or

(B) has exported (either directly or indirectly) to the United States a quantity of any eligible article equal to or exceeding 50 percent of the appraised value of the total imports of such article into the United States during any calendar year;

then, not later than July 1 of the next calendar year, such country shall not be treated as a beneficiary developing country with respect to such article.

(2)(A) Not later than January 4, 1987, and periodically therafter,[1] the President shall con-

[1] So in original. Probably should be "thereafter,".

Exhibit A-7

Section 599H of the FY 1990 Foreign Assistance Act

CROPS IN PERU, BOLIVIA AND JAMAICA

SEC. 599H. Notwithstanding any other provision of law, the President may provide assistance under chapter 1 of part I or chapter 4 of part II of the Foreign Assistance Act of 1961 for Peru, Bolivia and Jamaica to promote the production, processing, or marketing of all crops which can be economically grown in areas of those countries which currently produce crops from which narcotic and psychotropic drugs are derived.

LAND REFORM IN EL SALVADOR

SEC. 599I. (a) It is the sense of the Congress that the success and continuation of land reform in El Salvador is vital to United States policy and to political stability, economic development and maintenance of democratic institutions in that country.

(b) Therefore, when allocating Economic Support Funds to El Salvador, the President shall take into consideration progress in the Salvadoran Land Reform Program.

TITLE VI—FUNDING ADJUSTMENTS

REDUCTION OF APPROPRIATIONS

SEC. 601. Each appropriation item, direct loan obligation limit, loan guarantee commitment limit, or obligation limit provided by this Act shall be reduced by 0.43 per centum: *Provided*, That such reduction shall be applied proportionally to each program, project, and activity as set forth in section 543 of this Act: *Provided further*, That programs and activities exempt from sequestration under section 255 of the Deficit Control Act of 1985 shall be exempt from the uniform reduction required by this paragraph.

COUNTER-NARCOTICS PROGRAMS

SEC. 602. For expenses necessary to enable the President to carry out the provisions of the Foreign Assistance Act of 1961 and the Arms Export Control Act, $125,000,000, which shall be made available only for counter-narcotics programs: *Provided*, That none of the funds appropriated under this heading shall be made available except as provided through the regular notification procedures of the Committees on Appropriations.

This Act may be cited as the "Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1990".

1961] and toward the requirement of the second sentence of section 599G(c) of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1990 (Public Law 101-167).".

For text of the Urgent Assistance for Democracy in Panama Act of 1990, see page 763.

Exhibit A-8

Section 14 of the International Narcotics Control Act of 1989 (P.L. 101-231)

SEC. 14. WAIVER OF BUMPERS AMENDMENT.

(a) ASSISTANCE FOR CROP SUBSTITUTION ACTIVITIES.—During fiscal year 1990, the provisions described in subsection (b) do not apply with respect to assistance for crop substitution activities undertaken in furtherance of narcotics control objectives.

(b) BUMPERS AMENDMENT.—The provisions made inapplicable by subsection (a) are any provisions of the annual Foreign Operations, Export Financing, and Related Programs Appropriations Act that prohibit the use of funds made available to carry out part I of the Foreign Assistance Act of 1961 for activities in connection with the growth or production in a foreign country of an agricultural commodity for export which would compete with a similar commodity grown or produced in the United States.

Agriculture and agricultural commodities.

APPENDIX B

STOWE'S LEGISLATIVE HISTORY OF THE BUMPERS AMENDMENT

Stowe, Robert Clark. "Agricultural Politics and Technical Assistance for Development," PhD dissertation, Massachusetts Institute of Technology, February 1990.

APPENDIX B

Stowe's Legislative History of the Bumpers Amendment

Of the amendments that were offered to the 1985 farm bill aimed at limiting agricultural technology transfer, Sen. Dale Bumpers' (D-Ark.) was the most important, in that this amendment did later become law and affect AID's programs. During 1985, Bumpers received many letters criticizing foreign aid programs from his soybean-growing constituents, who were responding primarily to ASA's publicity campaign. In addition, it is likely that he communicated with senior elected ASA officials, including Wayne Bennett, an Arkansas farmer who was slated to become ASA's president in two years.[42] Bumpers wrote to AID for details concerning two projects of particular concern to the commodity producers in his state which had been criticized in the Delta Farm Press article and the ASA materials: the University of Illinois' international soybean research program and the University of Kentucky's rice program in Thailand.[43]

About a month later the Agency responded that soybean research at the University of Illinois emphasized utilization, and hence would lead to increased exports of U.S. soybeans. AID's letter added that no soybean research had been conducted by University of

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[42] Interview no. 236, with AID staff member (Sept. 6, 1989). ASA has a fixed order of succession among its senior elected farmer-members.

[43] Letter from Senator Dale Bumpers to AID Administrator M. Peter McPherson, July 8, 1985. Soybeans and rice are, respectively, the first and second largest crops grown in Arkansas (USDA/ERS, 1987).

Illinois scientists in Brazil, Guyana, or Burma--countries Bumpers had mentioned in his letter. Finally, the Agency's response stated that the University of Kentucky's project in Thailand was aimed at raising the "economic and nutritional well-being of the farm families in [the poorest region in Thailand]." The goal of the project, according to AID, was in fact to diversify the agricultural economy in this region, which at the time depended almost exclusively on rice.[44]

The member of Bumpers staff who reviewed AID's response felt that it was inadequate, focussing more on correcting perceived errors in Bumpers' letter rather than addressing the concerns of the Senator's constituents and other U.S. farmers.[45] This staff aide called the Washington ASA office for more information on AID's technical assistance and research programs. The Association responded with the AID-university contracts which ASA saw as assisting foreign competition--the same list which had been provided to ASA's Executive Committee and to the press.

In late October 1985 the debate on the new farm bill began. Bumpers thought that the farm bill would be an appropriate vehicle through which to restrict AID's programs for agricultural research and technical assistance for development. The first draft of the amendment would have eliminated a great deal of agricultural research and technical assistance for development.[46] Senator Lugar, then chairman of the Senate Foreign

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[44] Letter from AID Administrator M. Peter McPherson to Senator Dale Bumpers (Aug. 5, 1985).

[45] That a single staff member was instrumental in drafting and initially promoting the Bumpers amendment is clear from the following sources: interview no. 17, with congressional staff aide (Nov. 20, 1986); document no. 1, internal AID memo recounting conversation with ASA official (Dec. 3, 1985).

[46] The first draft, written by one of Bumpers' staff aides, read as follows:

Relations Committee, and his staff were particularly displeased with the amendment, believing that it did not, from a parliamentary perspective, belong in the farm bill and that it would in any case disrupt broader U.S. foreign policy. Committee staff met with Bumpers' staff, expressed their belief that Bumpers' himself was probably not aware of some of the potential consequences of his amendment, and suggested changes.

First, Lugar argued that technical assistance and scientific research which does "help feed the people of the benefitted foreign country" but which does not boost exports of that country, should be allowed.[47] In addition, the amendment should allow technical assistance to developing countries which export relatively small quantities of food to nearby countries. The example cited by the Foreign Affairs Committee was intra-regional trade in Africa.[48] Finally, Lugar and his staff pointed out that some foreign assistance conveys specific benefits for U.S. farmers and that these would be prohibited under the first draft of the amendment.

> An amendment to prohibit the use of funds through the United States Agency for International Development for funding research or technical assistance for testing and breeding feasibility studies, variety improvement and introduction, consultancies, publications, conferences, and training intending to benefit any nation which is an export competitor in the commodity or commodities which is the primary recipient of such assistance rendered.

Unpublished text provided by congressional staff aide subsequent to interview no. 17 (Nov. 20, 1986). The Senate Legislative Counsel made minor revisions to this language before it was distributed to members of the Senate.

[47] 131 Cong. Rec. 16,269 (Nov. 22, 1985).

[48] Interview no. 17, with congressional staff aid (Nov. 20, 1986). Bumpers later repeated the argument, citing the Senate Foreign Relations Committee as its source, on the Senate floor; 131 Cong. Rec. 16,269 (Nov. 22, 1985).

For example, some research intended to improve tropical varieties for the use of U.S. farmers might be restricted, to the detriment of U.S. agriculture.[49]

Upon considering these arguments, Bumpers and his staff revised the amendment to read:[50]

> [No foreign aid funds]...may be available for any testing or breeding feasibility study, variety improvement or introduction, consultancy, publication, conference, or training in connection with the growth or production in a foreign country of an agricultural commodity for export if such export would compete in world markets with a similar commodity grown or produced in the United States. Nothing in this section shall be construed to prohibit activities designed to increase regional food security in developing countries if such activities will have a negligible impact on efforts to promote agricultural commodities of the United States; nor shall anything in this section be construed to prohibit research activities intended primarily to benefit American producers. [Emphasis added.]

Lugar was still dissatisfied, however, and passed the amendment along to members of the National Security Council (NSC) staff. They, like Lugar, felt that the Bumpers Amendment was inconsistent with U.S. foreign policy.

In addition to contesting the Bumpers amendment on foreign policy grounds, the NSC staff argued that Arkansas itself would be adversely affected by cuts in funding for technical assistance and agricultural research for development. They were apparently referring to programs at the University of Arkansas and at Winrock International, a private, non-profit organization headquartered in Arkansas which provided agricultural technical assistance, particularly in livestock production and management.[51] Bumpers' staff rejected

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[49] Interview no. 17, with congressional staff aid (Nov. 20, 1986).

[50] 131 Cong. Rec. 16,269 (Nov. 22, 1985).

[51] Winrock International had been formed on July 1, 1985 through the merger of the Winrock International Livestock Research and Training Center (in Arkansas), the International Agricultural Development Service, and the Agricultural Development Council. All three organizations had been part of the Rockefeller family's efforts to improve

the idea that their amendment would hurt Arkansas, believing that in any event "it was politically better to please the farmers than the university."[52]

Moreover, in the view of Bumpers staff, the White House was much more heavy-handed and self-righteous than Lugar had been. Bumpers' staff relayed the content and tenor of this White House communication to the Senator who immediately introduced the second draft of the amendment on the Senate floor during debate on the Farm Bill.[53]

The congressional foreign relations committees attempt to maintain control over provisions in otherwise domestic legislation which affect foreign policy. The Senate Foreign Relations Committee in this case informed the Senate Agriculture Committee that they would ask for Foreign Relations Committee members to be placed on the conference committee if disagreements over international provisions in the 1985 farm bill could not be resolved informally.[54] Lugar never followed through with the request, however. He was also a member of the Senate Agriculture Committee and was apparently confident that as a manager in conference he could resolve these issues himself. Lugar did succeed in having the amendment struck from the farm bill Conference Committee, apparently with little debate (U.S. House, 1985: 450).[55]

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agricultural practices in the Third World.

[52] Interview no. 17, with congressional staff aide (Nov. 20, 1986).

[53] Amendment read at 131 Cong. Rec. 16,269 (Nov. 22, 1985).

[54] Interview no. 60, with former staff aide to the Senate Foreign Relations committee (Nov. 2, 1987).

[55] After describing the proposed amendment, the report states that (U.S. House, 1985: 450):

> The Conference substitute deletes the Senate amendment[.] However, the conferees acknowledge that this is an important issue and would point out that

In early 1986, Bumpers reintroduced the legislation as an amendment to the supplemental appropriations bill in the Foreign Operations Subcommittee of the Senate Appropriations Committee, of which Bumpers' was a member. The amendment at this point was almost identical to that which had been submitted to the farm bill.[56] The chairman of the full committee, Mark O. Hatfield (R-Oreg.), conferred with then chairman of the subcommittee Robert W. Kasten, Jr. (R-Wisc.) and ranking minority member Daniel K. Inouye (D-Haw.). Hatfield said that he would accept the amendment with two changes. Hatfield requested and obtained the elimination of the word "regional" from the phrase "activities designed to increase regional food security in developing countries," and the substitution of "will not have a significant impact" for "will have a negligible impact."[57] These changes diluted the impact of the amendment further, but were accepted by Bumpers. The amendment was then accepted by the committee without a vote.

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current law (P.L. 98-473, making continuing appropriations for fiscal year 1985) contains a provision which effectively prohibits any foreign assistance funding for the production or export of any commodity that would compete with U.S. agricultural commodities if that commodity is in world surplus, and that would cause substantial injury to U.S. producers. The conferees reaffirm this current limitation on foreign assistance funding. [Emphasis in original.]

Note that the existing legislation referred to was originally enacted as part of P.L. 95-481 (Oct. 18, 1978), following debate on palm oil imports.

Sen. Nancy Kassebaum (R-Kan.) also opposed the Bumpers amendment, though not very actively on the Senate floor. Kassebaum had close ties with Kansas State University, a land-grant university receiving considerable funding from AID for agricultural research and technical assistance for development. Kassebaum supported the FAIR amendment to the farm bill, but later spoke out in opposition to the version of FAIR submitted to the trade bill of 1987; 133 Cong. Rec. 9,290 (July 7, 1988).

[56] Unpublished language provided subsequent to interview no. 48, with congressional staff aide (March 17, 1987).

[57] Interview no. 48, with congressional staff aide (March 17, 1987); annotated amendment language supplied subsequent to interview no. 48.

The Bumpers Amendment was not modified by the Conference Committee on the supplemental appropriations bill. As enacted in July 1986 it read:[58]

> None of the funds appropriated by this or any other Act to carry out chapter 1 of part I of the Foreign Assistance Act of 1961 shall be available for any testing or breeding feasibility study, variety improvement or introduction, consultancy, publication, conference, or training in connection with the growth or production in a foreign country of an agricultural commodity for export which would compete with a similar commodity grown or produced in the United States: Provided, That this section shall not prohibit (1) activities designed to increase food security in developing countries where such activities will not have a significant impact on the export of agricultural commodities of the United States; or (2) research activities intended primarily to benefit American producers. [Emphasis in original.]

Though the amendment was enacted, both the Senate report and the Conference Report which accompanied the supplemental appropriations bill included language which Bumpers felt was clearly opposed to his intentions. The Conference Report stated that (U.S. House, 1986: 78):

> ...the conferees agree that this language is only intended to apply to: (1) projects or activities that are specifically and principally designed to increase agricultural exports in developing countries that can reasonably be expected to cause substantial injury to United States exporters;... [Emphasis added]

Bumpers objected to the criteria that injury must be "expected." He simply wished to prohibit research and technical assistance on competitive commodities, with no reference to the intentions of the aid donors.[59] In an attempt to establish post facto legislative intent on

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[58] Urgent Supplemental Appropriations Act of 1986, Pub. L. No. 99-349, Sec. 209, 100 Stat. 710, 749 (July 2, 1986), 18 U.S.C. Sec. 3287.

[59] The report language was drafted by members of the Senate Appropriations Committee staff who were sympathetic to AID. These staff members did not inform Bumpers' office of the changes, as would normally have been the case, and so Bumpers had no chance to negotiate the changes. Interview no. 48, with congressional staff aide (March 17, 1987). Bumpers was a minority and junior member of the subcommittee.

the floor of the Senate, Bumpers read a statement into the Congressional Record in the hope of correcting the misinterpretation in the report, which is used by executive agencies in interpreting legislation.[60] Bumpers's address to the Senate contained language strongly reminiscent of the literature ASA distributed during its publicity and membership campaign earlier in the year:[61]

> Why should battered U.S. farmers, paying hard earned taxes, see their Government actively work to promote a competitor's ability to export in the world market?...With U.S. agriculture facing such a critical situation, we can no longer be so generous regarding research and technical assistance programs for foreign export competitors.

In his statement, Bumpers goes on to cite three examples of AID's technical assistance programs harming U.S. farmers. One involves a grant of $6 million to "a midwestern university" (presumably the University of Illinois) for the development of soybean varieties to be used in Brazil, Paraguay and Argentina. The second was a grant for $962,000 to a U.S. university (presumably Texas A&M University) for research on cotton production in Paraguay. The third was a grant to the International Rice Research Institute in the Philippines "to support research in production programs on the rice plants for the developing world." In each case, Bumpers emphasized, he did not oppose aid to developing countries which alleviated hunger and strengthened subsistence farming. However, he believed that these countries were in fact using publicly-funded research and technical assistance to increase agricultural production of commodities for export.[62]

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[60] 132 Cong. Rec. 8,589-90 (June 26, 1986).

[61] 132 Cong. Rec. 7,028 (June 6, 1986); document no. 2, internal memo from congressional staff aide to Senator Dale Bumpers (May 15, 1986).

[62] 132 Cong. Rec. 7,028 (June 6, 1986); document no. 2, internal memo from congressional staff aide to Senator Dale Bumpers (May 15, 1986).

As part of an appropriations bill, the Bumpers amendment could remain in effect for only one year. Bumpers and his staff attempted to include modified language in the foreign operations appropriations bill for fiscal year 1987 which, if it had passed, would have certainly have resulted in the legislation becoming permanent.[63] However, this and other appropriations bills have continued to be included into Continuing Resolutions. The Bumpers amendment which was passed in 1986, having received no significant opposition since it was first enacted, has remained in the Continuing Resolutions for fiscal years 1987, 1988, and 1989.

[63] The legal "permanency" of the Bumpers amendment as it appeared in the 1986 supplemental is unclear, as it refers to "this or any other act." It has not been codified, but legislation can be treated as permanent without being codified.