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Legislative Bulletin

July 19, 2000

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The following measure may be voted on by the House on Wednesday, July 19:

H.R. 4118--Russian-American Trust and Cooperation Act of 2000

Cost to the Taxpayer: CBO estimates the new reporting requirement would cost less than $500,000 a year, subject to appropriation. CBO assumes the President will sign a waiver allowed under this Act and thus US financial assistance to Russia will still go through.

Does the Bill Create New Government Programs or Regulations: Yes. The bill would require the President to report to the Congress on Russia's efforts to close its facilities at Lourdes, Cuba and withhold money from them until this is done. The President may issue a waiver if he certifies it is in our national interest and that Russia is in substantial compliance with nonproliferation and arms limitation agreements.

Constitutional Authority: The Committee cites Article I, section 8, clause 1 (common defense and general welfare); Article I, section 8, clause 3 (commerce with foreign nations); and Article I, section 8, clause 8 (all laws necessary and proper for carrying into execution powers).

Summary:
The bill prohibits the rescheduling or forgiveness of any outstanding bilateral debt owed by the Government of the Russian Federation until the President certifies to the Congress that the Russian Government has ceased all its operations at, removed all personnel from, and permanently closed the intelligence facility at Lourdes, Cuba. The bill sponsors state that through the restrictions on direct and multilateral foreign debt relief, they seek to end the "Russian espionage activities conducted against the United States from the facility at Lourdes, Cuba."

Background:
In August 1999, creditor countries agreed to reschedule payments on Soviet-era debts coming due between July 1, 1999, and December 31, 2000. Rescheduling those payments would increase the likelihood that the debt would be repaid. Under that 1999 agreement, the United States would create a new debt instrument out of the $496 million due on World War II lend-lease loans and agricultural commodity credits extended to the Soviet Union before December 31, 1991. That amount plus interest would be repaid over the 2001-2020 period. The United States has not yet signed the bilateral accord with Russian that would implement the multilateral agreement. A Russian default on its lend-lease loans could affect governmental receipts because Russia could lose its normal trade relations status thus affecting tariff collections.