

***In the Senate of the United States,***

*November 3, 1999.*

*Resolved,* That the bill from the House of Representatives (H.R. 434) entitled “An Act to authorize a new trade and investment policy for sub-Sahara Africa.”, do pass with the following

**AMENDMENTS:**

Strike out all after the enacting clause and insert:

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

2 (a) *SHORT TITLE.*—*This Act may be cited as the*  
3 *“Trade and Development Act of 1999”.*

4 (b) *TABLE OF CONTENTS.*—

*Sec. 1. Short title; table of contents.*

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

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

*Sec. 101. Short title.*

*Sec. 102. Findings.*

*Sec. 103. Statement of policy.*

*Sec. 104. Sub-Saharan Africa defined.*

*Subtitle B—Extension of Certain Trade Benefits to Sub-Saharan Africa*

*Sec. 111. Eligibility for certain benefits.*

*Sec. 112. Treatment of certain textiles and apparel.*

- Sec. 113. United States-sub-Saharan African trade and economic cooperation forum.*
- Sec. 114. United States-sub-Saharan Africa free trade area.*
- Sec. 115. Reporting requirement.*
- Sec. 116. Access to HIV/AIDS pharmaceuticals and medical technologies.*

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

*Subtitle A—Trade Policy for Caribbean Basin Countries*

- Sec. 201. Short title.*
- Sec. 202. Findings and policy.*
- Sec. 203. Definitions.*

*Subtitle B—Trade Benefits for Caribbean Basin Countries*

- Sec. 211. Temporary provisions to provide additional trade benefits to certain beneficiary countries.*
- Sec. 212. Adequate and effective protection for intellectual property rights.*

*Subtitle C—Cover Over of Tax on Distilled Spirits*

- Sec. 221. Suspension of limitation on cover over of tax on distilled spirits.*

**TITLE III—GENERALIZED SYSTEM OF PREFERENCES**

- Sec. 301. Extension of duty-free treatment under generalized system of preferences.*
- Sec. 302. Entry procedures for foreign trade zone operations.*

**TITLE IV—TRADE ADJUSTMENT ASSISTANCE**

- Sec. 401. Trade adjustment assistance.*
- Sec. 402. Trade adjustment assistance for textile and apparel workers.*

**TITLE V—REVENUE PROVISIONS**

- Sec. 501. Modification of installment method and repeal of installment method for accrual method taxpayers.*
- Sec. 502. Limitations on welfare benefit funds of 10 or more employer plans.*
- Sec. 503. Treatment of gain from constructive ownership transactions.*
- Sec. 504. Limitation on use of nonaccrual experience method of accounting.*
- Sec. 505. Allocation of basis on transfers of intangibles in certain nonrecognition transactions.*
- Sec. 506. Increase in elective withholding rate for nonperiodic distributions from deferred compensation plans.*

**TITLE VI—TRADE ADJUSTMENT ASSISTANCE FOR FARMERS**

*Subtitle A—Amendments to the Trade Act of 1974*

- Sec. 601. Short title.*
- Sec. 602. Trade adjustment assistance for farmers.*

*Subtitle B—Revenue Provisions Relating to Trade Adjustment Assistance*

- Sec. 610. Reference.*
- Sec. 611. Modifications to asset diversification test.*

- Sec. 612. Treatment of income and services provided by taxable REIT subsidiaries.*
- Sec. 613. Taxable REIT subsidiary.*
- Sec. 614. Limitation on earnings stripping.*
- Sec. 615. 100 percent tax on improperly allocated amounts.*
- Sec. 616. Effective date.*
- Sec. 617. Health care REITS.*
- Sec. 618. Conformity with regulated investment company rules.*
- Sec. 619. Clarification of exception for independent operators.*
- Sec. 620. Modification of earnings and profits rules.*
- Sec. 621. Modification of estimated tax rules for closely held real estate investment trusts.*
- Sec. 622. Controlled entities ineligible for REIT status.*
- Sec. 623. Modification of individual estimated tax safe harbor.*

#### TITLE VII—OTHER TRADE PROVISIONS

- Sec. 701. Normal trade relations for Albania.*
- Sec. 702. Normal trade relations for Kyrgyzstan.*
- Sec. 703. Report on employment and trade adjustment assistance.*
- Sec. 704. Trade adjustment assistance.*
- Sec. 705. Report on debt relief.*
- Sec. 706. HIV/AIDS effect on the sub-Saharan African workforce.*
- Sec. 707. Goods made with forced or indentured child labor.*
- Sec. 708. Reliquidation of certain nuclear fuel assemblies.*
- Sec. 709. Sense of the Senate regarding fair access to Japanese telecommunications facilities and services.*
- Sec. 710. Reports to the Finance and Ways and Means Committees.*
- Sec. 711. Clarification of section 334 of the Uruguay Round Agreements Act.*
- Sec. 712. Chief Agricultural Negotiator.*
- Sec. 713. Revision of retaliation list or other remedial action.*
- Sec. 714. Sense of Congress regarding comprehensive debt relief for the world's poorest countries.*
- Sec. 715. Report on trade adjustment assistance for agricultural commodity producers.*
- Sec. 716. Study on improving African agricultural practices.*
- Sec. 717. Anticorruption efforts.*
- Sec. 718. Sense of the Senate regarding efforts to combat desertification in Africa and other nations.*
- Sec. 719. Report on World Trade Organization Ministerial.*
- Sec. 720. Marking of imported jewelry.*
- Sec. 721. Sense of the Senate regarding tariff inversions.*
- Sec. 722. Limitations on benefits.*
- Sec. 723. Agriculture trade negotiating objectives and consultations with Congress.*
- Sec. 724. Application of denial of foreign tax credit regarding trade and investment with respect to certain foreign countries.*
- Sec. 725. Unreasonable acts, policies, and practices.*

1 **TITLE I—EXTENSION OF CER-**  
2 **TAIN TRADE BENEFITS TO**  
3 **SUB-SAHARAN AFRICA**

4 **Subtitle A—Trade Policy for Sub-**  
5 **Saharan Africa**

6 **SEC. 101. SHORT TITLE.**

7 *This title may be cited as the “African Growth and*  
8 *Opportunity Act”.*

9 **SEC. 102. FINDINGS.**

10 *Congress finds that—*

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

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

18 *(3) sub-Saharan Africa represents a region of*  
19 *enormous economic potential and of enduring polit-*  
20 *ical significance to the United States;*

21 *(4) the region has experienced a rise in both eco-*  
22 *nomical development and political freedom as countries*  
23 *in sub-Saharan Africa have taken steps toward liber-*  
24 *alizing their economies and encouraged broader par-*  
25 *ticipation in the political process;*

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

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

6           (7) *United States foreign direct investment in*  
7           *the region has fallen in recent years and the sub-Sa-*  
8           *haran African region receives only minor inflows of*  
9           *direct investment from around the world;*

10          (8) *trade between the United States and sub-Sa-*  
11          *haran Africa, apart from the import of oil, remains*  
12          *an insignificant part of total United States trade;*

13          (9) *trade and investment, as the American expe-*  
14          *rience has shown, can represent powerful tools both*  
15          *for economic development and for building a stable*  
16          *political environment in which political freedom can*  
17          *flourish;*

18          (10) *increased trade and investment flows have*  
19          *the greatest impact in an economic environment in*  
20          *which trading partners eliminate barriers to trade*  
21          *and capital flows and encourage the development of a*  
22          *vibrant private sector that offers individual African*  
23          *citizens the freedom to expand their economic oppor-*  
24          *tunities and provide for their families;*

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

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

11 **SEC. 103. STATEMENT OF POLICY.**

12          Congress supports—

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

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

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

20           (4) negotiating reciprocal and mutually bene-  
21           ficial trade agreements, including the possibility of es-  
22           tablishing free trade areas that serve the interests of  
23           both the United States and the countries of sub-Saha-  
24           ran Africa;

1           (5) *focusing on countries committed to account-*  
2           *able government, economic reform, and the eradi-*  
3           *cation of poverty;*

4           (6) *strengthening and expanding the private sec-*  
5           *tor in sub-Saharan Africa;*

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

8           (8) *establishing a United States-Sub-Saharan*  
9           *African Economic Cooperation Forum.*

10 **SEC. 104. SUB-SAHARAN AFRICA DEFINED.**

11           *In this title, the terms “sub-Saharan Africa”, “sub-*  
12           *Saharan African country”, “country in sub-Saharan Afri-*  
13           *ca”, and “countries in sub-Saharan Africa” refer to the fol-*  
14           *lowing:*

15           (1) *Republic of Angola (Angola).*

16           (2) *Republic of Botswana (Botswana).*

17           (3) *Republic of Burundi (Burundi).*

18           (4) *Republic of Cape Verde (Cape Verde).*

19           (5) *Republic of Chad (Chad).*

20           (6) *Democratic Republic of Congo.*

21           (7) *Republic of the Congo (Congo).*

22           (8) *Republic of Djibouti (Djibouti).*

23           (9) *State of Eritrea (Eritrea).*

24           (10) *Gabonese Republic (Gabon).*

25           (11) *Republic of Ghana (Ghana).*

- 1           (12) *Republic of Guinea-Bissau (Guinea-*  
2           *Bissau).*
- 3           (13) *Kingdom of Lesotho (Lesotho).*
- 4           (14) *Republic of Madagascar (Madagascar).*
- 5           (15) *Republic of Mali (Mali).*
- 6           (16) *Republic of Mauritius (Mauritius).*
- 7           (17) *Republic of Namibia (Namibia).*
- 8           (18) *Federal Republic of Nigeria (Nigeria).*
- 9           (19) *Democratic Republic of Sao Tome and*  
10          *Principe (Sao Tome and Principe).*
- 11          (20) *Republic of Sierra Leone (Sierra Leone).*
- 12          (21) *Somalia.*
- 13          (22) *Kingdom of Swaziland (Swaziland).*
- 14          (23) *Republic of Togo (Togo).*
- 15          (24) *Republic of Zimbabwe (Zimbabwe).*
- 16          (25) *Republic of Benin (Benin).*
- 17          (26) *Burkina Faso (Burkina).*
- 18          (27) *Republic of Cameroon (Cameroon).*
- 19          (28) *Central African Republic.*
- 20          (29) *Federal Islamic Republic of the Comoros*  
21          *(Comoros).*
- 22          (30) *Republic of Cote d'Ivoire (Cote d'Ivoire).*
- 23          (31) *Republic of Equatorial Guinea (Equatorial*  
24          *Guinea).*
- 25          (32) *Ethiopia.*



- 1           (33) *Republic of the Gambia (Gambia).*  
2           (34) *Republic of Guinea (Guinea).*  
3           (35) *Republic of Kenya (Kenya).*  
4           (36) *Republic of Liberia (Liberia).*  
5           (37) *Republic of Malawi (Malawi).*  
6           (38) *Islamic Republic of Mauritania (Mauri-*  
7           *tania).*  
8           (39) *Republic of Mozambique (Mozambique).*  
9           (40) *Republic of Niger (Niger).*  
10          (41) *Republic of Rwanda (Rwanda).*  
11          (42) *Republic of Senegal (Senegal).*  
12          (43) *Republic of Seychelles (Seychelles).*  
13          (44) *Republic of South Africa (South Africa).*  
14          (45) *Republic of Sudan (Sudan).*  
15          (46) *United Republic of Tanzania (Tanzania).*  
16          (47) *Republic of Uganda (Uganda).*  
17          (48) *Republic of Zambia (Zambia).*

18 ***Subtitle B—Extension of Certain***  
19 ***Trade Benefits to Sub-Saharan***  
20 ***Africa***

21 ***SEC. 111. ELIGIBILITY FOR CERTAIN BENEFITS.***

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

1 **“SEC. 506A. DESIGNATION OF SUB-SAHARAN AFRICAN**  
2 **COUNTRIES FOR CERTAIN BENEFITS.**

3 *“(a) AUTHORITY TO DESIGNATE.—*

4 *“(1) IN GENERAL.—Notwithstanding any other*  
5 *provision of law, the President is authorized to des-*  
6 *ignate a country listed in section 104 of the African*  
7 *Growth and Opportunity Act as a beneficiary sub-Sa-*  
8 *haran African country eligible for the benefits de-*  
9 *scribed in subsection (b), if the President determines*  
10 *that the country—*

11 *“(A) has established, or is making continual*  
12 *progress toward establishing—*

13 *“(i) a market-based economy, where*  
14 *private property rights are protected and*  
15 *the principles of an open, rules-based trad-*  
16 *ing system are observed;*

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

21 *“(iii) an open trading system through*  
22 *the elimination of barriers to United States*  
23 *trade and investment and the resolution of*  
24 *bilateral trade and investment disputes;*

25 *“(iv) economic policies to reduce pov-*  
26 *erty, increase the availability of health care*

1           *and educational opportunities, expand*  
2           *physical infrastructure, and promote the es-*  
3           *tablishment of private enterprise; and*

4           *“(v) a system to combat corruption*  
5           *and bribery, such as signing the Convention*  
6           *on Combating Bribery of Foreign Public*  
7           *Officials in International Business Trans-*  
8           *actions;*

9           *“(B) does not engage in gross violations of*  
10          *internationally recognized human rights or pro-*  
11          *vide support for acts of international terrorism*  
12          *and cooperates in international efforts to elimi-*  
13          *nate human rights violations and terrorist ac-*  
14          *tivities; and*

15          *“(C) subject to the authority granted to the*  
16          *President under section 502 (a), (d), and (e),*  
17          *otherwise satisfies the eligibility criteria set forth*  
18          *in section 502.*

19          *“(2) MONITORING AND REVIEW OF CERTAIN*  
20          *COUNTRIES.—The President shall monitor and review*  
21          *the progress of each country listed in section 104 of*  
22          *the African Growth and Opportunity Act in meeting*  
23          *the requirements described in paragraph (1) in order*  
24          *to determine the current or potential eligibility of*  
25          *each country to be designated as a beneficiary sub-Sa-*

1 *haran African country for purposes of subsection (a).*  
2 *The President shall include the reasons for the Presi-*  
3 *dent's determinations in the annual report required*  
4 *by section 115 of the African Growth and Oppor-*  
5 *tunity Act.*

6 “(3) *CONTINUING COMPLIANCE.—If the President*  
7 *determines that a beneficiary sub-Saharan African*  
8 *country is not making continual progress in meeting*  
9 *the requirements described in paragraph (1), the*  
10 *President shall terminate the designation of that*  
11 *country as a beneficiary sub-Saharan African coun-*  
12 *try for purposes of this section, effective on January*  
13 *1 of the year following the year in which such deter-*  
14 *mination is made.*

15 “(b) *PREFERENTIAL TARIFF TREATMENT FOR CER-*  
16 *TAIN ARTICLES.—*

17 “(1) *IN GENERAL.—The President may provide*  
18 *duty-free treatment for any article described in sec-*  
19 *tion 503(b)(1) (B) through (G) (except for textile lug-*  
20 *gage) that is the growth, product, or manufacture of*  
21 *a beneficiary sub-Saharan African country described*  
22 *in subsection (a), if, after receiving the advice of the*  
23 *International Trade Commission in accordance with*  
24 *section 503(e), the President determines that such ar-*

1 *title is not import-sensitive in the context of imports*  
2 *from beneficiary sub-Saharan African countries.*

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

7 “(A) *if the cost or value of materials pro-*  
8 *duced in the customs territory of the United*  
9 *States is included with respect to that article, an*  
10 *amount not to exceed 15 percent of the appraised*  
11 *value of the article at the time it is entered that*  
12 *is attributed to such United States cost or value*  
13 *may be applied toward determining the percent-*  
14 *age referred to in subparagraph (A) of section*  
15 *503(a)(2); and*

16 “(B) *the cost or value of the materials in-*  
17 *cluded with respect to that article that are pro-*  
18 *duced in one or more beneficiary sub-Saharan*  
19 *African countries shall be applied in deter-*  
20 *mining such percentage.*

21 “(c) *BENEFICIARY SUB-SAHARAN AFRICAN COUN-*  
22 *TRIES, ETC.—For purposes of this title, the terms ‘bene-*  
23 *ficiary sub-Saharan African country’ and ‘beneficiary sub-*  
24 *Saharan African countries’ mean a country or countries*  
25 *listed in section 104 of the African Growth and Oppor-*

1 *tunity Act that the President has determined is eligible*  
 2 *under subsection (a) of this section.”.*

3 (b) *WAIVER OF COMPETITIVE NEED LIMITATION.—*  
 4 *Section 503(c)(2)(D) of the Trade Act of 1974 (19 U.S.C.*  
 5 *2463(c)(2)(D)) is amended to read as follows:*

6 “(D) *LEAST-DEVELOPED BENEFICIARY DE-*  
 7 *VELOPING COUNTRIES AND BENEFICIARY SUB-SA-*  
 8 *HARAN AFRICAN COUNTRIES.—Subparagraph (A)*  
 9 *shall not apply to any least-developed beneficiary*  
 10 *developing country or any beneficiary sub-Saha-*  
 11 *ran African country.”.*

12 (c) *TERMINATION.—Title V of the Trade Act of 1974*  
 13 *is amended by inserting after section 506A, as added by*  
 14 *subsection (a), the following new section:*

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

17 “*In the case of a country listed in section 104 of the*  
 18 *African Growth and Opportunity Act that is a beneficiary*  
 19 *developing country, duty-free treatment provided under this*  
 20 *title shall remain in effect through September 30, 2006.”.*

21 (d) *CLERICAL AMENDMENTS.—The table of contents*  
 22 *for title V of the Trade Act of 1974 is amended by inserting*  
 23 *after the item relating to section 505 the following new*  
 24 *items:*

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

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

1           (e) *EFFECTIVE DATE.*—*The amendments made by this*  
2 *section take effect on October 1, 2000.*

3 **SEC. 112. TREATMENT OF CERTAIN TEXTILES AND AP-**  
4 **PAREL.**

5           (a) *PREFERENTIAL TREATMENT.*—*Notwithstanding*  
6 *any other provision of law, textile and apparel articles de-*  
7 *scribed in subsection (b) (including textile luggage) im-*  
8 *ported from a beneficiary sub-Saharan African country, de-*  
9 *scribed in section 506A(c) of the Trade Act of 1974, shall*  
10 *enter the United States free of duty and free of any quan-*  
11 *titative limitations, if—*

12                   (1) *the country adopts an efficient visa system to*  
13 *guard against unlawful transshipment of textile and*  
14 *apparel goods and the use of counterfeit documents;*  
15 *and*

16                   (2) *the country enacts legislation or promulgates*  
17 *regulations that would permit United States Customs*  
18 *Service verification teams to have the access necessary*  
19 *to investigate thoroughly allegations of transshipment*  
20 *through such country.*

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

24                   (1) *APPAREL ARTICLES ASSEMBLED IN BENE-*  
25 *FICIARY SUB-SAHARAN AFRICAN COUNTRIES.*—*Ap-*

1 *parel articles assembled in one or more beneficiary*  
2 *sub-Saharan African countries from fabrics wholly*  
3 *formed and cut in the United States, from yarns*  
4 *wholly formed in the United States that are—*

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

8 *(B) entered under chapter 61 or 62 of the*  
9 *Harmonized Tariff Schedule of the United*  
10 *States, if, after such assembly, the articles would*  
11 *have qualified for entry under subheading*  
12 *9802.00.80 of the Harmonized Tariff Schedule of*  
13 *the United States but for the fact that the arti-*  
14 *cles were subjected to stone-washing, enzyme-*  
15 *washing, acid washing, perma-pressing, oven-*  
16 *baking, bleaching, garment-dyeing, or other simi-*  
17 *lar processes.*

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



1           (3) *HANDLOOMED, HANDMADE, AND FOLKLORE*  
2     *ARTICLES.*—*A handloomed, handmade, or folklore ar-*  
3     *ticle of a beneficiary sub-Saharan African country or*  
4     *countries that is certified as such by the competent*  
5     *authority of such beneficiary country or countries.*  
6     *For purposes of this paragraph, the President, after*  
7     *consultation with the beneficiary sub-Saharan Afri-*  
8     *can country or countries concerned, shall determine*  
9     *which, if any, particular textile and apparel goods of*  
10    *the country (or countries) shall be treated as being*  
11    *handloomed, handmade, or folklore goods.*

12           (c) *PENALTIES FOR TRANSSHIPMENTS.*—

13           (1) *PENALTIES FOR EXPORTERS.*—*If the Presi-*  
14    *dent determines, based on sufficient evidence, that an*  
15    *exporter has engaged in transshipment with respect to*  
16    *textile or apparel products from a beneficiary sub-Sa-*  
17    *haran African country, then the President shall deny*  
18    *all benefits under this section and section 506A of the*  
19    *Trade Act of 1974 to such exporter, any successor of*  
20    *such exporter, and any other entity owned or operated*  
21    *by the principal of the exporter for a period of 5*  
22    *years.*

23           (2) *TRANSSHIPMENT DESCRIBED.*—*Trans-*  
24    *shipment within the meaning of this subsection has*  
25    *occurred when preferential treatment for a textile or*

1        *apparel article under subsection (a) has been claimed*  
2        *on the basis of material false information concerning*  
3        *the country of origin, manufacture, processing, or as-*  
4        *sembly of the article or any of its components. For*  
5        *purposes of this paragraph, false information is mate-*  
6        *rial if disclosure of the true information would mean*  
7        *or would have meant that the article is or was ineli-*  
8        *gible for preferential treatment under subsection (a).*

9        *(d) TECHNICAL ASSISTANCE.—The Customs Service*  
10       *shall provide technical assistance to the beneficiary sub-Sa-*  
11       *haran African countries for the implementation of the re-*  
12       *quirements set forth in subsection (a) (1) and (2).*

13       *(e) MONITORING AND REPORTS TO CONGRESS.—The*  
14       *Customs Service shall monitor and the Commissioner of*  
15       *Customs shall submit to Congress, not later than March 31*  
16       *of each year that this section is in effect, a report on the*  
17       *effectiveness of the anti-circumvention systems described in*  
18       *this section and on measures taken by countries in sub-Sa-*  
19       *haran Africa which export textiles or apparel to the United*  
20       *States to prevent circumvention as described in article 5*  
21       *of the Agreement on Textiles and Clothing.*

22       *(f) SAFEGUARD.—The President shall have the author-*  
23       *ity to impose appropriate remedies, including restrictions*  
24       *on or the removal of quota-free and duty-free treatment pro-*  
25       *vided under this section, in the event that textile and ap-*

1 *parel articles from a beneficiary sub-Saharan African coun-*  
2 *try are being imported in such increased quantities as to*  
3 *cause serious damage, or actual threat thereof, to the domes-*  
4 *tic industry producing like or directly competitive articles.*  
5 *The President shall exercise his authority under this sub-*  
6 *section consistent with the Agreement on Textiles and Cloth-*  
7 *ing.*

8 (g) *DEFINITIONS.—In this section:*

9 (1) *AGREEMENT ON TEXTILES AND CLOTHING.—*  
10 *The term “Agreement on Textiles and Clothing”*  
11 *means the Agreement on Textiles and Clothing re-*  
12 *ferred to in section 101(d)(4) of the Uruguay Round*  
13 *Agreements Act (19 U.S.C. 3511(d)(4)).*

14 (2) *BENEFICIARY SUB-SAHARAN AFRICAN COUN-*  
15 *TRY, ETC.—The terms “beneficiary sub-Saharan Afri-*  
16 *can country” and “beneficiary sub-Saharan African*  
17 *countries” have the same meaning as such terms have*  
18 *under section 506A(c) of the Trade Act of 1974.*

19 (3) *CUSTOMS SERVICE.—The term “Customs*  
20 *Service” means the United States Customs Service.*

21 (h) *EFFECTIVE DATE.—The amendments made by this*  
22 *section take effect on October 1, 2000 and shall remain in*  
23 *effect through September 30, 2006.*

1 **SEC. 113. UNITED STATES-SUB-SAHARAN AFRICAN TRADE**  
2 **AND ECONOMIC COOPERATION FORUM.**

3 (a) *DECLARATION OF POLICY.*—The President shall  
4 convene annual meetings between senior officials of the  
5 United States Government and officials of the governments  
6 of sub-Saharan African countries in order to foster close  
7 economic ties between the United States and sub-Saharan  
8 Africa.

9 (b) *ESTABLISHMENT.*—Not later than 12 months after  
10 the date of enactment of this Act, the President, after con-  
11 sulting with the officials of interested sub-Saharan African  
12 governments, shall establish a United States-Sub-Saharan  
13 African Trade and Economic Cooperation Forum (in this  
14 section referred to as the “Forum”).

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

17 (1) *FIRST MEETING.*—The President shall direct  
18 the Secretary of Commerce, the Secretary of the  
19 Treasury, the Secretary of State, and the United  
20 States Trade Representative to invite their counter-  
21 parts from interested sub-Saharan African govern-  
22 ments and representatives of appropriate regional or-  
23 ganizations to participate in the first annual meeting  
24 to discuss expanding trade and investment relations  
25 between the United States and sub-Saharan Africa.

26 (2) *NONGOVERNMENTAL ORGANIZATIONS.*—





1           (2) of those infected, approximately 11,500,000  
2           have died; and

3           (3) the deaths represent 83 percent of the total  
4           HIV/AIDS-related deaths worldwide.

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

7           (1) it is in the interest of the United States to  
8           take all necessary steps to prevent further spread of  
9           infectious disease, particularly HIV/AIDS;

10          (2) there is critical need for effective incentives  
11          to develop new pharmaceuticals, vaccines, and thera-  
12          pies to combat the HIV/AIDS crisis, especially effec-  
13          tive global standards for protecting pharmaceutical  
14          and medical innovation;

15          (3) the overriding priority for responding to the  
16          crisis on HIV/AIDS in sub-Saharan Africa should be  
17          the development of the infrastructure necessary to de-  
18          liver adequate health care services, and of public edu-  
19          cation to prevent transmission and infection, rather  
20          than legal standards issues; and

21          (4) individual countries should have the ability  
22          to determine the availability of pharmaceuticals and  
23          health care for their citizens in general, and particu-  
24          larly with respect to the HIV/AIDS epidemic.

1           (c) *LIMITATION ON USE OF FUNDS.*—Funds appro-  
2           priated or otherwise made available to any department or  
3           agency of the United States may not be obligated or ex-  
4           pended to seek, through negotiation or otherwise, the revoca-  
5           tion or revision of any intellectual property or competition  
6           law or policy that regulates HIV/AIDS pharmaceuticals or  
7           medical technologies of a beneficiary sub-Saharan African  
8           country if the law or policy promotes access to HIV/AIDS  
9           pharmaceuticals or medical technologies and the law or pol-  
10          icy of the country provides adequate and effective intellec-  
11          tual property protection consistent with the Agreement on  
12          Trade-Related Aspects of Intellectual Property Rights re-  
13          ferred to in section 101(d)(15) of the Uruguay Round  
14          Agreements Act.

15          **TITLE II—TRADE BENEFITS FOR**  
16                                    **CARIBBEAN BASIN**  
17                                    **Subtitle A—Trade Policy for**  
18                                    **Caribbean Basin Countries**

19          **SEC. 201. SHORT TITLE.**

20           This title may be cited as the “United States-Carib-  
21          bean Basin Trade Enhancement Act”.

22          **SEC. 202. FINDINGS AND POLICY.**

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

24                           (1) *The Caribbean Basin Economic Recovery Act*  
25                           (referred to in this title as “CBERA”) represents a



1        *permanent commitment by the United States to en-*  
2        *courage the development of strong democratic govern-*  
3        *ments and revitalized economies in neighboring coun-*  
4        *tries in the Caribbean Basin.*

5            *(2) Thirty-four democratically elected leaders*  
6        *agreed at the 1994 Summit of the Americas to con-*  
7        *clude negotiation of a Free Trade Area of the Amer-*  
8        *icas (referred to in this title as “FTAA”) by the year*  
9        *2005.*

10           *(3) The economic security of the countries in the*  
11        *Caribbean Basin will be enhanced by the completion*  
12        *of the FTAA.*

13           *(4) Offering temporary benefits to Caribbean*  
14        *Basin countries will enhance trade between the*  
15        *United States and the Caribbean Basin, encourage*  
16        *development of trade and investment policies that will*  
17        *facilitate participation of Caribbean Basin countries*  
18        *in the FTAA, preserve the United States commitment*  
19        *to Caribbean Basin beneficiary countries, help further*  
20        *economic development in the Caribbean Basin region,*  
21        *and accelerate the trend toward more open economies*  
22        *in the region.*

23           *(5) Promotion of the growth of free enterprise*  
24        *and economic opportunity in the Caribbean Basin*

1 *will enhance the national security interests of the*  
2 *United States.*

3 *(6) Increased trade and economic activity be-*  
4 *tween the United States and Caribbean Basin bene-*  
5 *ficiary countries will create expanding export oppor-*  
6 *tunities for United States businesses and workers.*

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

8 *(1) offer Caribbean Basin beneficiary countries*  
9 *willing to prepare to become a party to the FTAA or*  
10 *a comparable trade agreement, tariff treatment essen-*  
11 *tially equivalent to that accorded to products of*  
12 *NAFTA countries for certain products not currently*  
13 *eligible for duty-free treatment under the CBERA;*  
14 *and*

15 *(2) seek the participation of Caribbean Basin*  
16 *beneficiary countries in the FTAA or a trade agree-*  
17 *ment comparable to the FTAA at the earliest possible*  
18 *date, with the goal of achieving full participation in*  
19 *such agreement not later than 2005.*

20 **SEC. 203. DEFINITIONS.**

21 *In this title:*

22 *(1) BENEFICIARY COUNTRY.—The term “bene-*  
23 *ficiary country” has the meaning given the term in*  
24 *section 212(a)(1)(A) of the Caribbean Basin Eco-*  
25 *nomic Recovery Act (19 U.S.C. 2702(a)(1)(A)).*

1           (2) *CBTEA*.—*The term “CBTEA” means the*  
2           *United States-Caribbean Basin Trade Enhancement*  
3           *Act.*

4           (3) *NAFTA*.—*The term “NAFTA” means the*  
5           *North American Free Trade Agreement entered into*  
6           *between the United States, Mexico, and Canada on*  
7           *December 17, 1992.*

8           (4) *NAFTA COUNTRY*.—*The term “NAFTA*  
9           *country” means any country with respect to which*  
10          *the NAFTA is in force.*

11          (5) *WTO AND WTO MEMBER*.—*The terms*  
12          *“WTO” and “WTO member” have the meanings given*  
13          *those terms in section 2 of the Uruguay Round Agree-*  
14          *ments Act (19 U.S.C. 3501).*

15                   ***Subtitle B—Trade Benefits for***  
16                   ***Caribbean Basin Countries***

17 ***SEC. 211. TEMPORARY PROVISIONS TO PROVIDE ADDI-***  
18                   ***TIONAL TRADE BENEFITS TO CERTAIN BENE-***  
19                   ***FICIARY COUNTRIES.***

20          (a) *TEMPORARY PROVISIONS*.—*Section 213(b) of the*  
21          *Caribbean Basin Economic Recovery Act (19 U.S.C.*  
22          *2703(b)) is amended to read as follows:*

23                “(b) *IMPORT-SENSITIVE ARTICLES*.—

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

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

8                   “(B) *footwear not designated at the time of*  
9                   *the effective date of this title as eligible articles*  
10                  *for the purpose of the generalized system of pref-*  
11                  *erences under title V of the Trade Act of 1974;*

12                  “(C) *tuna, prepared or preserved in any*  
13                  *manner, in airtight containers;*

14                  “(D) *petroleum, or any product derived*  
15                  *from petroleum, provided for in headings 2709*  
16                  *and 2710 of the HTS;*

17                  “(E) *watches and watch parts (including*  
18                  *cases, bracelets, and straps), of whatever type in-*  
19                  *cluding, but not limited to, mechanical, quartz*  
20                  *digital or quartz analog, if such watches or*  
21                  *watch parts contain any material which is the*  
22                  *product of any country with respect to which*  
23                  *HTS column 2 rates of duty apply; or*

24                  “(F) *articles to which reduced rates of duty*  
25                  *apply under subsection (h).*

1           “(2) *TRANSITION PERIOD TREATMENT OF CER-*  
2           *TAIN TEXTILE AND APPAREL ARTICLES.—*

3           “(A) *PRODUCTS COVERED.—During the*  
4           *transition period, the preferential treatment de-*  
5           *scribed in subparagraph (B) shall apply to the*  
6           *following products:*

7           “(i) *APPAREL ARTICLES ASSEMBLED*  
8           *IN A CBTEA BENEFICIARY COUNTRY.—Ap-*  
9           *parel articles assembled in a CBTEA bene-*  
10           *ficiary country from fabrics wholly formed*  
11           *and cut in the United States, from yarns*  
12           *wholly formed in the United States that*  
13           *are—*

14           “(I) *entered under subheading*  
15           *9802.00.80 of the HTS; or*

16           “(II) *entered under chapter 61 or*  
17           *62 of the HTS, if, after such assembly,*  
18           *the articles would have qualified for*  
19           *entry under subheading 9802.00.80 of*  
20           *the HTS but for the fact that the arti-*  
21           *cles were subjected to stone-washing,*  
22           *enzyme-washing, acid washing, perma-*  
23           *pressing, oven-baking, bleaching, gar-*  
24           *ment-dyeing, or other similar proc-*  
25           *esses.*

1                   “(ii) *APPAREL ARTICLES CUT AND AS-*  
2                   *SEMBLED IN A CBTEA BENEFICIARY COUN-*  
3                   *TRY.—Apparel articles cut in a CBTEA*  
4                   *beneficiary country from fabric wholly*  
5                   *formed in the United States from yarns*  
6                   *wholly formed in the United States, if such*  
7                   *articles are assembled in such country with*  
8                   *thread formed in the United States.*

9                   “(iii) *HANDLOOMED, HANDMADE, AND*  
10                   *FOLKLORE ARTICLES.—A handloomed,*  
11                   *handmade, or folklore article of a CBTEA*  
12                   *beneficiary country identified under sub-*  
13                   *paragraph (C) that is certified as such by*  
14                   *the competent authority of such beneficiary*  
15                   *country.*

16                   “(iv) *TEXTILE LUGGAGE.—Textile*  
17                   *luggage—*

18                   *“(I) assembled in a CBTEA bene-*  
19                   *ficiary country from fabric wholly*  
20                   *formed and cut in the United States,*  
21                   *from yarns wholly formed in the*  
22                   *United States, that is entered under*  
23                   *subheading 9802.00.80 of the HTS; or*

24                   *“(II) assembled from fabric cut in*  
25                   *a CBTEA beneficiary country from*

1                   *fabric wholly formed in the United*  
2                   *States from yarns wholly formed in the*  
3                   *United States, if such luggage is as-*  
4                   *sembled in such country with thread*  
5                   *formed in the United States.*

6                   “(B) *PREFERENTIAL TREATMENT.*—*Except*  
7                   *as provided in subparagraph (E), during the*  
8                   *transition period, the articles described in sub-*  
9                   *paragraph (A) shall enter the United States free*  
10                  *of duty and free of any quantitative limitations.*

11                  “(C) *HANDLOOMED, HANDMADE, AND FOLK-*  
12                  *LORE ARTICLES DEFINED.*—*For purposes of sub-*  
13                  *paragraph (A)(iii), the President, after consulta-*  
14                  *tion with the CBTEA beneficiary country con-*  
15                  *cerned, shall determine which, if any, particular*  
16                  *textile and apparel goods of the country shall be*  
17                  *treated as being handloomed, handmade, or folk-*  
18                  *lore goods of a kind described in section 2.3 (a),*  
19                  *(b), or (c) or Appendix 3.1.B.11 of the Annex.*

20                  “(D) *PENALTIES FOR TRANSSHIPMENTS.*—

21                  “(i) *PENALTIES FOR EXPORTERS.*—*If*  
22                  *the President determines, based on sufficient*  
23                  *evidence, that an exporter has engaged in*  
24                  *transshipment with respect to textile or ap-*  
25                  *parel products from a CBTEA beneficiary*

1           *country, then the President shall deny all*  
2           *benefits under this title to such exporter,*  
3           *and any successor of such exporter, for a pe-*  
4           *riod of 2 years.*

5           “(ii) *PENALTIES FOR COUNTRIES.—*

6           *Whenever the President finds, based on suf-*  
7           *ficient evidence, that transshipment has oc-*  
8           *curring, the President shall request that the*  
9           *CBTEA beneficiary country or countries*  
10          *through whose territory the transshipment*  
11          *has occurred take all necessary and appro-*  
12          *priate actions to prevent such trans-*  
13          *shipment. If the President determines that a*  
14          *country is not taking such actions, the*  
15          *President shall reduce the quantities of tex-*  
16          *tile and apparel articles that may be im-*  
17          *ported into the United States from such*  
18          *country by the quantity of the transshipped*  
19          *articles multiplied by 3.*

20          “(iii) *TRANSSHIPMENT DESCRIBED.—*

21          *Transshipment within the meaning of this*  
22          *subparagraph has occurred when pref-*  
23          *erential treatment for a textile or apparel*  
24          *article under subparagraph (B) has been*  
25          *claimed on the basis of material false infor-*



1            *mation concerning the country of origin,*  
2            *manufacture, processing, or assembly of the*  
3            *article or any of its components. For pur-*  
4            *poses of this clause, false information is ma-*  
5            *terial if disclosure of the true information*  
6            *would mean or would have meant that the*  
7            *article is or was ineligible for preferential*  
8            *treatment under subparagraph (B).*

9            *“(E) BILATERAL EMERGENCY ACTIONS.—*

10            *“(i) IN GENERAL.—The President may*  
11            *take bilateral emergency tariff actions of a*  
12            *kind described in section 4 of the Annex*  
13            *with respect to any apparel article im-*  
14            *ported from a CBTEA beneficiary country*  
15            *if the application of tariff treatment under*  
16            *subparagraph (B) to such article results in*  
17            *conditions that would be cause for the tak-*  
18            *ing of such actions under such section 4*  
19            *with respect to a like article described in the*  
20            *same 8-digit subheading of the HTS that is*  
21            *imported from Mexico.*

22            *“(ii) RULES RELATING TO BILATERAL*  
23            *EMERGENCY ACTION.—For purposes of ap-*  
24            *plying bilateral emergency action under*  
25            *this subparagraph—*

1           “(I) the requirements of para-  
2 graph (5) of section 4 of the Annex (re-  
3 lating to providing compensation)  
4 shall not apply;

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

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

17           “(3) *TRANSITION PERIOD TREATMENT OF CER-*  
18 *TAIN OTHER ARTICLES ORIGINATING IN BENEFICIARY*  
19 *COUNTRIES.—*

20           “(A) *EQUIVALENT TARIFF TREATMENT.—*

21           “(i) *IN GENERAL.—*Subject to clause  
22 (ii), the tariff treatment accorded at any  
23 time during the transition period to any  
24 article referred to in any of subparagraphs  
25 (B) through (F) of paragraph (1) that

1           *originates in the territory of a CBTEA ben-*  
2           *eficiary country shall be identical to the*  
3           *tariff treatment that is accorded at such*  
4           *time under Annex 302.2 of the NAFTA to*  
5           *an article described in the same 8-digit sub-*  
6           *heading of the HTS that is a good of Mexico*  
7           *and is imported into the United States.*

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

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

22           “(4) *CUSTOMS PROCEDURES.*—

23           “(A) *IN GENERAL.*—

24           “(i) *REGULATIONS.*—*Any importer*  
25           *that claims preferential treatment under*

1 paragraph (2) or (3) shall comply with cus-  
2 toms procedures similar in all material re-  
3 spects to the requirements of Article 502(1)  
4 of the NAFTA as implemented pursuant to  
5 United States law, in accordance with regu-  
6 lations promulgated by the Secretary of the  
7 Treasury.

8 “(ii) DETERMINATION.—

9 “(I) IN GENERAL.—In order to  
10 qualify for the preferential treatment  
11 under paragraph (2) or (3) and for a  
12 Certificate of Origin to be valid with  
13 respect to any article for which such  
14 treatment is claimed, there shall be in  
15 effect a determination by the President  
16 that each country described in sub-  
17 clause (II)—

18 “(aa) has implemented and  
19 follows, or

20 “(bb) is making substantial  
21 progress toward implementing  
22 and following,

23 procedures and requirements similar  
24 in all material respects to the relevant

1                    *procedures and requirements under*  
2                    *chapter 5 of the NAFTA.*

3                    “(II) *COUNTRY DESCRIBED.—A*  
4                    *country is described in this subclause if*  
5                    *it is a CBTEA beneficiary country—*

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

8                                       “(bb) *in which materials*  
9                                       *used in the production of the arti-*  
10                                       *cle originate or in which the arti-*  
11                                       *cle or such materials undergo pro-*  
12                                       *duction that contributes to a*  
13                                       *claim that the article is eligible*  
14                                       *for preferential treatment.*

15                    “(B) *CERTIFICATE OF ORIGIN.—The Certifi-*  
16                    *cate of Origin that otherwise would be required*  
17                    *pursuant to the provisions of subparagraph (A)*  
18                    *shall not be required in the case of an article im-*  
19                    *ported under paragraph (2) or (3) if such Cer-*  
20                    *tificate of Origin would not be required under*  
21                    *Article 503 of the NAFTA (as implemented pur-*  
22                    *suant to United States law), if the article were*  
23                    *imported from Mexico.*

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

1           “(A) ANNEX.—*The term ‘the Annex’ means*  
2           *Annex 300–B of the NAFTA.*

3           “(B) CBTEA BENEFICIARY COUNTRY.—*The*  
4           *term ‘CBTEA beneficiary country’ means any*  
5           *‘beneficiary country’, as defined by section*  
6           *212(a)(1)(A) of this title, which the President*  
7           *designates as a CBTEA beneficiary country, tak-*  
8           *ing into account the following criteria:*

9                   “(i) *Whether a beneficiary country has*  
10                  *demonstrated a commitment to—*

11                           “(I) *undertake its obligations*  
12                           *under the WTO on or ahead of sched-*  
13                           *ule;*

14                           “(II) *participate in negotiations*  
15                           *toward the completion of the FTAA or*  
16                           *a comparable trade agreement; and*

17                           “(III) *undertake other steps nec-*  
18                           *essary for that country to become a*  
19                           *party to the FTAA or a comparable*  
20                           *trade agreement.*

21                           “(ii) *The extent to which the country*  
22                           *follows accepted rules of international trade*  
23                           *provided for under the agreements listed in*  
24                           *section 101(d) of the Uruguay Round Agree-*  
25                           *ments Act.*

1           “(iii) *The extent to which the country*  
2 *provides protection of intellectual property*  
3 *rights—*

4                   “(I) *in accordance with standards*  
5 *established in the Agreement on Trade-*  
6 *Related Aspects of Intellectual Prop-*  
7 *erty Rights described in section*  
8 *101(d)(15) of the Uruguay Round*  
9 *Agreements Act;*

10                   “(II) *in accordance with stand-*  
11 *ards established in chapter 17 of the*  
12 *NAFTA; and*

13                   “(III) *by granting the holders of*  
14 *copyrights the ability to control the*  
15 *importation and sale of products that*  
16 *embody copyrighted works, extending*  
17 *the period set forth in Article 1711(6)*  
18 *of NAFTA for protecting test data for*  
19 *agricultural chemicals to 10 years,*  
20 *protecting trademarks regardless of*  
21 *their subsequent designation as geo-*  
22 *graphic indications, and providing en-*  
23 *forcement against the importation of*  
24 *infringing products at the border.*

1           “(iv) *The extent to which the country*  
2           *provides protections to investors and invest-*  
3           *ments of the United States substantially*  
4           *equivalent to those set forth in chapter 11 of*  
5           *the NAFTA.*

6           “(v) *The extent to which the country*  
7           *provides the United States and other WTO*  
8           *members nondiscriminatory, equitable, and*  
9           *reasonable market access with respect to the*  
10           *products for which benefits are provided*  
11           *under paragraphs (2) and (3), and in other*  
12           *relevant product sectors as determined by*  
13           *the President.*

14           “(vi) *The extent to which the country*  
15           *provides internationally recognized worker*  
16           *rights, including—*

17                   “(I) *the right of association,*

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

20                   “(III) *prohibition on the use of*  
21                   *any form of coerced or compulsory*  
22                   *labor,*

23                   “(IV) *a minimum age for the em-*  
24                   *ployment of children, and*



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

5                   “(vii) *Whether the country has met the*  
6                   *counter-narcotics certification criteria set*  
7                   *forth in section 490 of the Foreign Assist-*  
8                   *ance Act of 1961 (22 U.S.C. 2291j) for eligi-*  
9                   *bility for United States assistance.*

10                  “(viii) *The extent to which the country*  
11                  *becomes a party to and implements the*  
12                  *Inter-American Convention Against Cor-*  
13                  *ruption, and becomes party to a convention*  
14                  *regarding the extradition of its nationals.*

15                  “(ix) *The extent to which the*  
16                  *country—*

17                  “(I) *supports the multilateral and*  
18                  *regional objectives of the United States*  
19                  *with respect to government procure-*  
20                  *ment, including the negotiation of gov-*  
21                  *ernment procurement provisions as*  
22                  *part of the FTAA and conclusion of a*  
23                  *WTO transparency agreement as pro-*  
24                  *vided in the declaration of the WTO*  
25                  *Ministerial Conference held in Singa-*

1                    *pore on December 9 through 13, 1996;*  
2                    *and*

3                    *“(II) applies transparent and*  
4                    *competitive procedures in government*  
5                    *procurement equivalent to those con-*  
6                    *tained in the WTO Agreement on Gov-*  
7                    *ernment Procurement (described in sec-*  
8                    *tion 101(d)(17) of the Uruguay Round*  
9                    *Agreements Act).*

10                    *“(x) The extent to which the country*  
11                    *follows the rules on customs valuation set*  
12                    *forth in the WTO Agreement on Implemen-*  
13                    *tation of Article VII of the GATT 1994 (de-*  
14                    *scribed in section 101(d)(8) of the Uruguay*  
15                    *Round Agreements Act).*

16                    *“(xi) The extent to which the country*  
17                    *affords to products of the United States*  
18                    *which the President determines to be of*  
19                    *commercial importance to the United States*  
20                    *with respect to such country, and on a non-*  
21                    *discriminatory basis to like products of*  
22                    *other WTO members, tariff treatment that*  
23                    *is no less favorable than the most favorable*  
24                    *tariff treatment provided by the country to*  
25                    *any other country pursuant to any free*

1           *trade agreement to which such country is a*  
2           *party, other than the Central American*  
3           *Common Market or the Caribbean Commu-*  
4           *nity and Common Market.*

5           “(C) *CBTEA ORIGINATING GOOD.*—

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

11               “(ii) *APPLICATION OF CHAPTER 4.*—*In*  
12                *applying chapter 4 with respect to a*  
13                *CBTEA beneficiary country for purposes of*  
14                *this subsection—*

15                     “(I) *no country other than the*  
16                     *United States and a CBTEA bene-*  
17                     *ficiary country may be treated as*  
18                     *being a party to the NAFTA;*

19                     “(II) *any reference to trade be-*  
20                     *tween the United States and Mexico*  
21                     *shall be deemed to refer to trade be-*  
22                     *tween the United States and a CBTEA*  
23                     *beneficiary country;*

24                     “(III) *any reference to a party*  
25                     *shall be deemed to refer to a CBTEA*

1                   *beneficiary country or the United*  
2                   *States; and*

3                   “(IV) *any reference to parties*  
4                   *shall be deemed to refer to any com-*  
5                   *bination of CBTEA beneficiary coun-*  
6                   *tries or to the United States and a*  
7                   *CBTEA beneficiary country (or any*  
8                   *combination thereof).*

9                   “(D) *TRANSITION PERIOD.*—*The term ‘tran-*  
10                  *sition period’ means, with respect to a CBTEA*  
11                  *beneficiary country, the period that begins on*  
12                  *October 1, 2000, and ends on the earlier of—*

13                         “(i) *December 31, 2004, or*

14                         “(ii) *the date on which the FTAA or a*  
15                         *comparable trade agreement enters into*  
16                         *force with respect to the United States and*  
17                         *the CBTEA beneficiary country.*

18                   “(E) *CBTEA.*—*The term ‘CBTEA’ means*  
19                   *the United States-Caribbean Basin Trade En-*  
20                   *hancement Act.*

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

23                   (b) *DETERMINATION REGARDING RETENTION OF DES-*  
24                   *IGNATION.*—*Section 212(e) of the Caribbean Basin Eco-*  
25                   *nomics Recovery Act (19 U.S.C. 2702(e)) is amended—*

1           (1) in paragraph (1)—

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

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

5                   (C) by striking “would be barred” and all  
6 that follows through the end period and insert-  
7 ing: “no longer satisfies one or more of the condi-  
8 tions for designation as a beneficiary country set  
9 forth in subsection (b) or such country fails ade-  
10 quately to meet one or more of the criteria set  
11 forth in subsection (c).”; and

12                   (D) by adding at the end the following:

13                   “(B) The President may, after the require-  
14 ments of subsection (a)(2) and paragraph (2)  
15 have been met—

16                           “(i) withdraw or suspend the designa-  
17 tion of any country as a CBTEA bene-  
18 ficiary country, or

19                           “(ii) withdraw, suspend, or limit the  
20 application of preferential treatment under  
21 section 213(b) (2) and (3) to any article of  
22 any country, if, after such designation, the  
23 President determines that as a result of  
24 changed circumstances, the performance of  
25 such country is not satisfactory under the

1                    *criteria set forth in section 213(b)(5)(B).”;*

2                    *and*

3                    *(2) by adding after paragraph (2) the following*  
4 *new paragraph:*

5                    *“(3) If preferential treatment under section*  
6 *213(b) (2) and (3) is withdrawn, suspended, or lim-*  
7 *ited with respect to a CBTEA beneficiary country,*  
8 *such country shall not be deemed to be a ‘party’ for*  
9 *the purposes of applying section 213(b)(5)(C) to im-*  
10 *ports of articles for which preferential treatment has*  
11 *been withdrawn, suspended, or limited with respect to*  
12 *such country.”.*

13                    *(c) REPORTING REQUIREMENTS.—*

14                    *(1) Section 212(f) of the Caribbean Basin Eco-*  
15 *nomical Recovery Act (19 U.S.C. 2702(f)) is amended*  
16 *to read as follows:*

17                    *“(f) REPORTING REQUIREMENTS.—*

18                    *“(1) IN GENERAL.—Not later than December 31,*  
19 *2001, and every 2 years thereafter during the period*  
20 *this title is in effect, the United States Trade Rep-*  
21 *resentative shall submit to Congress a report regard-*  
22 *ing the operation of this title, including—*

23                    *“(A) with respect to subsections (b) and (c),*  
24                    *the results of a general review of beneficiary*

1           *countries based on the considerations described*  
2           *in such subsections; and*

3           “(B) *the performance of each beneficiary*  
4           *country or CBTEA beneficiary country, as the*  
5           *case may be, under the criteria set forth in sec-*  
6           *tion 213(b)(5)(B)(ii).*”

7           “(2) *PUBLIC COMMENT.—Before submitting the*  
8           *report described in paragraph (1), the United States*  
9           *Trade Representative shall publish a notice in the*  
10          *Federal Register requesting public comments on*  
11          *whether beneficiary countries are meeting the criteria*  
12          *listed in section 213(b)(5)(B)(i), and on the perform-*  
13          *ance of each beneficiary country or CBTEA bene-*  
14          *ficiary country, as the case may be, with respect to*  
15          *the criteria listed in section 213(b)(5)(B)(ii).”.*

16          (2) *Section 203(f) of the Andean Trade Pref-*  
17          *erence Act (19 U.S.C. 3202(f)) is amended—*

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

20                 (B) *by striking “On or before” and all that*  
21                 *follows through “enactment of this title” and in-*  
22                 *serting “Not later than January 31, 2001”.*

23          (d) *INTERNATIONAL TRADE COMMISSION REPORTS.—*

1           (1) *Section 215(a) of the Caribbean Basin Eco-*  
2 *nomie Recovery Act (19 U.S.C. 2704(a)) is amended*  
3 *to read as follows:*

4           “(a) *REPORTING REQUIREMENT.—*

5           “(1) *IN GENERAL.—The United States Inter-*  
6 *national Trade Commission (in this section referred*  
7 *to as the ‘Commission’) shall submit to Congress and*  
8 *the President biennial reports regarding the economic*  
9 *impact of this title on United States industries and*  
10 *consumers and on the economy of the beneficiary*  
11 *countries.*

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

14           “(3) *TREATMENT OF PUERTO RICO, ETC.—For*  
15 *purposes of this section, industries in the Common-*  
16 *wealth of Puerto Rico and the insular possessions of*  
17 *the United States are considered to be United States*  
18 *industries.”.*

19           (2) *Section 206(a) of the Andean Trade Pref-*  
20 *erence Act (19 U.S.C. 3204(a)) is amended to read as*  
21 *follows:*

22           “(a) *REPORTING REQUIREMENTS.—*

23           “(1) *IN GENERAL.—The United States Inter-*  
24 *national Trade Commission (in this section referred*  
25 *to as the ‘Commission’) shall submit to Congress and*



1        *the President biennial reports regarding the economic*  
2        *impact of this title on United States industries and*  
3        *consumers, and, in conjunction with other agencies,*  
4        *the effectiveness of this title in promoting drug-related*  
5        *crop eradication and crop substitution efforts of the*  
6        *beneficiary countries.*

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

12           “(3) *TREATMENT OF PUERTO RICO, ETC.*—*For*  
13        *purposes of this section, industries in the Common-*  
14        *wealth of Puerto Rico and the insular possessions of*  
15        *the United States are considered to be United States*  
16        *industries.”.*

17        *(e) TECHNICAL AND CONFORMING AMENDMENTS.*—

18            (1) *IN GENERAL.*—

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

23            (B) *Section 213(a)(1) of the Caribbean*  
24        *Basin Economic Recovery Act (19 U.S.C.*  
25        *2703(a)(1)) is amended by inserting “and except*

1           *as provided in subsection (b) (2) and (3),” after*  
2           *“Tax Reform Act of 1986,”.*

3           (2) *DEFINITIONS.—Section 212(a)(1) of the Car-*  
4           *ibbean Basin Economic Recovery Act (19 U.S.C.*  
5           *2702(a)(1)) is amended by adding at the end the fol-*  
6           *lowing new subparagraphs:*

7                     *“(D) The term ‘NAFTA’ means the North*  
8                     *American Free Trade Agreement entered into be-*  
9                     *tween the United States, Mexico, and Canada on*  
10                    *December 17, 1992.*

11                    *“(E) The terms ‘WTO’ and ‘WTO member’*  
12                    *have the meanings given those terms in section*  
13                    *2 of the Uruguay Round Agreements Act (19*  
14                    *U.S.C. 3501).”.*

15   **SEC. 212. ADEQUATE AND EFFECTIVE PROTECTION FOR IN-**  
16                    **TELLECTUAL PROPERTY RIGHTS.**

17            *Section 212(c) of the Caribbean Basin Economic Re-*  
18            *covery Act (19 U.S.C. 2702(c)) is amended by adding at*  
19            *the end the following flush sentence:*

20            *“Notwithstanding any other provision of law, the President*  
21            *may determine that a country is not providing adequate*  
22            *and effective protection of intellectual property rights under*  
23            *paragraph (9), even if the country is in compliance with*  
24            *the country’s obligations under the Agreement on Trade-Related*  
25            *Aspects of Intellectual Property Rights described in*

1 *section 101(d)(15) of the Uruguay Round Agreements Act*  
2 *(19 U.S.C. 3511(d)(15)).”.*

3 ***Subtitle C—Cover Over of Tax on***  
4 ***Distilled Spirits***

5 ***SEC. 221. SUSPENSION OF LIMITATION ON COVER OVER OF***  
6 ***TAX ON DISTILLED SPIRITS.***

7 *(a) IN GENERAL.—Section 7652(f) of the Internal Rev-*  
8 *enue Code of 1986 (relating to limitation on cover over of*  
9 *tax on distilled spirits) is amended by adding at the end*  
10 *the following new flush sentence:*

11 *“The preceding sentence shall not apply to articles that are*  
12 *tax-determined after June 30, 1999, and before October 1,*  
13 *1999.”*

14 *(b) EFFECTIVE DATE.—*

15 *(1) IN GENERAL.—The amendment made by this*  
16 *section shall apply to articles that are tax-determined*  
17 *after June 30, 1999.*

18 *(2) SPECIAL RULE.—*

19 *(A) IN GENERAL.—The treasury of Puerto*  
20 *Rico shall make a Conservation Trust Fund*  
21 *transfer within 30 days after the date of each*  
22 *cover over payment (made to such treasury*  
23 *under section 7652(e) of the Internal Revenue*  
24 *Code of 1986) to which section 7652(f) of such*

1           Code does not apply by reason of the last sen-  
2           tence thereof.

3           (B) CONSERVATION TRUST FUND TRANS-  
4           FER.—

5           (i) IN GENERAL.—For purposes of this  
6           paragraph, the term “Conservation Trust  
7           Fund transfer” means a transfer to the  
8           Puerto Rico Conservation Trust Fund of an  
9           amount equal to 50 cents per proof gallon  
10          of the taxes imposed under section 5001 or  
11          section 7652 of such Code on distilled spir-  
12          its that are covered over to the treasury of  
13          Puerto Rico under section 7652(e) of such  
14          Code.

15          (ii) TREATMENT OF TRANSFER.—Each  
16          Conservation Trust Fund transfer shall be  
17          treated as principal for an endowment, the  
18          income from which to be available for use  
19          by the Puerto Rico Conservation Trust  
20          Fund for the purposes for which the Trust  
21          Fund was established.

22          (iii) RESULT OF NONTRANSFER.—

23           (I) IN GENERAL.—Upon notifica-  
24           tion by the Secretary of the Interior  
25           that a Conservation Trust Fund trans-

1            *fer has not been made by the treasury*  
2            *of Puerto Rico as required by subpara-*  
3            *graph (A), the Secretary of the Treas-*  
4            *ury shall, except as provided in sub-*  
5            *clause (II), deduct and withhold from*  
6            *the next cover over payment to be made*  
7            *to the treasury of Puerto Rico under*  
8            *section 7652(e) of such Code an*  
9            *amount equal to the appropriate Con-*  
10           *servation Trust Fund transfer and in-*  
11           *terest thereon at the underpayment*  
12           *rate established under section 6621 of*  
13           *such Code as of the due date of such*  
14           *transfer. The Secretary of the Treasury*  
15           *shall transfer such amount deducted*  
16           *and withheld, and the interest thereon,*  
17           *directly to the Puerto Rico Conserva-*  
18           *tion Trust Fund.*

19            (II) *GOOD CAUSE EXCEPTION.—If*  
20            *the Secretary of the Interior finds,*  
21            *after consultation with the Governor of*  
22            *Puerto Rico, that the failure by the*  
23            *treasury of Puerto Rico to make a re-*  
24            *quired transfer was for good cause, and*  
25            *notifies the Secretary of the Treasury*

1                   of the finding of such good cause before  
 2                   the due date of the next cover over pay-  
 3                   ment following the notification of non-  
 4                   transfer, then the Secretary of the  
 5                   Treasury shall not deduct the amount  
 6                   of such nontransfer from any cover  
 7                   over payment.

8                   (C) *PUERTO RICO CONSERVATION TRUST*  
 9                   *FUND.*—For purposes of this paragraph, the term  
 10                  “Puerto Rico Conservation Trust Fund” means  
 11                  the fund established pursuant to a Memorandum  
 12                  of Understanding between the United States De-  
 13                  partment of the Interior and the Commonwealth  
 14                  of Puerto Rico, dated December 24, 1968.

15                  **TITLE III—GENERALIZED**  
 16                  **SYSTEM OF PREFERENCES**

17       **SEC. 301. EXTENSION OF DUTY-FREE TREATMENT UNDER**  
 18                  **GENERALIZED SYSTEM OF PREFERENCES.**

19                  (a) *IN GENERAL.*—Section 505 of the Trade Act of  
 20       1974 (19 U.S.C. 2465) is amended by striking “June 30,  
 21       1999” and inserting “June 30, 2004”.

22                  (b) *EFFECTIVE DATE.*—

23                       (1) *IN GENERAL.*—The amendment made by this  
 24       section applies to articles entered on or after the date  
 25       of the enactment of this Act.

1           (2) *RETROACTIVE APPLICATION FOR CERTAIN*  
2 *LIQUIDATIONS AND RELIQUIDATIONS.*—

3           (A) *GENERAL RULE.*—*Notwithstanding sec-*  
4 *tion 514 of the Tariff Act of 1930 or any other*  
5 *provision of law, and subject to paragraph (3),*  
6 *any entry—*

7           (i) *of an article to which duty-free*  
8 *treatment under title V of the Trade Act of*  
9 *1974 would have applied if such entry had*  
10 *been made on June 30, 1999, and*

11           (ii) *that was made—*

12           (I) *after June 30, 1999, and*

13           (II) *before the date of enactment*  
14 *of this Act,*

15 *shall be liquidated or reliquidated as free of*  
16 *duty, and the Secretary of the Treasury shall re-*  
17 *fund any duty paid with respect to such entry.*

18           (B) *ENTRY.*—*As used in this paragraph,*  
19 *the term “entry” includes a withdrawal from*  
20 *warehouse for consumption.*

21           (3) *REQUESTS.*—*Liquidation or reliquidation*  
22 *may be made under paragraph (2) with respect to an*  
23 *entry only if a request therefore is filed with the Cus-*  
24 *tom Service, within 180 days after the date of enact-*

1 *ment of this Act, that contains sufficient information*  
2 *to enable the Customs Service—*

3 *(A) to locate the entry, or*

4 *(B) to reconstruct the entry if it cannot be*  
5 *located.*

6 **SEC. 302. ENTRY PROCEDURES FOR FOREIGN TRADE ZONE**  
7 **OPERATIONS.**

8 *(a) IN GENERAL.—Section 484 of the Tariff Act of*  
9 *1930 (19 U.S.C. 1484) is amended by adding at the end*  
10 *the following new subsection:*

11 *“(i) SPECIAL RULE FOR FOREIGN TRADE ZONE OP-*  
12 *ERATIONS.—*

13 *“(1) IN GENERAL.—Notwithstanding any other*  
14 *provision of law and except as provided in paragraph*  
15 *(3), all merchandise (including merchandise of dif-*  
16 *ferent classes, types, and categories), withdrawn from*  
17 *a foreign trade zone during any 7-day period, shall,*  
18 *at the option of the operator or user of the zone, be*  
19 *the subject of a single estimated entry or release filed*  
20 *on or before the first day of the 7-day period in which*  
21 *the merchandise is to be withdrawn from the zone.*  
22 *The estimated entry or release shall be treated as a*  
23 *single entry and a single release of merchandise for*  
24 *purposes of section 13031(a)(9)(A) of the Consolidated*  
25 *Omnibus Budget Reconciliation Act of 1985 (19*



1       *U.S.C. 58c(a)(9)(A)) and all fee exclusions and limi-*  
2       *tations of such section 13031 shall apply, including*  
3       *the maximum and minimum fee amounts provided*  
4       *for under subsection (b)(8)(A)(i) of such section. The*  
5       *entry summary for the estimated entry or release*  
6       *shall cover only the merchandise actually withdrawn*  
7       *from the foreign trade zone during the 7-day period.*

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

11                       “(A) *use an electronic data interchange ap-*  
12                       *proved by the Customs Service—*

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

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

17                       “(B) *satisfy the Customs Service that ac-*  
18                       *counting, transportation, and other controls over*  
19                       *the merchandise are adequate to protect the rev-*  
20                       *enue and meet the requirements of other Federal*  
21                       *agencies.*

22               “(3) *EXCEPTION.—The provisions of paragraph*  
23       *(1) shall not apply to merchandise the entry of which*  
24       *is prohibited by law or merchandise for which the fil-*

1 *ing of an entry summary is required before the mer-*  
 2 *chandise is released from customs custody.*

3 *“(4) FOREIGN TRADE ZONE; ZONE.—In this sub-*  
 4 *section, the terms ‘foreign trade zone’ and ‘zone’ mean*  
 5 *a zone established pursuant to the Act of June 18,*  
 6 *1934, commonly known as the Foreign Trade Zones*  
 7 *Act (19 U.S.C. 81a et seq.).”.*

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

## 11 **TITLE IV—TRADE ADJUSTMENT** 12 **ASSISTANCE**

### 13 **SEC. 401. TRADE ADJUSTMENT ASSISTANCE.**

14 *(a) ASSISTANCE FOR WORKERS.—Section 245 of the*  
 15 *Trade Act of 1974 (19 U.S.C. 2317) is amended—*

16 *(1) in subsection (a), by striking “June 30,*  
 17 *1999” and inserting “September 30, 2001”; and*

18 *(2) in subsection (b), by striking “June 30,*  
 19 *1999” and inserting “September 30, 2001”.*

20 *(b) NAFTA TRANSITIONAL PROGRAM.—Section*  
 21 *250(d)(2) of the Trade Act of 1974 (19 U.S.C. 2331(d)(2))*  
 22 *is amended by striking “the period beginning October 1,*  
 23 *1998, and ending June 30, 1999, shall not exceed*  
 24 *\$15,000,000” and inserting “the period beginning October*

1 1, 1998, and ending September 30, 2001, shall not exceed  
2 \$30,000,000 for any fiscal year”.

3 (c) *ADJUSTMENT FOR FIRMS.*—Section 256(b) of the  
4 Trade Act of 1974 (19 U.S.C. 2346(b)) is amended by strik-  
5 ing “June 30, 1999” and inserting “September 30, 2001”.

6 (d) *TERMINATION.*—Section 285(c) of the Trade Act of  
7 1974 (19 U.S.C. 2271 note preceding) is amended by strik-  
8 ing “June 30, 1999” each place it appears and inserting  
9 “September 30, 2001”.

10 (e) *EFFECTIVE DATE.*—The amendments made by this  
11 section take effect on July 1, 1999.

12 **SEC. 402. TRADE ADJUSTMENT ASSISTANCE FOR TEXTILE**  
13 **AND APPAREL WORKERS.**

14 Notwithstanding any other provision of law, workers  
15 in textile and apparel firms who lose their jobs or are  
16 threatened with job loss as a result of either (1) a decrease  
17 in the firm’s sales or production; or (2) a firm’s plant or  
18 facility closure or relocation, shall be certified by the Sec-  
19 retary of Labor as eligible to receive adjustment assistance  
20 at the same level of benefits as workers certified under sub-  
21 chapter D of chapter 2 of title II of the Trade Act of 1974  
22 not later than 30 days after the date a petition for certifi-  
23 cation is filed under such title II.

1 **TITLE V—REVENUE PROVISIONS**

2 **SEC. 501. MODIFICATION OF INSTALLMENT METHOD AND**  
3 **REPEAL OF INSTALLMENT METHOD FOR AC-**  
4 **CRUAL METHOD TAXPAYERS.**

5 (a) *REPEAL OF INSTALLMENT METHOD FOR ACCRUAL*  
6 *BASIS TAXPAYERS.*—

7 (1) *IN GENERAL.*—*Subsection (a) of section 453*  
8 *of the Internal Revenue Code of 1986 (relating to in-*  
9 *stallment method) is amended to read as follows:*

10 “(a) *USE OF INSTALLMENT METHOD.*—

11 “(1) *IN GENERAL.*—*Except as otherwise provided*  
12 *in this section, income from an installment sale shall*  
13 *be taken into account for purposes of this title under*  
14 *the installment method.*

15 “(2) *ACCRUAL METHOD TAXPAYER.*—*The install-*  
16 *ment method shall not apply to income from an in-*  
17 *stallment sale if such income would be reported under*  
18 *an accrual method of accounting without regard to*  
19 *this section. The preceding sentence shall not apply to*  
20 *a disposition described in subparagraph (A) or (B) of*  
21 *subsection (l)(2).”.*

22 (2) *CONFORMING AMENDMENTS.*—*Sections*  
23 *453(d)(1), 453(i)(1), and 453(k) are each amended by*  
24 *striking “(a)” each place it appears and inserting*  
25 *“(a)(1)”.*

1       (b) *MODIFICATION OF PLEDGE RULES.*—Paragraph  
2 (4) of section 453A(d) of the Internal Revenue Code of 1986  
3 (relating to pledges, etc., of installment obligations) is  
4 amended by adding at the end the following: “A payment  
5 shall be treated as directly secured by an interest in an  
6 installment obligation to the extent an arrangement allows  
7 the taxpayer to satisfy all or a portion of the indebtedness  
8 with the installment obligation.”.

9       (c) *EFFECTIVE DATE.*—The amendments made by this  
10 section shall apply to sales or other dispositions occurring  
11 on or after the date of the enactment of this Act.

12 **SEC. 502. LIMITATIONS ON WELFARE BENEFIT FUNDS OF 10**  
13 **OR MORE EMPLOYER PLANS.**

14       (a) *BENEFITS TO WHICH EXCEPTION APPLIES.*—Sec-  
15 tion 419A(f)(6)(A) of the Internal Revenue Code of 1986  
16 (relating to exception for 10 or more employer plans) is  
17 amended to read as follows:

18               “(A) *IN GENERAL.*—This subpart shall not  
19 apply to a welfare benefit fund which is part of  
20 a 10 or more employer plan if the only benefits  
21 provided through the fund are one or more of the  
22 following:

23                       “(i) *Medical benefits.*

24                       “(ii) *Disability benefits.*

1                   “(iii) Group term life insurance bene-  
2                   fits which do not provide directly or indi-  
3                   rectly for any cash surrender value or other  
4                   money that can be paid, assigned, borrowed,  
5                   or pledged for collateral for a loan.

6                   *The preceding sentence shall not apply to any*  
7                   *plan which maintains experience-rating arrange-*  
8                   *ments with respect to individual employers.”.*

9                   (b) *LIMITATION ON USE OF AMOUNTS FOR OTHER*  
10                  *PURPOSES.—Section 4976(b) of the Internal Revenue Code*  
11                  *of 1986 (defining disqualified benefit) is amended by add-*  
12                  *ing at the end the following new paragraph:*

13                         “(5) *SPECIAL RULE FOR 10 OR MORE EMPLOYER*  
14                         *PLANS EXEMPTED FROM PREFUNDING LIMITS.—For*  
15                         *purposes of paragraph (1)(C), if—*

16                                 “(A) *subpart D of part I of subchapter D*  
17                                 *of chapter 1 does not apply by reason of section*  
18                                 *419A(f)(6) to contributions to provide one or*  
19                                 *more welfare benefits through a welfare benefit*  
20                                 *fund under a 10 or more employer plan, and*

21   “(B) *any portion of the welfare benefit fund*  
22   *attributable to such contributions is used for a*  
23   *purpose other than that for which the contribu-*  
24   *tions were made,*

1        *then such portion shall be treated as reverting to the*  
2        *benefit of the employers maintaining the fund.”.*

3        *(c) EFFECTIVE DATE.—The amendments made by this*  
4        *section shall apply to contributions paid or accrued after*  
5        *June 9, 1999, in taxable years ending after such date.*

6        **SEC. 503. TREATMENT OF GAIN FROM CONSTRUCTIVE OWN-**  
7        **ERSHIP TRANSACTIONS.**

8        *(a) IN GENERAL.—Part IV of subchapter P of chapter*  
9        *1 of the Internal Revenue Code of 1986 (relating to special*  
10        *rules for determining capital gains and losses) is amended*  
11        *by inserting after section 1259 the following new section:*

12        **“SEC. 1260. GAINS FROM CONSTRUCTIVE OWNERSHIP**  
13        **TRANSACTIONS.**

14        *“(a) IN GENERAL.—If the taxpayer has gain from a*  
15        *constructive ownership transaction with respect to any fi-*  
16        *nancial asset and such gain would (without regard to this*  
17        *section) be treated as a long-term capital gain—*

18                *“(1) such gain shall be treated as ordinary in-*  
19                *come to the extent that such gain exceeds the net un-*  
20                *derlying long-term capital gain, and*

21                *“(2) to the extent such gain is treated as a long-*  
22                *term capital gain after the application of paragraph*  
23                *(1), the determination of the capital gain rate (or*  
24                *rates) applicable to such gain under section 1(h) shall*  
25                *be determined on the basis of the respective rate (or*

1       *rates) that would have been applicable to the net un-*  
2       *derlying long-term capital gain.*

3       “(b) *INTEREST CHARGE ON DEFERRAL OF GAIN REC-*  
4       *OGNITION.—*

5               “(1) *IN GENERAL.—If any gain is treated as or-*  
6       *inary income for any taxable year by reason of sub-*  
7       *section (a)(1), the tax imposed by this chapter for*  
8       *such taxable year shall be increased by the amount of*  
9       *interest determined under paragraph (2) with respect*  
10       *to each prior taxable year during any portion of*  
11       *which the constructive ownership transaction was*  
12       *open. Any amount payable under this paragraph*  
13       *shall be taken into account in computing the amount*  
14       *of any deduction allowable to the taxpayer for interest*  
15       *paid or accrued during such taxable year.*

16               “(2) *AMOUNT OF INTEREST.—The amount of in-*  
17       *terest determined under this paragraph with respect*  
18       *to a prior taxable year is the amount of interest*  
19       *which would have been imposed under section 6601*  
20       *on the underpayment of tax for such year which*  
21       *would have resulted if the gain (which is treated as*  
22       *ordinary income by reason of subsection (a)(1)) had*  
23       *been included in gross income in the taxable years in*  
24       *which it accrued (determined by treating the income*  
25       *as accruing at a constant rate equal to the applicable*



1       *Federal rate as in effect on the day the transaction*  
2       *closed). The period during which such interest shall*  
3       *accrue shall end on the due date (without extensions)*  
4       *for the return of tax imposed by this chapter for the*  
5       *taxable year in which such transaction closed.*

6               “(3) *APPLICABLE FEDERAL RATE.*—*For purposes*  
7       *of paragraph (2), the applicable Federal rate is the*  
8       *applicable Federal rate determined under 1274(d)*  
9       *(compounded semiannually) which would apply to a*  
10       *debt instrument with a term equal to the period the*  
11       *transaction was open.*

12               “(4) *NO CREDITS AGAINST INCREASE IN TAX.*—  
13       *Any increase in tax under paragraph (1) shall not be*  
14       *treated as tax imposed by this chapter for purposes*  
15       *of determining—*

16                       “(A) *the amount of any credit allowable*  
17                       *under this chapter, or*

18                       “(B) *the amount of the tax imposed by sec-*  
19                       *tion 55.*

20               “(c) *FINANCIAL ASSET.*—*For purposes of this*  
21       *section—*

22                       “(1) *IN GENERAL.*—*The term ‘financial asset’*  
23                       *means—*

24                               “(A) *any equity interest in any pass-thru*  
25                               *entity, and*

1           “(B) to the extent provided in regulations—

2                   “(i) any debt instrument, and

3                   “(ii) any stock in a corporation which  
4           is not a pass-thru entity.

5           “(2) *PASS-THRU ENTITY*.—For purposes of para-  
6           graph (1), the term ‘pass-thru entity’ means—

7                   “(A) a regulated investment company,

8                   “(B) a real estate investment trust,

9                   “(C) an S corporation,

10                  “(D) a partnership,

11                  “(E) a trust,

12                  “(F) a common trust fund,

13                  “(G) a passive foreign investment company  
14           (as defined in section 1297 without regard to  
15           subsection (e) thereof),

16                  “(H) a foreign personal holding company,

17                  “(I) a foreign investment company (as de-  
18           fined in section 1246(b)), and

19                  “(J) a REMIC.

20           “(d) *CONSTRUCTIVE OWNERSHIP TRANSACTION*.—For  
21           purposes of this section—

22                   “(1) *IN GENERAL*.—The taxpayer shall be treated  
23           as having entered into a constructive ownership  
24           transaction with respect to any financial asset if the  
25           taxpayer—

1           “(A) holds a long position under a notional  
2           principal contract with respect to the financial  
3           asset,

4           “(B) enters into a forward or futures con-  
5           tract to acquire the financial asset,

6           “(C) is the holder of a call option, and is  
7           the grantor of a put option, with respect to the  
8           financial asset and such options have substan-  
9           tially equal strike prices and substantially con-  
10          temporaneous maturity dates, or

11          “(D) to the extent provided in regulations  
12          prescribed by the Secretary, enters into one or  
13          more other transactions (or acquires one or more  
14          positions) that have substantially the same effect  
15          as a transaction described in any of the pre-  
16          ceding subparagraphs.

17          “(2) *EXCEPTION FOR POSITIONS WHICH ARE*  
18          *MARKED TO MARKET.*—This section shall not apply to  
19          any constructive ownership transaction if all of the  
20          positions which are part of such transaction are  
21          marked to market under any provision of this title or  
22          the regulations thereunder.

23          “(3) *LONG POSITION UNDER NOTIONAL PRIN-*  
24          *CIPAL CONTRACT.*—A person shall be treated as hold-  
25          ing a long position under a notional principal con-

1        *tract with respect to any financial asset if such*  
2        *person—*

3                *“(A) has the right to be paid (or receive*  
4                *credit for) all or substantially all of the invest-*  
5                *ment yield (including appreciation) on such fi-*  
6                *ancial asset for a specified period, and*

7                *“(B) is obligated to reimburse (or provide*  
8                *credit for) all or substantially all of any decline*  
9                *in the value of such financial asset.*

10              *“(4) FORWARD CONTRACT.—The term ‘forward*  
11              *contract’ means any contract to acquire in the future*  
12              *(or provide or receive credit for the future value of)*  
13              *any financial asset.*

14              *“(e) NET UNDERLYING LONG-TERM CAPITAL GAIN.—*  
15              *For purposes of this section, in the case of any constructive*  
16              *ownership transaction with respect to any financial asset,*  
17              *the term ‘net underlying long-term capital gain’ means the*  
18              *aggregate net capital gain that the taxpayer would have*  
19              *had if—*

20              *“(1) the financial asset had been acquired for*  
21              *fair market value on the date such transaction was*  
22              *opened and sold for fair market value on the date*  
23              *such transaction was closed, and*

1           “(2) only gains and losses that would have re-  
2           sulted from the deemed ownership under paragraph  
3           (1) were taken into account.

4           The amount of the net underlying long-term capital gain  
5           with respect to any financial asset shall be treated as zero  
6           unless the amount thereof is established by clear and con-  
7           vincing evidence.

8           “(f) *SPECIAL RULE WHERE TAXPAYER TAKES DELIV-*  
9           *ERY.—Except as provided in regulations prescribed by the*  
10          *Secretary, if a constructive ownership transaction is closed*  
11          *by reason of taking delivery, this section shall be applied*  
12          *as if the taxpayer had sold all the contracts, options, or*  
13          *other positions which are part of such transaction for fair*  
14          *market value on the closing date. The amount of gain recog-*  
15          *nized under the preceding sentence shall not exceed the*  
16          *amount of gain treated as ordinary income under sub-*  
17          *section (a). Proper adjustments shall be made in the*  
18          *amount of any gain or loss subsequently realized for gain*  
19          *recognized and treated as ordinary income under this sub-*  
20          *section.*

21          “(g) *REGULATIONS.—The Secretary shall prescribe*  
22          *such regulations as may be necessary or appropriate to*  
23          *carry out the purposes of this section, including*  
24          *regulations—*



1           (1) *IN GENERAL.*—*The amendments made by*  
2 *this section shall apply to taxable years ending after*  
3 *the date of the enactment of this Act.*

4           (2) *CHANGE IN METHOD OF ACCOUNTING.*—*In*  
5 *the case of any taxpayer required by the amendments*  
6 *made by this section to change its method of account-*  
7 *ing for its first taxable year ending after the date of*  
8 *the enactment of this Act—*

9                   (A) *such change shall be treated as initiated*  
10 *by the taxpayer,*

11                   (B) *such change shall be treated as made*  
12 *with the consent of the Secretary of the Treasury,*  
13 *and*

14                   (C) *the net amount of the adjustments re-*  
15 *quired to be taken into account by the taxpayer*  
16 *under section 481 of the Internal Revenue Code*  
17 *of 1986 shall be taken into account over a period*  
18 *(not greater than 4 taxable years) beginning*  
19 *with such first taxable year.*

20 **SEC. 505. ALLOCATION OF BASIS ON TRANSFERS OF INTAN-**  
21 **GIBLES IN CERTAIN NONRECOGNITION**  
22 **TRANSACTIONS.**

23           (a) *TRANSFERS TO CORPORATIONS.*—*Section 351 of*  
24 *the Internal Revenue Code of 1986 (relating to transfer to*  
25 *corporation controlled by transferor) is amended by redesi-*

1 *nating subsection (h) as subsection (i) and by inserting*  
2 *after subsection (g) the following new subsection:*

3       “(h) *TREATMENT OF TRANSFERS OF INTANGIBLE*  
4 *PROPERTY.—*

5               “(1) *TRANSFERS OF LESS THAN ALL SUBSTAN-*  
6 *TIAL RIGHTS.*

7                       “(A) *IN GENERAL.—A transfer of an inter-*  
8 *est in intangible property (as defined in section*  
9 *936(h)(3)(B)) shall be treated under this section*  
10 *as a transfer of property even if the transfer is*  
11 *of less than all of the substantial rights of the*  
12 *transferor in the property.*

13                       “(B) *ALLOCATION OF BASIS.—In the case of*  
14 *a transfer of less than all of the substantial*  
15 *rights of the transferor in the intangible prop-*  
16 *erty, the transferor’s basis immediately before the*  
17 *transfer shall be allocated among the rights re-*  
18 *tained by the transferor and the rights trans-*  
19 *ferred on the basis of their respective fair market*  
20 *values.*

21               “(2) *NONRECOGNITION NOT TO APPLY TO INTAN-*  
22 *GIBLE PROPERTY DEVELOPED FOR TRANSFEREE.—*  
23 *This section shall not apply to a transfer of intan-*  
24 *gible property developed by the transferor or any re-*



1       lated person if such development was pursuant to an  
2       arrangement with the transferee.”.

3       (b) *TRANSFERS TO PARTNERSHIPS.*—Subsection (d) of  
4       section 721 of the Internal Revenue Code of 1986 is amend-  
5       ed to read as follows:

6       “(d) *TRANSFERS OF INTANGIBLE PROPERTY.*—

7               “(1) *IN GENERAL.*—Rules similar to the rules of  
8       section 351(h) shall apply for purposes of this section.

9               “(2) *TRANSFERS TO FOREIGN PARTNERSHIPS.*—  
10       For regulatory authority to treat intangibles trans-  
11       ferred to a partnership as sold, see section  
12       367(d)(3).”.

13       (c) *EFFECTIVE DATE.*—The amendments made by this  
14       section shall apply to transfers on or after the date of the  
15       enactment of this Act.

16       **SEC. 506. INCREASE IN ELECTIVE WITHHOLDING RATE FOR**  
17                       **NONPERIODIC DISTRIBUTIONS FROM DE-**  
18                       **FERRED COMPENSATION PLANS.**

19       (a) *IN GENERAL.*—Section 3405(b)(1) of the Internal  
20       Revenue Code of 1986 (relating to withholding) is amended  
21       by striking “10 percent” and inserting “15 percent”.

22       (b) *EFFECTIVE DATE.*—The amendment made by sub-  
23       section (a) shall apply to distributions after December 31,  
24       2000.

1 **TITLE VI—TRADE ADJUSTMENT**  
2 **ASSISTANCE FOR FARMERS**  
3 **Subtitle A—Amendments to the**  
4 **Trade Act of 1974**

5 **SEC. 601. SHORT TITLE.**

6 *This title may be cited as the “Trade Adjustment As-*  
7 *sistance for Farmers Act”.*

8 **SEC. 602. TRADE ADJUSTMENT ASSISTANCE FOR FARMERS.**

9 *(a) IN GENERAL.—Title II of the Trade Act of 1974*  
10 *(19 U.S.C. 2251 et seq.) is amended by adding at the end*  
11 *the following new chapter:*

12 **“CHAPTER 6—ADJUSTMENT ASSISTANCE**  
13 **FOR FARMERS**

14 **“SEC. 291. DEFINITIONS.**

15 *“In this chapter:*

16 *“(1) AGRICULTURAL COMMODITY PRODUCER.—*  
17 *The term ‘agricultural commodity producer’ means*  
18 *any person who is engaged in the production and sale*  
19 *of an agricultural commodity in the United States*  
20 *and who owns or shares the ownership and risk of*  
21 *loss of the agricultural commodity.*

22 *“(2) AGRICULTURAL COMMODITY.—The term ‘ag-*  
23 *ricultural commodity’ means any agricultural com-*  
24 *modity (including livestock, fish, or harvested seafood)*  
25 *in its raw or natural state.*

1           “(3) *DULY AUTHORIZED REPRESENTATIVE.*—*The*  
2           *term ‘duly authorized representative’ means an asso-*  
3           *ciation of agricultural commodity producers.*

4           “(4) *NATIONAL AVERAGE PRICE.*—*The term ‘na-*  
5           *tional average price’ means the national average*  
6           *price paid to an agricultural commodity producer for*  
7           *an agricultural commodity in a marketing year as*  
8           *determined by the Secretary of Agriculture.*

9           “(5) *CONTRIBUTED IMPORTANTLY.*—

10           “(A) *IN GENERAL.*—*The term ‘contributed*  
11           *importantly’ means a cause which is important*  
12           *but not necessarily more important than any*  
13           *other cause.*

14           “(B) *DETERMINATION OF CONTRIBUTED IM-*  
15           *PORTANTLY.*—*The determination of whether im-*  
16           *ports of articles like or directly competitive with*  
17           *an agricultural commodity with respect to which*  
18           *the petition under this chapter was filed contrib-*  
19           *uted importantly to a decline in the price of the*  
20           *agricultural commodity shall be made by the*  
21           *Secretary of Agriculture.*

22           “(6) *SECRETARY.*—*The term ‘Secretary’ means*  
23           *the Secretary of Agriculture.*

1 **“SEC. 292. PETITIONS; GROUP ELIGIBILITY.**

2       “(a) *IN GENERAL.*—A petition for a certification of  
3 eligibility to apply for adjustment assistance under this  
4 chapter may be filed with the Secretary by a group of agri-  
5 cultural commodity producers or by their duly authorized  
6 representative. Upon receipt of the petition, the Secretary  
7 shall promptly publish notice in the Federal Register that  
8 the Secretary has received the petition and initiated an in-  
9 vestigation.

10       “(b) *HEARINGS.*—If the petitioner, or any other person  
11 found by the Secretary to have a substantial interest in the  
12 proceedings, submits not later than 10 days after the date  
13 of the Secretary’s publication under subsection (a) a request  
14 for a hearing, the Secretary shall provide for a public hear-  
15 ing and afford such interested persons an opportunity to  
16 be present, to produce evidence, and to be heard.

17       “(c) *GROUP ELIGIBILITY REQUIREMENTS.*—The Sec-  
18 retary shall certify a group of agricultural commodity pro-  
19 ducers as eligible to apply for adjustment assistance under  
20 this chapter if the Secretary determines—

21               “(1) that the national average price for the agri-  
22 cultural commodity, or a class of goods within the agri-  
23 cultural commodity, produced by the group for the  
24 most recent marketing year for which the national av-  
25 erage price is available is less than 80 percent of the  
26 average of the national average price for such agricul-

1        *tural commodity, or such class of goods, for the 5*  
2        *marketing years preceding the most recent marketing*  
3        *year; and*

4            *“(2) that either—*

5                    *“(A) increases in imports of articles like or*  
6                    *directly competitive with the agricultural com-*  
7                    *modity, or class of goods within the agricultural*  
8                    *commodity, produced by the group contributed*  
9                    *importantly to the decline in price described in*  
10                   *paragraph (1); or*

11                   *“(B) imports of articles like or directly*  
12                   *competitive with the agricultural commodity, or*  
13                   *class of goods within the agricultural commodity,*  
14                   *produced by the group account for a significant*  
15                   *percentage of the domestic market for the agri-*  
16                   *cultural commodity (or class of goods) and have*  
17                   *contributed importantly to the decline in price*  
18                   *described in paragraph (1).*

19            *“(d) SPECIAL RULE FOR QUALIFIED SUBSEQUENT*  
20 *YEARS.—A group of agricultural commodity producers cer-*  
21 *tified as eligible under section 293 shall be eligible to apply*  
22 *for assistance under this chapter in any qualified year after*  
23 *the year the group is first certified, if the Secretary deter-*  
24 *mines that—*

1           “(1) the national average price for the agricul-  
2           tural commodity, or class of goods within the agricul-  
3           tural commodity, produced by the group for the most  
4           recent marketing year for which the national average  
5           price is available is equal to or less than the price de-  
6           termined under subsection (c)(1); and

7           “(2) the requirements of subsection (c)(2) (A) or  
8           (B) are met.

9           “(e) *DETERMINATION OF QUALIFIED YEAR AND COM-*  
10 *MODITY.—In this chapter:*

11           “(1) *QUALIFIED YEAR.—The term ‘qualified*  
12 *year’, with respect to a group of agricultural com-*  
13 *modity producers certified as eligible under section*  
14 *293, means each consecutive year after the year in*  
15 *which the group is certified that the Secretary makes*  
16 *the determination under subsection (c) or (d), as the*  
17 *case may be.*

18           “(2) *CLASSES OF GOODS WITHIN A COM-*  
19 *MODITY.—In any case in which there are separate*  
20 *classes of goods within an agricultural commodity,*  
21 *the Secretary shall treat each class as a separate com-*  
22 *modity in determining group eligibility, the national*  
23 *average price, and level of imports under this section*  
24 *and section 296.*

1 **“SEC. 293. DETERMINATIONS BY SECRETARY.**

2       “(a) *IN GENERAL.*—As soon as possible after the date  
3 on which a petition is filed under section 292, but in any  
4 event not later than 60 days after that date, the Secretary  
5 shall determine whether the petitioning group meets the re-  
6 quirements of section 292(c) (or (d), as the case may be)  
7 and shall, if so, issue a certification of eligibility to apply  
8 for assistance under this chapter covering agricultural com-  
9 modity producers in any group that meet the requirements.  
10 Each certification shall specify the date on which eligibility  
11 under this chapter begins.

12       “(b) *NOTICE.*—Upon making a determination on a pe-  
13 tition, the Secretary shall promptly publish a summary of  
14 the determination in the Federal Register together with the  
15 Secretary’s reasons for making the determination.

16       “(c) *TERMINATION OF CERTIFICATION.*—Whenever the  
17 Secretary determines, with respect to any certification of  
18 eligibility under this chapter, that the decline in price for  
19 the agricultural commodity covered by the certification is  
20 no longer attributable to the conditions described in section  
21 292, the Secretary shall terminate such certification and  
22 promptly cause notice of such termination to be published  
23 in the Federal Register together with the Secretary’s reasons  
24 for making such determination.

1 **“SEC. 294. STUDY BY SECRETARY WHEN INTERNATIONAL**  
2 **TRADE COMMISSION BEGINS INVESTIGATION.**

3 *“(a) IN GENERAL.—Whenever the International Trade*  
4 *Commission (in this chapter referred to as the ‘Commis-*  
5 *sion’) begins an investigation under section 202 with re-*  
6 *spect to an agricultural commodity, the Commission shall*  
7 *immediately notify the Secretary of the investigation. Upon*  
8 *receipt of the notification, the Secretary shall immediately*  
9 *begin a study of—*

10 *“(1) the number of agricultural commodity pro-*  
11 *ducers producing a like or directly competitive agri-*  
12 *cultural commodity who have been or are likely to be*  
13 *certified as eligible for adjustment assistance under*  
14 *this chapter, and*

15 *“(2) the extent to which the adjustment of such*  
16 *producers to the import competition may be facili-*  
17 *tated through the use of existing programs.*

18 *“(b) REPORT.—The report of the Secretary of the study*  
19 *under subsection (a) shall be made to the President not later*  
20 *than 15 days after the day on which the Commission makes*  
21 *its report under section 202(f). Upon making his report to*  
22 *the President, the Secretary shall also promptly make it*  
23 *public (with the exception of information which the Sec-*  
24 *retary determines to be confidential) and shall have a sum-*  
25 *mary of it published in the Federal Register.*



1 **“SEC. 295. BENEFIT INFORMATION TO AGRICULTURAL COM-**  
2 **MODITY PRODUCERS.**

3 “(a) *IN GENERAL.*—*The Secretary shall provide full*  
4 *information to producers about the benefit allowances,*  
5 *training, and other employment services available under*  
6 *this title and about the petition and application procedures,*  
7 *and the appropriate filing dates, for such allowances, train-*  
8 *ing, and services. The Secretary shall provide whatever as-*  
9 *sistance is necessary to enable groups to prepare petitions*  
10 *or applications for program benefits under this title.*

11 “(b) *NOTICE OF BENEFITS.*—

12 “(1) *IN GENERAL.*—*The Secretary shall mail*  
13 *written notice of the benefits available under this*  
14 *chapter to each agricultural commodity producer that*  
15 *the Secretary has reason to believe is covered by a cer-*  
16 *tification made under this chapter.*

17 “(2) *OTHER NOTICE.*—*The Secretary shall pub-*  
18 *lish notice of the benefits available under this chapter*  
19 *to agricultural commodity producers that are covered*  
20 *by each certification made under this chapter in*  
21 *newspapers of general circulation in the areas in*  
22 *which such producers reside.*

23 **“SEC. 296. QUALIFYING REQUIREMENTS FOR AGRICUL-**  
24 **TURAL COMMODITY PRODUCERS.**

25 “(a) *IN GENERAL.*—*Payment of a trade adjustment al-*  
26 *lowance shall be made to an adversely affected agricultural*

1 *commodity producer covered by a certification under this*  
2 *chapter who files an application for such allowance within*  
3 *90 days after the date on which the Secretary makes a deter-*  
4 *mination and issues a certification of eligibility under sec-*  
5 *tion 293, if the following conditions are met:*

6           “(1) *The producer submits to the Secretary suffi-*  
7 *cient information to establish the amount of agricul-*  
8 *tural commodity covered by the application filed*  
9 *under subsection (a), that was produced by the pro-*  
10 *ducer in the most recent year.*

11           “(2) *The producer certifies that the producer has*  
12 *not received cash benefits under any provision of this*  
13 *title other than this chapter.*

14           “(3) *The producer’s net farm income (as deter-*  
15 *mined by the Secretary) for the most recent year is*  
16 *less than the producer’s net farm income for the latest*  
17 *year in which no adjustment assistance was received*  
18 *by the producer under this chapter.*

19           “(4) *The producer certifies that the producer has*  
20 *met with an Extension Service employee or agent to*  
21 *obtain, at no cost to the producer, information and*  
22 *technical assistance that will assist the producer in*  
23 *adjusting to import competition with respect to the*  
24 *adversely affected agricultural commodity,*  
25 *including—*

1           “(A) information regarding the feasibility  
2           and desirability of substituting 1 or more alter-  
3           native commodities for the adversely affected ag-  
4           ricultural commodity; and

5           “(B) technical assistance that will improve  
6           the competitiveness of the production and mar-  
7           keting of the adversely affected agricultural com-  
8           modity by the producer, including yield and  
9           marketing improvements.

10       “(b) AMOUNT OF CASH BENEFITS.—

11           “(1) IN GENERAL.—Subject to the provisions of  
12           section 298, an adversely affected agricultural com-  
13           modity producer described in subsection (a) shall be  
14           entitled to adjustment assistance under this chapter  
15           in an amount equal to the product of—

16           “(A) one-half of the difference between—

17           “(i) an amount equal to 80 percent of  
18           the average of the national average price of  
19           the agricultural commodity covered by the  
20           application described in subsection (a) for  
21           the 5 marketing years preceding the most  
22           recent marketing year, and

23           “(ii) the national average price of the  
24           agricultural commodity for the most recent  
25           marketing year, and

1           “(B) *the amount of the agricultural com-*  
2           *modity produced by the agricultural commodity*  
3           *producer in the most recent marketing year.*

4           “(2) *SPECIAL RULE FOR SUBSEQUENT QUALI-*  
5           *FIED YEARS.—The amount of cash benefits for a*  
6           *qualified year shall be determined in the same man-*  
7           *ner as cash benefits are determined under paragraph*  
8           *(1) except that the average national price of the agri-*  
9           *cultural commodity shall be determined under para-*  
10          *graph (1)(A)(i) by using the 5-marketing-year period*  
11          *used to determine the amount of cash benefits for the*  
12          *first certification.*

13          “(c) *MAXIMUM AMOUNT OF CASH ASSISTANCE.—The*  
14          *maximum amount of cash benefits an agricultural com-*  
15          *modity producer may receive in any 12-month period shall*  
16          *not exceed \$10,000.*

17          “(d) *LIMITATIONS ON OTHER ASSISTANCE.—An agri-*  
18          *cultural commodity producer entitled to receive a cash ben-*  
19          *efit under this chapter—*

20                 “(1) *shall not be eligible for any other cash ben-*  
21                 *efit under this title, and*

22                 “(2) *shall be entitled to employment services and*  
23                 *training benefits under sections 235 and 236.*

24          **“SEC. 297. FRAUD AND RECOVERY OF OVERPAYMENTS.**

25                 “(a) *IN GENERAL.—*

1           “(1) *REPAYMENT.*—*If the Secretary, or a court*  
2           *of competent jurisdiction, determines that any person*  
3           *has received any payment under this chapter to which*  
4           *the person was not entitled, such person shall be liable*  
5           *to repay such amount to the Secretary, except that the*  
6           *Secretary may waive such repayment if the Secretary*  
7           *determines, in accordance with guidelines prescribed*  
8           *by the Secretary that—*

9                     “(A) *the payment was made without fault*  
10                    *on the part of such person, and*

11                   “(B) *requiring such repayment would be*  
12                    *contrary to equity and good conscience.*

13           “(2) *RECOVERY OF OVERPAYMENT.*—*Unless an*  
14           *overpayment is otherwise recovered, or waived under*  
15           *paragraph (1), the Secretary shall recover the over-*  
16           *payment by deductions from any sums payable to*  
17           *such person under this chapter.*

18           “(b) *FALSE STATEMENTS.*—*If the Secretary, or a court*  
19           *of competent jurisdiction, determines that a person—*

20                   “(1) *knowingly has made, or caused another to*  
21                    *make, a false statement or representation of a mate-*  
22                    *rial fact, or*

23                   “(2) *knowingly has failed, or caused another to*  
24                    *fail, to disclose a material fact,*

1 *and as a result of such false statement or representation,*  
2 *or of such nondisclosure, such person has received any pay-*  
3 *ment under this chapter to which the person was not enti-*  
4 *tled, such person shall, in addition to any other penalty*  
5 *provided by law, be ineligible for any further payments*  
6 *under this chapter.*

7       “(c) *NOTICE AND DETERMINATION.*—*Except for over-*  
8 *payments determined by a court of competent jurisdiction,*  
9 *no repayment may be required, and no deduction may be*  
10 *made, under this section until a determination under sub-*  
11 *section (a)(1) by the Secretary has been made, notice of the*  
12 *determination and an opportunity for a fair hearing there-*  
13 *on has been given to the person concerned, and the deter-*  
14 *mination has become final.*

15       “(d) *PAYMENT TO TREASURY.*—*Any amount recovered*  
16 *under this section shall be returned to the Treasury of the*  
17 *United States.*

18       “(e) *PENALTIES.*—*Whoever makes a false statement of*  
19 *a material fact knowing it to be false, or knowingly fails*  
20 *to disclose a material fact, for the purpose of obtaining or*  
21 *increasing for himself or for any other person any payment*  
22 *authorized to be furnished under this chapter shall be fined*  
23 *not more than \$10,000 or imprisoned for not more than*  
24 *1 year, or both.*

1 **“SEC. 298. AUTHORIZATION OF APPROPRIATIONS.**

2       “(a) *IN GENERAL.*—*There are authorized to be appro-*  
 3 *priated and there are appropriated to the Department of*  
 4 *Agriculture for fiscal years 2000 through 2001, such sums*  
 5 *as may be necessary to carry out the purposes of this chap-*  
 6 *ter not to exceed \$100,000,000 for each fiscal year.”.*

7       “(b) *PROPORTIONATE REDUCTION.*—*If in any year,*  
 8 *the amount appropriated under this chapter is insufficient*  
 9 *to meet the requirements for adjustment assistance payable*  
 10 *under this chapter, the amount of assistance payable under*  
 11 *this chapter shall be reduced proportionately.”.*

12       “(b) *CONFORMING AMENDMENT.*—*The table of contents*  
 13 *for title II of the Trade Act of 1974 is amended by inserting*  
 14 *after the items relating to chapter 5, the following:*

*“CHAPTER 6—ADJUSTMENT ASSISTANCE FOR FARMERS*

*“Sec. 291. Definitions.*

*“Sec. 292. Petitions; group eligibility.*

*“Sec. 293. Determinations by Secretary.*

*“Sec. 294. Study by Secretary when International Trade Commission begins in-*  
*vestigation.*

*“Sec. 295. Benefit information to agricultural commodity producers.*

*“Sec. 296. Qualifying requirements for agricultural commodity producers.*

*“Sec. 297. Fraud and recovery of overpayments.*

*“Sec. 298. Authorization of appropriations.”.*

15 ***Subtitle B—Revenue Provisions Re-***  
 16 ***lating to Trade Adjustment As-***  
 17 ***istance***

18 **SEC. 610. REFERENCE.**

19       *Except as otherwise expressly provided, whenever in*  
 20 *this subtitle an amendment or repeal is expressed in terms*

1 *of an amendment to, or repeal of, a section or other provi-*  
2 *sion, the reference shall be considered to be made to a section*  
3 *or other provision of the Internal Revenue Code of 1986.*

4 **SEC. 611. MODIFICATIONS TO ASSET DIVERSIFICATION**

5 **TEST.**

6 (a) *IN GENERAL.*—Subparagraph (B) of section  
7 856(c)(4) is amended to read as follows:

8 “(B)(i) *not more than 25 percent of the*  
9 *value of its total assets is represented by securi-*  
10 *ties (other than those includible under subpara-*  
11 *graph (A)),*

12 “(ii) *not more than 20 percent of the value*  
13 *of its total assets is represented by securities of*  
14 *1 or more taxable REIT subsidiaries, and*

15 “(iii) *except with respect to a taxable REIT*  
16 *subsidiary and securities includible under sub-*  
17 *paragraph (A)—*

18 “(I) *not more than 5 percent of the*  
19 *value of its total assets is represented by se-*  
20 *curities of any one issuer,*

21 “(II) *the trust does not hold securities*  
22 *possessing more than 10 percent of the total*  
23 *voting power of the outstanding securities of*  
24 *any one issuer, and*



1                   “(III) the trust does not hold securities  
2                   having a value of more than 10 percent of  
3                   the total value of the outstanding securities  
4                   of any one issuer.”.

5           (b) *EXCEPTION FOR STRAIGHT DEBT SECURITIES.*—  
6   Subsection (c) of section 856 is amended by adding at the  
7   end the following new paragraph:

8                   “(7) *STRAIGHT DEBT SAFE HARBOR IN APPLYING*  
9                   *PARAGRAPH (4).*—Securities of an issuer which are  
10                  straight debt (as defined in section 1361(c)(5) without  
11                  regard to subparagraph (B)(iii) thereof) shall not be  
12                  taken into account in applying paragraph  
13                  (4)(B)(ii)(III) if—

14                         “(A) the issuer is an individual, or

15                         “(B) the only securities of such issuer which  
16                         are held by the trust or a taxable REIT sub-  
17                         sidiary of the trust are straight debt (as so de-  
18                         fined), or

19                         “(C) the issuer is a partnership and the  
20                         trust holds at least a 20 percent profits interest  
21                         in the partnership.”.

22 **SEC. 612. TREATMENT OF INCOME AND SERVICES PRO-**  
23 **VIDED BY TAXABLE REIT SUBSIDIARIES.**

24           (a) *INCOME FROM TAXABLE REIT SUBSIDIARIES NOT*  
25 *TREATED AS IMPERMISSIBLE TENANT SERVICE INCOME.*—

1 *Clause (i) of section 856(d)(7)(C) (relating to exceptions to*  
2 *impermissible tenant service income) is amended by insert-*  
3 *ing “or through a taxable REIT subsidiary of such trust”*  
4 *after “income”.*

5 *(b) CERTAIN INCOME FROM TAXABLE REIT SUBSIDI-*  
6 *ARIES NOT EXCLUDED FROM RENTS FROM REAL PROP-*  
7 *ERTY.—*

8 *(1) IN GENERAL.—Subsection (d) of section 856*  
9 *(relating to rents from real property defined) is*  
10 *amended by adding at the end the following new*  
11 *paragraphs:*

12 *“(8) SPECIAL RULE FOR TAXABLE REIT SUBSIDI-*  
13 *ARIES.—For purposes of this subsection, amounts*  
14 *paid to a real estate investment trust by a taxable*  
15 *REIT subsidiary of such trust shall not be excluded*  
16 *from rents from real property by reason of paragraph*  
17 *(2)(B) if the requirements of either of the following*  
18 *subparagraphs are met:*

19 *“(A) LIMITED RENTAL EXCEPTION.—The re-*  
20 *quirements of this subparagraph are met with*  
21 *respect to any property if at least 90 percent of*  
22 *the leased space of the property is rented to per-*  
23 *sons other than taxable REIT subsidiaries of*  
24 *such trust and other than persons described in*  
25 *section 856(d)(2)(B). The preceding sentence*

1 shall apply only to the extent that the amounts  
2 paid to the trust as rents from real property (as  
3 defined in paragraph (1) without regard to  
4 paragraph (2)(B)) from such property are sub-  
5 stantially comparable to such rents made by the  
6 other tenants of the trust's property for com-  
7 parable space.

8 “(B) *EXCEPTION FOR CERTAIN LODGING FA-*  
9 *CILITIES.—*The requirements of this subpara-  
10 graph are met with respect to an interest in real  
11 property which is a qualified lodging facility  
12 leased by the trust to a taxable REIT subsidiary  
13 of the trust if the property is operated on behalf  
14 of such subsidiary by a person who is an eligible  
15 independent contractor.

16 “(9) *ELIGIBLE INDEPENDENT CONTRACTOR.—*  
17 *For purposes of paragraph (8)(B)—*

18 “(A) *IN GENERAL.—*The term ‘eligible inde-  
19 pendent contractor’ means, with respect to any  
20 qualified lodging facility, any independent con-  
21 tractor if, at the time such contractor enters into  
22 a management agreement or other similar serv-  
23 ice contract with the taxable REIT subsidiary to  
24 operate the facility, such contractor (or any re-  
25 lated person) is actively engaged in the trade or

1           *business of operating qualified lodging facilities*  
2           *for any person who is not a related person with*  
3           *respect to the real estate investment trust or the*  
4           *taxable REIT subsidiary.*

5           “(B) *SPECIAL RULES.*—*Solely for purposes*  
6           *of this paragraph and paragraph (8)(B), a per-*  
7           *son shall not fail to be treated as an independent*  
8           *contractor with respect to any qualified lodging*  
9           *facility by reason of any of the following:*

10           “(i) *The taxable REIT subsidiary*  
11           *bears the expenses for the operation of the*  
12           *facility pursuant to the management agree-*  
13           *ment or other similar service contract.*

14           “(ii) *The taxable REIT subsidiary re-*  
15           *ceives the revenues from the operation of*  
16           *such facility, net of expenses for such oper-*  
17           *ation and fees payable to the operator pur-*  
18           *suant to such agreement or contract.*

19           “(iii) *The real estate investment trust*  
20           *receives income from such person with re-*  
21           *spect to another property that is attrib-*  
22           *utable to a lease of such other property to*  
23           *such person that was in effect as of the later*  
24           *of—*

25           “(I) *January 1, 1999, or*

1                   “(II) the earliest date that any  
2                   taxable REIT subsidiary of such trust  
3                   entered into a management agreement  
4                   or other similar service contract with  
5                   such person with respect to such quali-  
6                   fied lodging facility.

7                   “(C) RENEWALS, ETC., OF EXISTING  
8                   LEASES.—For purposes of subparagraph  
9                   (B)(iii)—

10                   “(i) a lease shall be treated as in effect  
11                   on January 1, 1999, without regard to its  
12                   renewal after such date, so long as such re-  
13                   newal is pursuant to the terms of such lease  
14                   as in effect on whichever of the dates under  
15                   subparagraph (B)(iii) is the latest, and

16                   “(ii) a lease of a property entered into  
17                   after whichever of the dates under subpara-  
18                   graph (B)(iii) is the latest shall be treated  
19                   as in effect on such date if—

20                   “(I) on such date, a lease of such  
21                   property from the trust was in effect,  
22                   and

23                   “(II) under the terms of the new  
24                   lease, such trust receives a substan-  
25                   tially similar or lesser benefit in com-

1                    *parison to the lease referred to in sub-*  
2                    *clause (I).*

3                    “(D) *QUALIFIED LODGING FACILITY.*—*For*  
4                    *purposes of this paragraph—*

5                    “(i) *IN GENERAL.*—*The term ‘qualified*  
6                    *lodging facility’ means any lodging facility*  
7                    *unless wagering activities are conducted at*  
8                    *or in connection with such facility by any*  
9                    *person who is engaged in the business of ac-*  
10                    *cepting wagers and who is legally author-*  
11                    *ized to engage in such business at or in con-*  
12                    *nection with such facility.*

13                    “(ii) *LODGING FACILITY.*—*The term*  
14                    *‘lodging facility’ means a hotel, motel, or*  
15                    *other establishment more than one-half of*  
16                    *the dwelling units in which are used on a*  
17                    *transient basis.*

18                    “(iii) *CUSTOMARY AMENITIES AND FA-*  
19                    *CILITIES.*—*The term ‘lodging facility’ in-*  
20                    *cludes customary amenities and facilities*  
21                    *operated as part of, or associated with, the*  
22                    *lodging facility so long as such amenities*  
23                    *and facilities are customary for other prop-*  
24                    *erties of a comparable size and class owned*

1                   by other owners unrelated to such real estate  
2                   investment trust.

3                   “(E) *OPERATE INCLUDES MANAGE.*—Ref-  
4                   erences in this paragraph to operating a prop-  
5                   erty shall be treated as including a reference to  
6                   managing the property.

7                   “(F) *RELATED PERSON.*—Persons shall be  
8                   treated as related to each other if such persons  
9                   are treated as a single employer under subsection  
10                  (a) or (b) of section 52.”.

11                  (2) *CONFORMING AMENDMENT.*—Subparagraph  
12                  (B) of section 856(d)(2) is amended by inserting “ex-  
13                  cept as provided in paragraph (8),” after “(B)”.

14                  (3) *DETERMINING RENTS FROM REAL PROP-*  
15                  *ERTY.*—

16                   (A)(i) Paragraph (1) of section 856(d) is  
17                   amended by striking “adjusted bases” each place  
18                   it occurs and inserting “fair market values”.

19                   (ii) The amendment made by this subpara-  
20                   graph shall apply to taxable years beginning  
21                   after December 31, 2000.

22                   (B)(i) Clause (i) of section 856(d)(2)(B) is  
23                   amended by striking “number” and inserting  
24                   “value”.

1           (ii) *The amendment made by this subpara-*  
2           *graph shall apply to amounts received or accrued*  
3           *in taxable years beginning after December 31,*  
4           *2000, except for amounts paid pursuant to leases*  
5           *in effect on July 12, 1999, or pursuant to a*  
6           *binding contract in effect on such date and at all*  
7           *times thereafter.*

8 **SEC. 613. TAXABLE REIT SUBSIDIARY.**

9           (a) *IN GENERAL.*—Section 856 is amended by adding  
10 *at the end the following new subsection:*

11           “(l) *TAXABLE REIT SUBSIDIARY.*—*For purposes of*  
12 *this part—*

13           “(1) *IN GENERAL.*—*The term ‘taxable REIT sub-*  
14 *subsidiary’ means, with respect to a real estate invest-*  
15 *ment trust, a corporation (other than a real estate in-*  
16 *vestment trust) if—*

17           “(A) *such trust directly or indirectly owns*  
18 *stock in such corporation, and*

19           “(B) *such trust and such corporation joint-*  
20 *ly elect that such corporation shall be treated as*  
21 *a taxable REIT subsidiary of such trust for pur-*  
22 *poses of this part.*

23           *Such an election, once made, shall be irrevocable un-*  
24 *less both such trust and corporation consent to its rev-*



1        *ocation. Such election, and any revocation thereof,*  
2        *may be made without the consent of the Secretary.*

3                *“(2) 35 PERCENT OWNERSHIP IN ANOTHER TAX-*  
4        *ABLE REIT SUBSIDIARY.—The term ‘taxable REIT*  
5        *subsidiary’ includes, with respect to any real estate*  
6        *investment trust, any corporation (other than a real*  
7        *estate investment trust) with respect to which a tax-*  
8        *able REIT subsidiary of such trust owns directly or*  
9        *indirectly—*

10                *“(A) securities possessing more than 35 per-*  
11                *cent of the total voting power of the outstanding*  
12                *securities of such corporation, or*

13                *“(B) securities having a value of more than*  
14                *35 percent of the total value of the outstanding*  
15                *securities of such corporation.*

16        *The preceding sentence shall not apply to a qualified*  
17        *REIT subsidiary (as defined in subsection (i)(2)).*  
18        *The rule of section 856(c)(7) shall apply for purposes*  
19        *of subparagraph (B).*

20                *“(3) EXCEPTIONS.—The term ‘taxable REIT*  
21        *subsidiary’ shall not include—*

22                *“(A) any corporation which directly or in-*  
23                *directly operates or manages a lodging facility*  
24                *or a health care facility, and*

1           “(B) any corporation which directly or in-  
 2           directly provides to any other person (under a  
 3           franchise, license, or otherwise) rights to any  
 4           brand name under which any lodging facility or  
 5           health care facility is operated.

6           Subparagraph (B) shall not apply to rights provided  
 7           to an eligible independent contractor to operate or  
 8           manage a lodging facility if such rights are held by  
 9           such corporation as a franchisee, licensee, or in a  
 10          similar capacity and such lodging facility is either  
 11          owned by such corporation or is leased to such cor-  
 12          poration from the real estate investment trust.

13           “(4) DEFINITIONS.—For purposes of paragraph  
 14          (3)—

15           “(A) LODGING FACILITY.—The term ‘lodg-  
 16          ing facility’ has the meaning given to such term  
 17          by paragraph (9)(D)(ii).

18           “(B) HEALTH CARE FACILITY.—The term  
 19          ‘health care facility’ has the meaning given to  
 20          such term by subsection (e)(6)(D)(ii).”.

21          (b) CONFORMING AMENDMENT.—Paragraph (2) of sec-  
 22          tion 856(i) is amended by adding at the end the following  
 23          new sentence: “Such term shall not include a taxable REIT  
 24          subsidiary.”.

1 **SEC. 614. LIMITATION ON EARNINGS STRIPPING.**

2 *Paragraph (3) of section 163(j) (relating to limitation*  
3 *on deduction for interest on certain indebtedness) is amend-*  
4 *ed by striking “and” at the end of subparagraph (A), by*  
5 *striking the period at the end of subparagraph (B) and in-*  
6 *serting “, and”, and by adding at the end the following*  
7 *new subparagraph:*

8 *“(C) any interest paid or accrued (directly*  
9 *or indirectly) by a taxable REIT subsidiary (as*  
10 *defined in section 856(l)) of a real estate invest-*  
11 *ment trust to such trust.”.*

12 **SEC. 615. 100 PERCENT TAX ON IMPROPERLY ALLOCATED**  
13 **AMOUNTS.**

14 *(a) IN GENERAL.—Subsection (b) of section 857 (relat-*  
15 *ing to method of taxation of real estate investment trusts*  
16 *and holders of shares or certificates of beneficial interest)*  
17 *is amended by redesignating paragraphs (7) and (8) as*  
18 *paragraphs (8) and (9), respectively, and by inserting after*  
19 *paragraph (6) the following new paragraph:*

20 *“(7) INCOME FROM REDETERMINED RENTS, RE-*  
21 *DETERMINED DEDUCTIONS, AND EXCESS INTEREST.—*

22 *“(A) IMPOSITION OF TAX.—There is hereby*  
23 *imposed for each taxable year of the real estate*  
24 *investment trust a tax equal to 100 percent of re-*  
25 *determined rents, redetermined deductions, and*  
26 *excess interest.*

1           “(B) *REDETERMINED RENTS.*—

2                   “(i) *IN GENERAL.*—*The term ‘redeter-*  
3                   *mined rents’ means rents from real prop-*  
4                   *erty (as defined in subsection 856(d)) the*  
5                   *amount of which would (but for subpara-*  
6                   *graph (E)) be reduced on distribution, ap-*  
7                   *portionment, or allocation under section*  
8                   *482 to clearly reflect income as a result of*  
9                   *services furnished or rendered by a taxable*  
10                   *REIT subsidiary of the real estate invest-*  
11                   *ment trust to a tenant of such trust.*

12                   “(ii) *EXCEPTION FOR CERTAIN SERV-*  
13                   *ICES.*—*Clause (i) shall not apply to*  
14                   *amounts received directly or indirectly by a*  
15                   *real estate investment trust for services de-*  
16                   *scribed in paragraph (1)(B) or (7)(C)(i) of*  
17                   *section 856(d).*

18                   “(iii) *EXCEPTION FOR DE MINIMIS*  
19                   *AMOUNTS.*—*Clause (i) shall not apply to*  
20                   *amounts described in section 856(d)(7)(A)*  
21                   *with respect to a property to the extent such*  
22                   *amounts do not exceed the one percent*  
23                   *threshold described in section 856(d)(7)(B)*  
24                   *with respect to such property.*

1           “(iv) *EXCEPTION FOR COMPARABLY*  
2           *PRICED SERVICES.*—Clause (i) shall not  
3           apply to any service rendered by a taxable  
4           REIT subsidiary of a real estate investment  
5           trust to a tenant of such trust if—

6                     “(I) such subsidiary renders a sig-  
7                     nificant amount of similar services to  
8                     persons other than such trust and ten-  
9                     ants of such trust who are unrelated  
10                    (within the meaning of section  
11                    856(d)(8)(F)) to such subsidiary, trust,  
12                    and tenants, but

13                   “(II) only to the extent the charge  
14                   for such service so rendered is substan-  
15                   tially comparable to the charge for the  
16                   similar services rendered to persons re-  
17                   ferred to in subclause (I).

18           “(v) *EXCEPTION FOR CERTAIN SEPA-*  
19           *RATELY CHARGED SERVICES.*—Clause (i)  
20           shall not apply to any service rendered by  
21           a taxable REIT subsidiary of a real estate  
22           investment trust to a tenant of such trust  
23           if—

24                   “(I) the rents paid to the trust by  
25                   tenants (leasing at least 25 percent of

1           *the net leasable space in the trust's*  
2           *property) who are not receiving such*  
3           *service from such subsidiary are sub-*  
4           *stantially comparable to the rents paid*  
5           *by tenants leasing comparable space*  
6           *who are receiving such service from*  
7           *such subsidiary, and*

8                   “(II) *the charge for such service*  
9           *from such subsidiary is separately*  
10           *stated.*

11                   “(vi) *EXCEPTION FOR CERTAIN SERV-*  
12           *ICES BASED ON SUBSIDIARY'S INCOME FROM*  
13           *THE SERVICES.—Clause (i) shall not apply*  
14           *to any service rendered by a taxable REIT*  
15           *subsidiary of a real estate investment trust*  
16           *to a tenant of such trust if the gross income*  
17           *of such subsidiary from such service is not*  
18           *less than 150 percent of such subsidiary's*  
19           *direct cost in furnishing or rendering the*  
20           *service.*

21                   “(vii) *EXCEPTIONS GRANTED BY SEC-*  
22           *RETARY.—The Secretary may waive the tax*  
23           *otherwise imposed by subparagraph (A) if*  
24           *the trust establishes to the satisfaction of the*  
25           *Secretary that rents charged to tenants were*

1           *established on an arms' length basis even*  
2           *though a taxable REIT subsidiary of the*  
3           *trust provided services to such tenants.*

4           “(C) *REDETERMINED DEDUCTIONS.*—*The*  
5           *term ‘redetermined deductions’ means deductions*  
6           *(other than redetermined rents) of a taxable*  
7           *REIT subsidiary of a real estate investment*  
8           *trust if the amount of such deductions would*  
9           *(but for subparagraph (E)) be decreased on dis-*  
10          *tribution, apportionment, or allocation under*  
11          *section 482 to clearly reflect income as between*  
12          *such subsidiary and such trust.*

13          “(D) *EXCESS INTEREST.*—*The term ‘excess*  
14          *interest’ means any deductions for interest pay-*  
15          *ments by a taxable REIT subsidiary of a real es-*  
16          *tate investment trust to such trust to the extent*  
17          *that the interest payments are in excess of a rate*  
18          *that is commercially reasonable.*

19          “(E) *COORDINATION WITH SECTION 482.*—  
20          *The imposition of tax under subparagraph (A)*  
21          *shall be in lieu of any distribution, apportion-*  
22          *ment, or allocation under section 482.*

23          “(F) *REGULATORY AUTHORITY.*—*The Sec-*  
24          *retary shall prescribe such regulations as may be*  
25          *necessary or appropriate to carry out the pur-*

1           poses of this paragraph. Until the Secretary pre-  
2           scribes such regulations, real estate investment  
3           trusts and their taxable REIT subsidiaries may  
4           base their allocations on any reasonable meth-  
5           od.”.

6           **(b) AMOUNT SUBJECT TO TAX NOT REQUIRED TO BE**  
7           **DISTRIBUTED.**—Subparagraph (E) of section 857(b)(2) (re-  
8           lating to real estate investment trust taxable income) is  
9           amended by striking “paragraph (5)” and inserting “para-  
10          graphs (5) and (7)”.

11          **SEC. 616. EFFECTIVE DATE.**

12          **(a) IN GENERAL.**—The amendments made by sections  
13          611 through 615 shall apply to taxable years beginning  
14          after December 31, 2000.

15          **(b) TRANSITIONAL RULES RELATED TO SECTION**  
16          **611.**—

17                  **(1) EXISTING ARRANGEMENTS.**—

18                          **(A) IN GENERAL.**—Except as otherwise pro-  
19                          vided in this paragraph, the amendment made  
20                          by section 611 shall not apply to a real estate  
21                          investment trust with respect to—

22                                  **(i) securities of a corporation held di-**  
23                                  **rectly or indirectly by such trust on July**  
24                                  **12, 1999,**



1           (ii) securities of a corporation held by  
2           an entity on July 12, 1999, if such trust ac-  
3           quires control of such entity pursuant to a  
4           written binding contract in effect on such  
5           date and at all times thereafter before such  
6           acquisition,

7           (iii) securities received by such trust  
8           (or a successor) in exchange for, or with re-  
9           spect to, securities described in clause (i) or  
10          (ii) in a transaction in which gain or loss  
11          is not recognized, and

12          (iv) securities acquired directly or in-  
13          directly by such trust as part of a reorga-  
14          nization (as defined in section 368(a)(1) of  
15          the Internal Revenue Code of 1986) with re-  
16          spect to such trust if such securities are de-  
17          scribed in clause (i), (ii), or (iii) with re-  
18          spect to any other real estate investment  
19          trust.

20          (B) *NEW TRADE OR BUSINESS OR SUBSTAN-*  
21          *TIAL NEW ASSETS.*—Subparagraph (A) shall  
22          cease to apply to securities of a corporation as  
23          of the first day after July 12, 1999, on which  
24          such corporation engages in a substantial new

1 *line of business, or acquires any substantial*  
2 *asset, other than—*

3 *(i) pursuant to a binding contract in*  
4 *effect on such date and at all times there-*  
5 *after before the acquisition of such asset,*

6 *(ii) in a transaction in which gain or*  
7 *loss is not recognized by reason of section*  
8 *1031 or 1033 of the Internal Revenue Code*  
9 *of 1986, or*

10 *(iii) in a reorganization (as so de-*  
11 *finied) with another corporation the securi-*  
12 *ties of which are described in paragraph*  
13 *(1)(A) of this subsection.*

14 *(C) LIMITATION ON TRANSITION RULES.—*  
15 *Subparagraph (A) shall cease to apply to securi-*  
16 *ties of a corporation held, acquired, or received,*  
17 *directly or indirectly, by a real estate investment*  
18 *trust as of the first day after July 12, 1999, on*  
19 *which such trust acquires any additional securi-*  
20 *ties of such corporation other than—*

21 *(i) pursuant to a binding contract in*  
22 *effect on July 12, 1999, and at all times*  
23 *thereafter, or*

24 *(ii) in a reorganization (as so defined)*  
25 *with another corporation the securities of*

1           *which are described in paragraph (1)(A) of*  
2           *this subsection.*

3           (2) *TAX-FREE CONVERSION.—If—*

4                 (A) *at the time of an election for a corpora-*  
5                 *tion to become a taxable REIT subsidiary, the*  
6                 *amendment made by section 611 does not apply*  
7                 *to such corporation by reason of paragraph (1),*  
8                 *and*

9                 (B) *such election first takes effect before*  
10                 *January 1, 2004,*

11           *such election shall be treated as a reorganization*  
12           *qualifying under section 368(a)(1)(A) of such Code.*

13 **SEC. 617. HEALTH CARE REITS.**

14           (a) *SPECIAL FORECLOSURE RULE FOR HEALTH CARE*  
15 *PROPERTIES.—Subsection (e) of section 856 (relating to*  
16 *special rules for foreclosure property) is amended by adding*  
17 *at the end the following new paragraph:*

18                 “(6) *SPECIAL RULE FOR QUALIFIED HEALTH*  
19 *CARE PROPERTIES.—For purposes of this*  
20 *subsection—*

21                 “(A) *ACQUISITION AT EXPIRATION OF*  
22 *LEASE.—The term ‘foreclosure property’ shall in-*  
23 *clude any qualified health care property ac-*  
24 *quired by a real estate investment trust as the*  
25 *result of the termination of a lease of such prop-*

1            *erty (other than a termination by reason of a de-*  
2            *fault, or the imminence of a default, on the*  
3            *lease).*

4            *“(B) GRACE PERIOD.—In the case of a*  
5            *qualified health care property which is fore-*  
6            *closure property solely by reason of subpara-*  
7            *graph (A), in lieu of applying paragraphs (2)*  
8            *and (3)—*

9            *“(i) the qualified health care property*  
10           *shall cease to be foreclosure property as of*  
11           *the close of the second taxable year after the*  
12           *taxable year in which such trust acquired*  
13           *such property, and*

14           *“(ii) if the real estate investment trust*  
15           *establishes to the satisfaction of the Sec-*  
16           *retary that an extension of the grace period*  
17           *in clause (i) is necessary to the orderly leas-*  
18           *ing or liquidation of the trust’s interest in*  
19           *such qualified health care property, the Sec-*  
20           *retary may grant one or more extensions of*  
21           *the grace period for such qualified health*  
22           *care property.*

23           *Any such extension shall not extend the grace pe-*  
24           *riod beyond the close of the 6th year after the*

1           *taxable year in which such trust acquired such*  
2           *qualified health care property.*

3           “(C) *INCOME FROM INDEPENDENT CON-*  
4           *TRACTORS.—For purposes of applying para-*  
5           *graph (4)(C) with respect to qualified health care*  
6           *property which is foreclosure property by reason*  
7           *of subparagraph (A) or paragraph (1), income*  
8           *derived or received by the trust from an inde-*  
9           *pendent contractor shall be disregarded to the ex-*  
10          *tent such income is attributable to—*

11                   “(i) *any lease of property in effect on*  
12                   *the date the real estate investment trust ac-*  
13                   *quired the qualified health care property*  
14                   *(without regard to its renewal after such*  
15                   *date so long as such renewal is pursuant to*  
16                   *the terms of such lease as in effect on such*  
17                   *date), or*

18                   “(ii) *any lease of property entered into*  
19                   *after such date if—*

20                           “(I) *on such date, a lease of such*  
21                           *property from the trust was in effect,*  
22                           *and*

23                           “(II) *under the terms of the new*  
24                           *lease, such trust receives a substan-*  
25                           *tially similar or lesser benefit in com-*

1                    *parison to the lease referred to in sub-*  
2                    *clause (I).*

3                    “(D) *QUALIFIED HEALTH CARE PROP-*  
4                    *ERTY.—*

5                    “(i) *IN GENERAL.—The term ‘qualified*  
6                    *health care property’ means any real prop-*  
7                    *erty (including interests therein), and any*  
8                    *personal property incident to such real*  
9                    *property, which—*

10                    “(I) *is a health care facility, or*

11                    “(II) *is necessary or incidental to*  
12                    *the use of a health care facility.*

13                    “(ii) *HEALTH CARE FACILITY.—For*  
14                    *purposes of clause (i), the term ‘health care*  
15                    *facility’ means a hospital, nursing facility,*  
16                    *assisted living facility, congregate care fa-*  
17                    *cility, qualified continuing care facility (as*  
18                    *defined in section 7872(g)(4)), or other li-*  
19                    *censed facility which extends medical or*  
20                    *nursing or ancillary services to patients*  
21                    *and which, immediately before the termi-*  
22                    *nation, expiration, default, or breach of the*  
23                    *lease of or mortgage secured by such facil-*  
24                    *ity, was operated by a provider of such*  
25                    *services which was eligible for participation*

1                   *in the medicare program under title XVIII*  
2                   *of the Social Security Act with respect to*  
3                   *such facility.”.*

4           **(b) EFFECTIVE DATE.**—*The amendment made by this*  
5 *section shall apply to taxable years beginning after Decem-*  
6 *ber 31, 2000.*

7   **SEC. 618. CONFORMITY WITH REGULATED INVESTMENT**  
8                   **COMPANY RULES.**

9           **(a) DISTRIBUTION REQUIREMENT.**—*Clauses (i) and*  
10 *(ii) of section 857(a)(1)(A) (relating to requirements appli-*  
11 *cable to real estate investment trusts) are each amended by*  
12 *striking “95 percent (90 percent for taxable years beginning*  
13 *before January 1, 1980)” and inserting “90 percent”.*

14           **(b) IMPOSITION OF TAX.**—*Clause (i) of section*  
15 *857(b)(5)(A) (relating to imposition of tax in case of failure*  
16 *to meet certain requirements) is amended by striking “95*  
17 *percent (90 percent in the case of taxable years beginning*  
18 *before January 1, 1980)” and inserting “90 percent”.*

19           **(c) EFFECTIVE DATE.**—*The amendments made by this*  
20 *section shall apply to taxable years beginning after Decem-*  
21 *ber 31, 2000.*

1 **SEC. 619. CLARIFICATION OF EXCEPTION FOR INDE-**  
2 **PENDENT OPERATORS.**

3 (a) *IN GENERAL.*—Paragraph (3) of section 856(d)  
4 (relating to independent contractor defined) is amended by  
5 adding at the end the following flush sentence:

6 “In the event that any class of stock of either the real  
7 estate investment trust or such person is regularly  
8 traded on an established securities market, only per-  
9 sons who own, directly or indirectly, more than 5 per-  
10 cent of such class of stock shall be taken into account  
11 as owning any of the stock of such class for purposes  
12 of applying the 35 percent limitation set forth in sub-  
13 paragraph (B) (but all of the outstanding stock of  
14 such class shall be considered outstanding in order to  
15 compute the denominator for purpose of determining  
16 the applicable percentage of ownership).”.

17 (b) *EFFECTIVE DATE.*—The amendment made by this  
18 section shall apply to taxable years beginning after Decem-  
19 ber 31, 2000.

20 **SEC. 620. MODIFICATION OF EARNINGS AND PROFITS**  
21 **RULES.**

22 (a) *RULES FOR DETERMINING WHETHER REGULATED*  
23 *INVESTMENT COMPANY HAS EARNINGS AND PROFITS FROM*  
24 *NON-RIC YEAR.*—Subsection (c) of section 852 is amended  
25 by adding at the end the following new paragraph:



1           “(3) *DISTRIBUTIONS TO MEET REQUIREMENTS*  
2           *OF SUBSECTION (a)(2)(B).*—*Any distribution which*  
3           *is made in order to comply with the requirements of*  
4           *subsection (a)(2)(B)—*

5                     “(A) *shall be treated for purposes of this*  
6                     *subsection and subsection (a)(2)(B) as made*  
7                     *from the earliest earnings and profits accumu-*  
8                     *lated in any taxable year to which the provisions*  
9                     *of this part did not apply rather than the most*  
10                    *recently accumulated earnings and profits, and*

11                    “(B) *to the extent treated under subpara-*  
12                    *graph (A) as made from accumulated earnings*  
13                    *and profits, shall not be treated as a distribution*  
14                    *for purposes of subsection (b)(2)(D) and section*  
15                    *855.”.*

16           (b) *CLARIFICATION OF APPLICATION OF REIT SPILL-*  
17           *OVER DIVIDEND RULES TO DISTRIBUTIONS TO MEET*  
18           *QUALIFICATION REQUIREMENT.*—*Subparagraph (B) of sec-*  
19           *tion 857(d)(3) is amended by inserting before the period*  
20           *“and section 858”.*

21           (c) *APPLICATION OF DEFICIENCY DIVIDEND PROCE-*  
22           *DURES.*—*Paragraph (1) of section 852(e) is amended by*  
23           *adding at the end the following new sentence: “If the deter-*  
24           *mination under subparagraph (A) is solely as a result of*  
25           *the failure to meet the requirements of subsection (a)(2), the*

1 preceding sentence shall also apply for purposes of applying  
 2 subsection (a)(2) to the non-RIC year.”.

3 (d) *EFFECTIVE DATE.*—The amendments made by this  
 4 section shall apply to distributions after December 31, 2000.

5 **SEC. 621. MODIFICATION OF ESTIMATED TAX RULES FOR**  
 6 **CLOSELY HELD REAL ESTATE INVESTMENT**  
 7 **TRUSTS.**

8 (a) *IN GENERAL.*—Subsection (e) of section 6655 (re-  
 9 lating to estimated tax by corporations) is amended by add-  
 10 ing at the end the following new paragraph:

11 “(5) *TREATMENT OF CERTAIN REIT DIVI-*  
 12 *DENDS.*—

13 “(A) *IN GENERAL.*—Any dividend received  
 14 from a closely held real estate investment trust  
 15 by any person which owns (after application of  
 16 subsections (d)(5) and (l)(3)(B) of section 856)  
 17 10 percent or more (by vote or value) of the stock  
 18 or beneficial interests in the trust shall be taken  
 19 into account in computing annualized income  
 20 installments under paragraph (2) in a manner  
 21 similar to the manner under which partnership  
 22 income inclusions are taken into account.

23 “(B) *CLOSELY HELD REIT.*—For purposes  
 24 of subparagraph (A), the term ‘closely held real  
 25 estate investment trust’ means a real estate in-

1           *vestment trust with respect to which 5 or fewer*  
 2           *persons own (after application of subsections*  
 3           *(d)(5) and (l)(3)(B) of section 856) 50 percent or*  
 4           *more (by vote or value) of the stock or beneficial*  
 5           *interests in the trust.”*

6           ***(b) EFFECTIVE DATE.***—*The amendment made by sub-*  
 7           *section (a) shall apply to estimated tax payments due on*  
 8           *or after November 15, 1999.*

9           **SEC. 622. CONTROLLED ENTITIES INELIGIBLE FOR REIT**  
 10                                   **STATUS.**

11           ***(a) IN GENERAL.***—*Subsection (a) of section 856 (relat-*  
 12           *ing to definition of real estate investment trust) is amended*  
 13           *by striking “and” at the end of paragraph (6), by redesign-*  
 14           *ating paragraph (7) as paragraph (8), and by inserting*  
 15           *after paragraph (6) the following new paragraph:*

16                           *“(7) which is not a controlled entity (as defined*  
 17                           *in subsection (l)); and”.*

18           ***(b) CONTROLLED ENTITY.***—*Section 856 is amended by*  
 19           *adding at the end the following new subsection:*

20                           ***(l) CONTROLLED ENTITY.***—

21                           ***(1) IN GENERAL.***—*For purposes of subsection*  
 22                           *(a)(7), an entity is a controlled entity if, at any time*  
 23                           *during the taxable year, one person (other than a*  
 24                           *qualified entity)—*

1           “(A) *in the case of a corporation, owns*  
2 *stock—*

3                   “(i) *possessing at least 50 percent of*  
4 *the total voting power of the stock of such*  
5 *corporation, or*

6                   “(ii) *having a value equal to at least*  
7 *50 percent of the total value of the stock of*  
8 *such corporation, or*

9           “(B) *in the case of a trust, owns beneficial*  
10 *interests in the trust which would meet the re-*  
11 *quirements of subparagraph (A) if such interests*  
12 *were stock.*

13           “(2) *QUALIFIED ENTITY.—For purposes of para-*  
14 *graph (1), the term ‘qualified entity’ means—*

15                   “(A) *any real estate investment trust, and*

16                   “(B) *any partnership in which one real es-*  
17 *tate investment trust owns at least 50 percent of*  
18 *the capital and profits interests in the partner-*  
19 *ship.*

20           “(3) *ATTRIBUTION RULES.—For purposes of this*  
21 *paragraphs (1) and (2)—*

22                   “(A) *IN GENERAL.—Rules similar to the*  
23 *rules of subsections (d)(5) and (h)(3) shall apply;*  
24 *except that section 318(a)(3)(C) shall not be ap-*  
25 *plied under such rules to treat stock owned by a*

1           *qualified entity as being owned by a person*  
2           *which is not a qualified entity.*

3           “(B) *STAPLED ENTITIES.*—*A group of enti-*  
4           *ties which are stapled entities (as defined in sec-*  
5           *tion 269B(c)(2)) shall be treated as one person.*

6           “(4) *EXCEPTION FOR CERTAIN NEW REITS.*—

7           “(A) *IN GENERAL.*—*The term ‘controlled en-*  
8           *tity’ shall not include an incubator REIT.*

9           “(B) *INCUBATOR REIT.*—*A corporation*  
10           *shall be treated as an incubator REIT for any*  
11           *taxable year during the eligibility period if it*  
12           *meets all the following requirements for such*  
13           *year:*

14                   “(i) *The corporation elects to be treated*  
15                   *as an incubator REIT.*

16                   “(ii) *The corporation has only voting*  
17                   *common stock outstanding.*

18                   “(iii) *Not more than 50 percent of the*  
19                   *corporation’s real estate assets consist of*  
20                   *mortgages.*

21                   “(iv) *From not later than the begin-*  
22                   *ning of the last half of the second taxable*  
23                   *year, at least 10 percent of the corporation’s*  
24                   *capital is provided by lenders or equity in-*

1            *vestors who are unrelated to the corpora-*  
2            *tion's largest shareholder.*

3            *“(v) The corporation annually in-*  
4            *creases the value of its real estate assets by*  
5            *at least 10 percent.*

6            *“(vi) The directors of the corporation*  
7            *adopt a resolution setting forth an intent to*  
8            *engage in a going public transaction.*

9            *No election may be made with respect to any*  
10           *REIT if an election under this subsection was in*  
11           *effect for any predecessor of such REIT. The re-*  
12           *quirement of clause (ii) shall not fail to be met*  
13           *merely because a going public transaction is ac-*  
14           *complished through a transaction described in*  
15           *section 368(a)(1) with another corporation which*  
16           *had another class of stock outstanding prior to*  
17           *the transaction.*

18           *“(C) ELIGIBILITY PERIOD.—*

19           *“(i) IN GENERAL.—The eligibility pe-*  
20           *riod (for which an incubator REIT election*  
21           *can be made) begins with the REIT's second*  
22           *taxable year and ends at the close of the*  
23           *REIT's third taxable year, except that the*  
24           *REIT may, subject to clauses (ii), (iii), and*

1           *(iv), elect to extend such period for an addi-*  
2           *tional 2 taxable years.*

3           “(ii) *GOING PUBLIC TRANSACTION.—A*  
4           *REIT may not elect to extend the eligibility*  
5           *period under clause (i) unless it enters into*  
6           *an agreement with the Secretary that if it*  
7           *does not engage in a going public trans-*  
8           *action by the end of the extended eligibility*  
9           *period, it shall pay Federal income taxes*  
10           *for the 2 years of the extended eligibility pe-*  
11           *riod as if it had not made an incubator*  
12           *REIT election and had ceased to qualify as*  
13           *a REIT for those 2 taxable years.*

14           “(iii) *RETURNS, INTEREST, AND NO-*  
15           *TICE.—*

16           “(I) *RETURNS.—In the event the*  
17           *corporation ceases to be treated as a*  
18           *REIT by operation of clause (ii), the*  
19           *corporation shall file any appropriate*  
20           *amended returns reflecting the change*  
21           *in status within 3 months of the close*  
22           *of the extended eligibility period.*

23           “(II) *INTEREST.—Interest shall be*  
24           *payable on any tax imposed by reason*  
25           *of clause (ii) for any taxable year but,*

1           *unless there was a finding under sub-*  
2           *paragraph (D), no substantial under-*  
3           *payment penalties shall be imposed.*

4           “(III) NOTICE.—*The corporation*  
5           *shall, at the same time it files its re-*  
6           *turns under subclause (I), notify its*  
7           *shareholders and any other persons*  
8           *whose tax position is, or may reason-*  
9           *ably be expected to be, affected by the*  
10           *change in status so they also may file*  
11           *any appropriate amended returns to*  
12           *conform their tax treatment consistent*  
13           *with the corporation’s loss of REIT*  
14           *status.*

15           “(IV) REGULATIONS.—*The Sec-*  
16           *retary shall provide appropriate regu-*  
17           *lations setting forth transferee liability*  
18           *and other provisions to ensure collec-*  
19           *tion of tax and the proper administra-*  
20           *tion of this provision.*

21           “(iv) *Clauses (ii) and (iii) shall not*  
22           *apply if the corporation allows its incu-*  
23           *bator REIT status to lapse at the end of the*  
24           *initial 2-year eligibility period without en-*  
25           *gaging in a going public transaction if the*



1            *corporation is not a controlled entity as of*  
2            *the beginning of its fourth taxable year. In*  
3            *such a case, the corporation’s directors may*  
4            *still be liable for the penalties described in*  
5            *subparagraph (D) during the eligibility pe-*  
6            *riod.*

7            *“(D) SPECIAL PENALTIES.—If the Secretary*  
8            *determines that an incubator REIT election was*  
9            *filed for a principal purpose other than as part*  
10           *of a reasonable plan to undertake a going public*  
11           *transaction, an excise tax of \$20,000 shall be im-*  
12           *posed on each of the corporation’s directors for*  
13           *each taxable year for which an election was in*  
14           *effect.*

15           *“(E) GOING PUBLIC TRANSACTION.—For*  
16           *purposes of this paragraph, a going public trans-*  
17           *action means—*

18                    *“(i) a public offering of shares of the*  
19                    *stock of the incubator REIT;*

20                    *“(ii) a transaction, or series of trans-*  
21                    *actions, that results in the stock of the incu-*  
22                    *bator REIT being regularly traded on an*  
23                    *established securities market and that re-*  
24                    *sults in at least 50 percent of such stock*  
25                    *being held by shareholders who are unre-*

1           lated to persons who held such stock before  
2           it began to be so regularly traded; or

3           “(iii) any transaction resulting in  
4           ownership of the REIT by 200 or more per-  
5           sons (excluding the largest single share-  
6           holder) who in the aggregate own at least 50  
7           percent of the stock of the REIT.

8           For the purposes of this subparagraph, the rules  
9           of paragraph (3) shall apply in determining the  
10          ownership of stock.

11          “(F) DEFINITIONS.—The term ‘established  
12          securities market’ shall have the meaning set  
13          forth in the regulations under section 897.”

14          (c) CONFORMING AMENDMENT.—Paragraph (2) of sec-  
15          tion 856(h) is amended by striking “and (6)” each place  
16          it appears and inserting “, (6), and (7)”.

17          (d) EFFECTIVE DATE.—

18               (1) IN GENERAL.—The amendments made by  
19               this section shall apply to taxable years ending after  
20               July 14, 1999.

21               (2) EXCEPTION FOR EXISTING CONTROLLED EN-  
22               TITIES.—The amendments made by this section shall  
23               not apply to any entity which is a controlled entity  
24               (as defined in section 856(l) of the Internal Revenue  
25               Code of 1986, as added by this section) as of July 14,

1       1999, which is a real estate investment trust for the  
 2       taxable year which includes such date, and which has  
 3       significant business assets or activities as of such  
 4       date. For purposes of the preceding sentence, an enti-  
 5       ty shall be treated as such a controlled entity on July  
 6       14, 1999, if it becomes such an entity after such date  
 7       in a transaction—

8                   (A) made pursuant to a written agreement  
 9                   which was binding on such date and at all times  
 10                  thereafter, or

11                   (B) described on or before such date in a fil-  
 12                  ing with the Securities and Exchange Commis-  
 13                  sion required solely by reason of the transaction.

14 **SEC. 623. MODIFICATION OF INDIVIDUAL ESTIMATED TAX**  
 15                   **SAFE HARBOR.**

16       (a) *IN GENERAL.*—The table contained in clause (i)  
 17       of section 6654(d)(1)(C) (relating to limitation on use of  
 18       preceding year’s tax) is amended by striking all matter be-  
 19       ginning with the item relating to 1999 or 2000 and insert-  
 20       ing the following new items:

“1999 .....	106.5
2000 .....	106
2001 .....	112
2002 or thereafter .....	110”.

21       (b) *EFFECTIVE DATE.*—The amendment made by  
 22       this section shall apply with respect to any installment

1 *payment for taxable years beginning after December 31,*  
2 *1999.*

3           ***TITLE VII—OTHER TRADE***  
4                           ***PROVISIONS***

5 ***SEC. 701. NORMAL TRADE RELATIONS FOR ALBANIA.***

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

7                   *(1) Albania has been found to be in full compli-*  
8                   *ance with the freedom of emigration requirements*  
9                   *under title IV of the Trade Act of 1974.*

10                   *(2) Since its emergence from communism, Alba-*  
11                   *nia has made progress toward democratic rule and*  
12                   *the creation of a free-market economy.*

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

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

20                   *(5) The extension of unconditional normal trade*  
21                   *relations treatment to the products of Albania will en-*  
22                   *able the United States to avail itself of all rights*  
23                   *under the World Trade Organization with respect to*  
24                   *Albania when that country becomes a member of the*  
25                   *World Trade Organization.*

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

3           (1) *PRESIDENTIAL DETERMINATIONS AND EX-*  
4 *TENSIONS OF NONDISCRIMINATORY TREATMENT.*—

5 *Notwithstanding any provision of title IV of the*  
6 *Trade Act of 1974 (19 U.S.C. 2431 et seq.), the Presi-*  
7 *dent may—*

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

10           (B) *after making a determination under*  
11 *subparagraph (A) with respect to Albania, pro-*  
12 *claim the extension of nondiscriminatory treat-*  
13 *ment (normal trade relations treatment) to the*  
14 *products of that country.*

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

20 **SEC. 702. NORMAL TRADE RELATIONS FOR KYRGYZSTAN.**

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

22           (1) *Kyrgyzstan has been found to be in full com-*  
23 *pliance with the freedom of emigration requirements*  
24 *under title IV of the Trade Act of 1974.*

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

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

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

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

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

17           (1) *PRESIDENTIAL DETERMINATIONS AND EX-*  
18 *TENSIONS OF NONDISCRIMINATORY TREATMENT.—*  
19 *Notwithstanding any provision of title IV of the*  
20 *Trade Act of 1974 (19 U.S.C. 2431 et seq.), the Presi-*  
21 *dent may—*

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

24           (B) *after making a determination under*  
25 *subparagraph (A) with respect to Kyrgyzstan,*

1           *proclaim the extension of nondiscriminatory*  
2           *treatment (normal trade relations treatment) to*  
3           *the products of that country.*

4           (2) *TERMINATION OF APPLICATION OF TITLE*  
5           *IV.—On or after the effective date of the extension*  
6           *under paragraph (1)(B) of nondiscriminatory treat-*  
7           *ment to the products of Kyrgyzstan, title IV of the*  
8           *Trade Act of 1974 shall cease to apply to that coun-*  
9           *try.*

10 **SEC. 703. REPORT ON EMPLOYMENT AND TRADE ADJUST-**  
11 **MENT ASSISTANCE.**

12           (a) *IN GENERAL.—Not later than 9 months after the*  
13 *date of enactment of this section, the Comptroller General*  
14 *of the United States shall submit a report to Congress re-*  
15 *garding the efficiency and effectiveness of Federal and State*  
16 *coordination of employment and retraining activities asso-*  
17 *ciated with the following programs and legislation:*

18           (1) *trade adjustment assistance (including*  
19 *NAFTA trade adjustment assistance) provided for*  
20 *under title II of the Trade Act of 1974;*

21           (2) *the Job Training Partnership Act;*

22           (3) *the Workforce Investment Act; and*

23           (4) *unemployment insurance.*

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

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

7           (1) *the compatibility of program requirements*  
8 *related to the employment and retraining of dis-*  
9 *located workers in the United States, with particular*  
10 *emphasis on the trade adjustment assistance pro-*  
11 *grams provided for under title II of the Trade Act of*  
12 *1974;*

13           (2) *the compatibility of application procedures*  
14 *related to the employment and retraining of dis-*  
15 *located workers in the United States;*

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

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

24           (5) *how the impact of foreign trade and the*  
25 *transfer of production to other countries would have*



1       *changed the number of beneficiaries covered under the*  
2       *trade adjustment assistance program if the trade ad-*  
3       *justment assistance program covered secondary work-*  
4       *ers in the United States; and*

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

11       **SEC. 704. TRADE ADJUSTMENT ASSISTANCE.**

12       *(a) CERTIFICATION OF ELIGIBILITY FOR WORKERS*  
13       *REQUIRED FOR DECOMMISSIONING OR CLOSURE OF FACIL-*  
14       *ITY.—*

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

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



1 *country and the effect of the HIV/AIDS epidemic on human*  
2 *and social development in each country.*

3 **SEC. 707. GOODS MADE WITH FORCED OR INDENTURED**  
4 **CHILD LABOR.**

5 (a) *IN GENERAL.*—Section 307 of the Tariff Act of  
6 1930 (19 U.S.C. 1307) is amended by adding at the end  
7 the following new sentence: “For purposes of this section,  
8 the term ‘forced labor or/and indentured labor’ includes  
9 forced or indentured child labor.”.

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

12 **SEC. 708. RELIQUIDATION OF CERTAIN NUCLEAR FUEL AS-**  
13 **SEMBLIES.**

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

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

21 (2) *refund any duties paid with respect to such*  
22 *entries as shown on Customs Service Collection Re-*  
23 *ceipt Number 527006753.*

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

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

1 **SEC. 709. SENSE OF THE SENATE REGARDING FAIR ACCESS**  
2 **TO JAPANESE TELECOMMUNICATIONS FA-**  
3 **CILITIES AND SERVICES.**

4 (a) *FINDINGS.—The Senate makes the following find-*  
5 *ings:*

6 (1) *The United States has a deep and sustained*  
7 *interest in the promotion of deregulation, competition,*  
8 *and regulatory reform in Japan.*

9 (2) *New and bold measures by the Government*  
10 *of Japan regarding regulatory reform will help re-*  
11 *move the regulatory and structural impediments to*  
12 *the effective functioning of market forces in the Japa-*  
13 *nese economy.*

14 (3) *Regulatory reform will increase the efficient*  
15 *allocation of resources in Japan, which is critical to*  
16 *returning Japan to a long-term growth path powered*  
17 *by domestic demand.*

18 (4) *Regulatory reform will not only improve*  
19 *market access for United States business and other*  
20 *foreign firms, but will also enhance consumer choice*  
21 *and economic prosperity in Japan.*

1           (5) *A sustained recovery of the Japanese econ-*  
2           *omy is vital to a sustained recovery of Asian econo-*  
3           *mies.*

4           (6) *The Japanese economy must serve as one of*  
5           *the main engines of growth for Asia and for the global*  
6           *economy.*

7           (7) *The Governments of the United States and*  
8           *Japan reconfirmed the critical importance of deregula-*  
9           *tion, competition, and regulatory reform when the*  
10          *two governments established the Enhanced Initiative*  
11          *on Deregulation and Competition Policy in 1997.*

12          (8) *Telecommunications is a critical sector re-*  
13          *quiring reform in Japan, where the market is ham-*  
14          *pered by a history of laws, regulations, and monopo-*  
15          *listic practices that do not meet the needs of a com-*  
16          *petitive market.*

17          (9) *As the result of Japan's laws, regulations,*  
18          *and monopolistic practices, Japanese consumers and*  
19          *Japanese industry have been denied the broad benefits*  
20          *of innovative telecommunications services, cutting*  
21          *edge technology, and lower prices that competition*  
22          *would bring to the market.*

23          (10) *Japan's significant lag in developing*  
24          *broadband and Internet services, and Japan's lag in*  
25          *the entire area of electronic commerce, is a direct re-*

1 *sult of a noncompetitive telecommunications regu-*  
2 *latory structure.*

3 *(11) Japan's lag in developing broadband and*  
4 *Internet services is evidenced by the following:*

5 *(A) Japan has only 17,000,000 Internet*  
6 *users, while the United States has 80,000,000*  
7 *Internet users.*

8 *(B) Japan hosts fewer than 2,000,000*  
9 *websites, while the United States hosts over*  
10 *30,000,000 websites.*

11 *(C) Electronic commerce in Japan is valued*  
12 *at less than \$1,000,000,000, while in the United*  
13 *States electronic commerce is valued at over*  
14 *\$30,000,000,000.*

15 *(D) 19 percent of Japan's schools are con-*  
16 *nected to the Internet, while in the United States*  
17 *89 percent of schools are connected.*

18 *(12) Leading edge foreign telecommunications*  
19 *companies, because of their high level of technology*  
20 *and innovation, are the key to building the necessary*  
21 *telecommunications infrastructure in Japan, which*  
22 *will only be able to serve Japanese consumers and in-*  
23 *dustry if there is a fundamental change in Japan's*  
24 *regulatory approach to telecommunications.*

1       **(b) SENSE OF THE SENATE.**—*It is the sense of the Sen-*  
2 *ate that—*

3           (1) *the appropriate officials in the executive*  
4 *branch should implement vigorously the call for*  
5 *Japan to undertake a major regulatory reform in the*  
6 *telecommunications sector, the so-called “Tele-*  
7 *communications Big Bang”;*

8           (2) *a “Telecommunications Big Bang” must ad-*  
9 *dress fundamental legislative and regulatory issues*  
10 *within a strictly defined timeframe;*

11          (3) *the new telecommunications regulatory*  
12 *framework should put competition first in order to*  
13 *encourage new and innovative businesses to enter the*  
14 *telecommunications market in Japan;*

15          (4) *the Government of Japan should ensure that*  
16 *Nippon Telegraph and Telephone Corporation (NTT)*  
17 *and its affiliates (the NTT Group) are prevented from*  
18 *using their dominant position in the wired and wire-*  
19 *less market in an anticompetitive manner; and*

20          (5) *the Government of Japan should take credible*  
21 *steps to ensure that competitive carriers have reason-*  
22 *able, cost-based, and nondiscriminatory access to the*  
23 *rights-of-way, facilities, and services controlled by*  
24 *NTT, the NTT Group, other utilities, and the Govern-*  
25 *ment of Japan, including—*

1           (A) access to interconnection at market-  
2 based rates;

3           (B) unrestricted access to unbundled ele-  
4 ments of the network belonging to NTT and the  
5 NTT Group; and

6           (C) access to public roads for the installa-  
7 tion of facilities.

8 **SEC. 710. REPORTS TO THE FINANCE AND WAYS AND**  
9 **MEANS COMMITTEES.**

10       (a) *REPORTS REGARDING INITIATIVES TO UPDATE*  
11 *THE INTERNATIONAL MONETARY FUND.*—Section 607 of the  
12 *Foreign Operations, Export Financing, and Related Appro-*  
13 *priations Act, 1999 (as contained in section 101(d) of divi-*  
14 *sion A of the Omnibus Consolidated and Emergency Sup-*  
15 *plemental Appropriations Act, 1999) (Public Law 105–277;*  
16 *112 Stat. 2681–224), relating to international financial*  
17 *programs and reform, is amended—*

18           (1) by inserting “Finance,” after “Foreign Rela-  
19 tions,”; and

20           (2) by inserting “, Ways and Means,” before  
21 “and Banking and Financial Services”.

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



1           “(b) *TIMING.*—Not later than March 15, 1999, and  
2 *semiannually thereafter, the Secretary of the Treasury shall*  
3 *submit to the Committees on Banking and Financial Serv-*  
4 *ices, Ways and Means, and International Relations of the*  
5 *House of Representatives and the Committees on Finance,*  
6 *Foreign Relations, and Banking, Housing, and Urban Af-*  
7 *airs of the Senate a report on the matters described in sub-*  
8 *section (a).”.*

9           (c) *ANNUAL REPORT ON THE STATE OF THE INTER-*  
10 *NATIONAL FINANCIAL SYSTEM, IMF REFORM, AND COMPLI-*  
11 *ANCE WITH IMF AGREEMENTS.*—Section 1705(a) of the  
12 *International Financial Institutions Act (22 U.S.C. 262r-*  
13 *4(a)) is amended by striking “Committee on Banking and*  
14 *Financial Services of the House of Representatives and the*  
15 *Committee on Foreign Relations of the Senate” and insert-*  
16 *ing “Committees on Banking and Financial Services and*  
17 *on Ways and Means of the House of Representatives and*  
18 *the Committees on Finance and on Foreign Relations of*  
19 *the Senate”.*

20           (d) *AUDITS OF THE IMF.*—Section 1706(a) of the  
21 *International Financial Institutions Act (22 U.S.C. 262r-*  
22 *5(a)) is amended by striking “Committee on Banking and*  
23 *Financial Services of the House of Representatives and the*  
24 *Committee on Foreign Relations of the Senate” and insert-*  
25 *ing “Committees on Banking and Financial Services and*

1 *on Ways and Means of the House of Representatives and*  
2 *the Committees on Finance and on Foreign Relations of*  
3 *the Senate”.*

4 *(e) REPORT ON PROTECTION OF BORDERS AGAINST*  
5 *DRUG TRAFFIC.—Section 629 of the Treasury and General*  
6 *Government Appropriations Act, 1999 (as contained in sec-*  
7 *tion 101(h) of division A of the Omnibus Consolidated and*  
8 *Emergency Supplemental Appropriations Act, 1999) (Pub-*  
9 *lic Law 105–277; 112 Stat. 2681–522), relating to general*  
10 *provisions, is amended by adding at the end the following*  
11 *new paragraph:*

12 *“(3) For purposes of paragraph (1), the term ‘appro-*  
13 *priate congressional committees’ includes the Committee on*  
14 *Finance of the Senate and the Committee on Ways and*  
15 *Means of the House of Representatives.”.*

16 **SEC. 711. CLARIFICATION OF SECTION 334 OF THE URU-**  
17 **GUAY ROUND AGREEMENTS ACT.**

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

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

23 *(2) in the matter preceding clause (i) (as redesign-*  
24 *ated), by striking “Notwithstanding paragraph*  
25 *(1)(D)” and inserting “(A) Notwithstanding para-*

1 *graph (1)(D) and except as provided in subpara-*  
2 *graphs (B) and (C)”; and*

3 *(3) by adding at the end the following:*

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

13 *“(C) Notwithstanding paragraph (1)(D), goods*  
14 *classified under HTS heading 6117.10, 6213.00,*  
15 *6214.00, 6302.22, 6302.29, 6302.52, 6302.53, 6302.59,*  
16 *6302.92, 6302.93, 6302.99, 6303.92, 6303.99, 6304.19,*  
17 *6304.93, 6304.99, 9404.90.85, or 9404.90.95, except*  
18 *for goods classified under such headings as of cotton*  
19 *or of wool or consisting of fiber blends containing 16*  
20 *percent or more by weight of cotton, shall be consid-*  
21 *ered to originate in, and be the growth, product, or*  
22 *manufacture of, the country, territory, or possession*  
23 *in which the fabric is both dyed and printed when ac-*  
24 *companied by 2 or more of the following finishing op-*  
25 *erations: bleaching, shrinking, fulling, napping,*

1        *decating, permanent stiffening, weighting, permanent*  
2        *embossing, or moireing.”.*

3        *(b) EFFECTIVE DATE.—The amendments made by this*  
4        *section apply to goods entered, or withdrawn from ware-*  
5        *house for consumption, on or after the date of enactment*  
6        *of this Act.*

7        **SEC. 712. CHIEF AGRICULTURAL NEGOTIATOR.**

8        *(a) ESTABLISHMENT OF A POSITION.—There is estab-*  
9        *lished the position of Chief Agricultural Negotiator in the*  
10       *Office of the United States Trade Representative. The Chief*  
11       *Agricultural Negotiator shall be appointed by the President,*  
12       *with the rank of Ambassador, by and with the advice and*  
13       *consent of the Senate.*

14       *(b) FUNCTIONS.—The primary function of the Chief*  
15       *Agricultural Negotiator shall be to conduct trade negotia-*  
16       *tions and to enforce trade agreements relating to United*  
17       *States agricultural products and services. The Chief Agri-*  
18       *cultural Negotiator shall be a vigorous advocate on behalf*  
19       *of United States agricultural interests. The Chief Agricul-*  
20       *tural Negotiator shall perform such other functions as the*  
21       *United States Trade Representative may direct.*

22       *(c) COMPENSATION.—The Chief Agricultural Nego-*  
23       *tiator shall be paid at the highest rate of basic pay payable*  
24       *to a member of the Senior Executive Service.*

1 **SEC. 713. REVISION OF RETALIATION LIST OR OTHER RE-**  
2 **MEDIAL ACTION.**

3 *Section 306(b)(2) of the Trade Act of 1974 (19 U.S.C.*  
4 *2416(b)(2)) is amended—*

5 *(1) by striking “If the” and inserting the fol-*  
6 *lowing:*

7 *“(A) FAILURE TO IMPLEMENT REC-*  
8 *COMMENDATION.—If the”;* and

9 *(2) by adding at the end the following:*

10 *“(B) REVISION OF RETALIATION LIST AND*  
11 *ACTION.—*

12 *“(i) IN GENERAL.—Except as provided*  
13 *in clause (ii), in the event that the United*  
14 *States initiates a retaliation list or takes*  
15 *any other action described in section*  
16 *301(c)(1) (A) or (B) against the goods of a*  
17 *foreign country or countries because of the*  
18 *failure of such country or countries to im-*  
19 *plement the recommendation made pursu-*  
20 *ant to a dispute settlement proceeding*  
21 *under the World Trade Organization, the*  
22 *Trade Representative shall periodically re-*  
23 *visе the list or action to affect other goods*  
24 *of the country or countries that have failed*  
25 *to implement the recommendation.*

1           “(i) *EXCEPTION.—The Trade Rep-*  
2           *resentative is not required to revise the re-*  
3           *taliation list or the action described in*  
4           *clause (i) with respect to a country, if—*

5                   “(I) *the Trade Representative de-*  
6                   *termines that implementation of a rec-*  
7                   *ommendation made pursuant to a dis-*  
8                   *pute settlement proceeding described in*  
9                   *clause (i) by the country is imminent;*  
10                   *or*

11                   “(II) *the Trade Representative to-*  
12                   *gether with the petitioner involved in*  
13                   *the initial investigation under this*  
14                   *chapter (or if no petition was filed, the*  
15                   *affected United States industry) agree*  
16                   *that it is unnecessary to revise the re-*  
17                   *taliation list.*

18                   “(C) *SCHEDULE FOR REVISING LIST OR AC-*  
19                   *TION.—The Trade Representative shall, 120 days*  
20                   *after the date the retaliation list or other section*  
21                   *301(a) action is first taken, and every 180 days*  
22                   *thereafter, review the list or action taken and re-*  
23                   *vises, in whole or in part, the list or action to af-*  
24                   *fect other goods of the subject country or coun-*  
25                   *tries.*

1           “(D) *STANDARDS FOR REVISING LIST OR*  
2           *ACTION.—In revising any list or action against*  
3           *a country or countries under this subsection, the*  
4           *Trade Representative shall act in a manner that*  
5           *is most likely to result in the country or coun-*  
6           *tries implementing the recommendations adopted*  
7           *in the dispute settlement proceeding or in achiev-*  
8           *ing a mutually satisfactory solution to the issue*  
9           *that gave rise to the dispute settlement pro-*  
10           *ceeding. The Trade Representative shall consult*  
11           *with the petitioner, if any, involved in the ini-*  
12           *tial investigation under this chapter.*

13           “(E) *RETALIATION LIST.—The term ‘retal-*  
14           *iation list’ means the list of products of a foreign*  
15           *country or countries that have failed to comply*  
16           *with the report of the panel or Appellate Body*  
17           *of the WTO and with respect to which the Trade*  
18           *Representative is imposing duties above the level*  
19           *that would otherwise be imposed under the Har-*  
20           *monized Tariff Schedule of the United States.”.*

21 **SEC. 714. SENSE OF CONGRESS REGARDING COMPREHEN-**  
22           **SIVE DEBT RELIEF FOR THE WORLD’S POOR-**  
23           **EST COUNTRIES.**

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

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

4           (2) *Until recently, the United States Government*  
5           *and other official creditors sought to address this*  
6           *problem by rescheduling loans and in some cases pro-*  
7           *viding limited debt reduction.*

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

11          (4) *In 1997, the Group of Seven, the World*  
12          *Bank, and the International Monetary Fund adopted*  
13          *the Heavily Indebted Poor Countries Initiative*  
14          *(HIPC), a commitment by the international commu-*  
15          *nity that all multilateral and bilateral creditors, act-*  
16          *ing in a coordinated and concerted fashion, would re-*  
17          *duce poor country debt to a sustainable level.*

18          (5) *The HIPC Initiative is currently undergoing*  
19          *reforms to address concerns raised about country con-*  
20          *ditionality, the amount of debt forgiven, and the allo-*  
21          *cation of savings realized through the debt forgiveness*  
22          *program to ensure that the Initiative accomplishes the*  
23          *goals of economic growth and poverty alleviation in*  
24          *the world's poorest countries.*



1           (6) *Recently, the President requested Congress to*  
2           *provide additional resources for bilateral debt forgive-*  
3           *ness and additional United States contributions to*  
4           *the HIPC Trust Fund.*

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

7           (1) *Congress and the President should work to-*  
8           *gether, without undue delay and in concert with the*  
9           *international community, to make comprehensive debt*  
10          *relief available to the world’s poorest countries in a*  
11          *manner that promotes economic growth and poverty*  
12          *alleviation;*

13          (2) *this program of bilateral and multilateral*  
14          *debt relief should be designed to strengthen and ex-*  
15          *pend the private sector, encourage increased trade*  
16          *and investment, support the development of free mar-*  
17          *kets, and promote broad-scale economic growth in*  
18          *beneficiary countries;*

19          (3) *this program of debt relief should also sup-*  
20          *port the adoption of policies to alleviate poverty and*  
21          *to ensure that benefits are shared widely among the*  
22          *population, such as through initiatives to advance*  
23          *education, improve health, combat AIDS, and pro-*  
24          *mote clean water and environmental protection;*

1           (4) *these debt relief agreements should be de-*  
2 *signed and implemented in a transparent manner*  
3 *and with the broad participation of the citizenry of*  
4 *the debtor country and should ensure that country*  
5 *circumstances are adequately taken into account;*

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

12           (6) *in order to prevent adverse impact on a key*  
13 *industry in many developing countries, the Inter-*  
14 *national Monetary Fund must mobilize its own re-*  
15 *sources for providing debt relief to eligible countries*  
16 *without allowing gold to reach the open market, or*  
17 *otherwise adversely affecting the market price of gold.*

18 **SEC. 715. REPORT ON TRADE ADJUSTMENT ASSISTANCE**  
19 **FOR AGRICULTURAL COMMODITY PRO-**  
20 **DUCERS.**

21           (a) *IN GENERAL.*—*Not later than 4 months after the*  
22 *date of enactment of this Act, the Secretary of Labor, in*  
23 *consultation with the Secretary of Agriculture and the Sec-*  
24 *retary of Commerce, shall submit to the Committee on Ways*

1 *and Means of the House of Representatives and the Com-*  
2 *mittee on Finance of the Senate a report that—*

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

7           (2) *sets forth recommendations to improve the*  
8 *operation of those programs as the programs apply to*  
9 *agricultural commodity producers or to establish a*  
10 *new trade adjustment assistance program for agricul-*  
11 *tural commodity producers.*

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

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

19           (2) *examine the effectiveness of the program ben-*  
20 *efits authorized under subchapter B of chapter 2 and*  
21 *chapter 3 of title II of the Trade Act of 1974 in rem-*  
22 *edying the adverse effects, including price suppres-*  
23 *sion, caused by increased imports of like or directly*  
24 *competitive agricultural commodities.*

25       (c) *DEFINITIONS.—In this section:*



1           (3) *modern farming equipment (including main-*  
2           *taining the equipment);*

3           (4) *marketing crop yields to prospective pur-*  
4           *chasers; and*

5           (5) *crop maximization practices.*

6 *The study shall be submitted to the Committee on Agri-*  
7 *culture, Nutrition, and Forestry of the Senate and the Com-*  
8 *mittee on Agriculture of the House of Representatives not*  
9 *later than September 30, 2001.*

10          (b) *LAND GRANT COLLEGES AND NOT-FOR-PROFIT IN-*  
11 *STITUTIONS.—The Department of Agriculture is encouraged*  
12 *to consult with American Land Grant Colleges and not-for-*  
13 *profit international organizations that have firsthand*  
14 *knowledge of current African farming practices.*

15          (c) *AUTHORIZATION OF FUNDING.—There is author-*  
16 *ized to be appropriated \$2,000,000 to conduct the study de-*  
17 *scribed in subsection (a).*

18 **SEC. 717. ANTICORRUPTION EFFORTS.**

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

20               (1) *Corruption and bribery of public officials is*  
21 *a major problem in many African countries and rep-*  
22 *resents a serious threat to the development of a func-*  
23 *tioning domestic private sector, to United States busi-*  
24 *ness and trade interests, and to prospects for democ-*  
25 *racy and good governance in African countries.*

1           (2) *Of the 17 countries in sub-Saharan Africa*  
2           *rated by the international watchdog group, Trans-*  
3           *parency International, as part of the 1998 Corrup-*  
4           *tion Perception Index, 13 ranked in the bottom half.*

5           (3) *The Organization for Economic Cooperation*  
6           *and Development (OECD) Convention on Combating*  
7           *Bribery of Foreign Public Officials in International*  
8           *Business Transactions, which has been signed by all*  
9           *29 members of the OECD plus Argentina, Brazil,*  
10          *Bulgaria, Chile, and the Slovak Republic and which*  
11          *entered into force on February 15, 1999, represents a*  
12          *significant step in the elimination of bribery and cor-*  
13          *ruption in international commerce.*

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

19          (b) *SENSE OF CONGRESS.—It is the sense of Congress*  
20          *that the United States should encourage at every oppor-*  
21          *tunity the accession of sub-Saharan African countries, as*  
22          *defined in section 104, to the OECD Convention on Com-*  
23          *bating Bribery of Foreign Public Officials in International*  
24          *Business Transactions.*

1 **SEC. 718. SENSE OF THE SENATE REGARDING EFFORTS TO**  
2 **COMBAT DESERTIFICATION IN AFRICA AND**  
3 **OTHER NATIONS.**

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

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

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

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

12 (4) *the United Nations Environment Programme*  
13 *estimates that desertification costs the world*  
14 *\$42,000,000,000 a year, not including incalculable*  
15 *costs in human suffering; and*

16 (5) *the United States can strengthen its partner-*  
17 *ships throughout Africa and other nations affected by*  
18 *desertification, help alleviate social and economic cri-*  
19 *ses caused by misuse of natural resources, and reduce*  
20 *dependence on foreign aid, by taking a leading role*  
21 *to combat desertification.*

22 (b) *SENSE OF THE SENATE.—It is the sense of the Sen-*  
23 *ate that the United States should expeditiously work with*  
24 *the international community, particularly Africa and other*  
25 *nations affected by desertification, to—*





1 *the Agreement on Subsidies and Countervailing Measures*  
2 *during the Seattle Ministerial Conference. The report shall*  
3 *include a complete description of such discussions, includ-*  
4 *ing proposals made to renegotiate those agreements, the*  
5 *member government making the proposal, and the United*  
6 *States Trade Representative's response to the proposal, with*  
7 *a description as to how the response achieves United States*  
8 *trade goals.*

9 **SEC. 720. MARKING OF IMPORTED JEWELRY.**

10 (a) *MARKING REQUIREMENT.*—*Not later than the date*  
11 *that is 1 year after the date of enactment of this Act, the*  
12 *Secretary of the Treasury shall prescribe and implement*  
13 *regulations that require that all jewelry described in sub-*  
14 *section (b) that enters the customs territory of the United*  
15 *States have the English name of the country of origin in-*  
16 *delibly marked in a conspicuous place on such jewelry by*  
17 *cutting, die-sinking, engraving, stamping, or some other*  
18 *permanent method to the same extent as such marking is*  
19 *required for Native American-style jewelry under section*  
20 *134.43 of title 19, Code of Federal Regulations, as in effect*  
21 *on October 1, 1998.*

22 (b) *JEWELRY.*—*The jewelry described in this sub-*  
23 *section means any article described in heading 7117 of the*  
24 *Harmonized Tariff Schedule of the United States.*

1       (c) *DEFINITION.*—As used in this section, the term  
2 “enters the customs territory of the United States” means  
3 enters, or is withdrawn from warehouse for consumption,  
4 in the customs territory of the United States.

5 **SEC. 721. SENSE OF THE SENATE REGARDING TARIFF IN-**  
6 **VERSIONS.**

7       It is the sense of the Senate that United States trade  
8 policy should, while taking into account the conditions of  
9 United States producers, especially those currently facing  
10 tariff phase-outs negotiated under prior trade agreements,  
11 place a priority on the elimination or amelioration of tariff  
12 inversions that undermine the competitiveness of United  
13 States consuming industries.

14 **SEC. 722. LIMITATIONS ON BENEFITS.**

15       (a) *IN GENERAL.*—Notwithstanding any other provi-  
16 sion of law, no benefits under this Act shall be granted to  
17 any country (or to any designated zone in that country)  
18 that does not meet and effectively enforce the standards re-  
19 garding child labor established by the ILO Convention (No.  
20 182) for the *Elimination of the Worst Forms of Child*  
21 *Labor*.

22       (b) *REPORT.*—Not later than 12 months after the date  
23 of enactment of this Act and annually thereafter, the Presi-  
24 dent, after consultation with the Trade Policy Review Com-  
25 mittee, shall submit a report to Congress on the enforcement

1 of, and compliance with, the standards described in sub-  
2 section (a).

3 **SEC. 723. AGRICULTURE TRADE NEGOTIATING OBJECTIVES**  
4 **AND CONSULTATIONS WITH CONGRESS.**

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

6 (1) *United States agriculture contributes posi-*  
7 *tively to the United States balance of trade and*  
8 *United States agricultural exports support in excess*  
9 *of 1,000,000 United States jobs;*

10 (2) *United States agriculture competes success-*  
11 *fully worldwide despite the fact that United States*  
12 *producers are at a competitive disadvantage because*  
13 *of the trade distorting support and subsidy practices*  
14 *of other countries and despite the fact that significant*  
15 *tariff and nontariff barriers exist to United States ex-*  
16 *ports; and*

17 (3) *a successful conclusion of the next round of*  
18 *World Trade Organization negotiations is critically*  
19 *important to the United States agricultural sector.*

20 (b) *OBJECTIVES.*—*The agricultural trade negotiating*  
21 *objectives of the United States with respect to the World*  
22 *Trade Organization negotiations include—*

23 (1) *immediately eliminating all export subsidies*  
24 *worldwide while maintaining bona fide food aid and*  
25 *preserving United States market development and ex-*

1 *port credit programs that allow the United States to*  
2 *compete with other foreign export promotion efforts;*

3 *(2) leveling the playing field for United States*  
4 *producers of agricultural products by eliminating*  
5 *blue box subsidies and disciplining domestic supports*  
6 *in a way that forces producers to face world prices on*  
7 *all production in excess of domestic food security*  
8 *needs while allowing the preservation of non-trade*  
9 *distorting programs to support family farms and*  
10 *rural communities;*

11 *(3) disciplining state trading enterprises by in-*  
12 *sisting on transparency and banning discriminatory*  
13 *pricing practices that amount to de facto export sub-*  
14 *sidies so that the enterprises do not (except in cases*  
15 *of bona fide food aid) sell in foreign markets at prices*  
16 *below domestic market prices or prices below the full*  
17 *costs of acquiring and delivering agricultural prod-*  
18 *ucts to the foreign markets;*

19 *(4) insisting that the Sanitary and*  
20 *Phytosanitary Accord agreed to in the Uruguay*  
21 *Round applies to new technologies, including bio-*  
22 *technology, and clarifying that labeling requirements*  
23 *to allow consumers to make choices regarding bio-*  
24 *technology products or other regulatory requirements*  
25 *cannot be used as disguised barriers to trade;*

1           (5) *increasing opportunities for United States*  
2 *exports of agricultural products by first reducing tar-*  
3 *iff and nontariff barriers to trade to the same or*  
4 *lower levels than exist in the United States and then*  
5 *eliminating barriers, such as—*

6                   (A) *restrictive or trade distorting practices*  
7 *that adversely impact perishable or cyclical*  
8 *products;*

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

11                   (C) *unjustified sanitary and phytosanitary*  
12 *restrictions or other unjustified technical barriers*  
13 *to agricultural trade;*

14           (6) *encouraging government policies that avoid*  
15 *price-depressing surpluses; and*

16           (7) *strengthening dispute settlement procedures*  
17 *so that countries cannot maintain unjustified restric-*  
18 *tions on United States exports in contravention of*  
19 *their commitments.*

20           (c) *CONSULTATION WITH CONGRESSIONAL COMMIT-*  
21 *TEES.—*

22                   (1) *CONSULTATION BEFORE OFFER MADE.—Be-*  
23 *fore the United States Trade Representative negotiates*  
24 *a trade agreement that would reduce tariffs on agri-*  
25 *cultural products or require a change in United*

1 *States agricultural law, the United States Trade Rep-*  
2 *resentative shall consult with the Committee on Agri-*  
3 *culture, Nutrition, and Forestry and the Committee*  
4 *on Finance of the Senate and the Committee on Agri-*  
5 *culture and the Committee on Ways and Means of the*  
6 *House of Representatives.*

7 (2) *CONSULTATION BEFORE AGREEMENT INI-*  
8 *TIALED.*—*Not less than 48 hours before initialing an*  
9 *agreement relating to agricultural trade negotiated*  
10 *under the auspices of the World Trade Organization,*  
11 *the United States Trade Representative shall consult*  
12 *closely with the committees referred to in paragraph*  
13 *(1) regarding—*

14 (A) *the details of the agreement;*

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

17 (C) *any changes in United States law nec-*  
18 *essary to implement the agreement.*

19 (3) *NO SECRET SIDE DEALS.*—*Any agreement or*  
20 *other understanding (whether verbal or in writing)*  
21 *that relates to agricultural trade that is not disclosed*  
22 *to the Congress before legislation implementing a*  
23 *trade agreement is introduced in either house of Con-*  
24 *gress shall not be considered to be part of the agree-*  
25 *ment approved by Congress and shall have no force*

1        *and effect under United States law or in any dispute*  
2        *settlement body.*

3        *(d) SENSE OF THE SENATE.—It is the sense of the Sen-*  
4        *ate that—*

5                *(1) reaching a successful agreement on agri-*  
6        *culture should be the top priority of United States ne-*  
7        *gotiators; and*

8                *(2) if the primary competitors of the United*  
9        *States do not reduce their trade distorting domestic*  
10        *supports and export subsidies in accordance with the*  
11        *negotiating objectives expressed in this section, the*  
12        *United States should take steps to increase the lever-*  
13        *age of United States negotiators and level the playing*  
14        *field for United States producers in order to improve*  
15        *United States farm income and to encourage United*  
16        *States competitors to eliminate export subsidies and*  
17        *domestic supports that are harmful to United States*  
18        *farmers and ranchers.*

19        **SEC. 724. APPLICATION OF DENIAL OF FOREIGN TAX CRED-**  
20                        **IT REGARDING TRADE AND INVESTMENT**  
21                        **WITH RESPECT TO CERTAIN FOREIGN COUN-**  
22                        **TRIES.**

23        *(a) IN GENERAL.—Section 901(j) of the Internal Rev-*  
24        *enue Code of 1986 (relating to denial of foreign tax credit,*  
25        *etc., regarding trade and investment with respect to certain*

1 *foreign countries) is amended by adding at the end the fol-*  
2 *lowing new paragraph:*

3           “(5) *WAIVER OF DENIAL.*—

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

7                           “(i) *determines that a waiver of the*  
8                           *application of such paragraph is in the na-*  
9                           *tional interest of the United States and will*  
10                           *expand trade and investment opportunities*  
11                           *for United States companies in such coun-*  
12                           *try, and*

13                           “(ii) *reports such waiver under sub-*  
14                           *paragraph (B).*

15                   “(B) *REPORT.*—*Not less than 30 days be-*  
16           *fore the date on which a waiver is granted under*  
17           *this paragraph, the President shall report to*  
18           *Congress—*

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

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

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



1 **SEC. 725. UNREASONABLE ACTS, POLICIES, AND PRAC-**  
2 **TICES.**

3 *Section 301(d)(3)(B)(i) of the Trade Act of 1974 (19*  
4 *U.S.C. 2411(d)(3)(B)(i)) is amended by striking subclause*  
5 *(IV) and inserting the following:*

6 *“(IV) market opportunities, including*  
7 *the toleration by a foreign government of*  
8 *systematic anticompetitive activities, which*  
9 *include predatory pricing, discriminatory*  
10 *pricing, or pricing below cost of production*  
11 *by enterprises or among enterprises in the*  
12 *foreign country (including state trading en-*  
13 *terprises and state corporations) if the acts,*  
14 *policies, or practices are inconsistent with*  
15 *commercial practices and have the effect of*  
16 *restricting access of United States goods or*  
17 *services to the foreign market or third coun-*  
18 *try markets.”*

Amend the title so as to read: “An Act to authorize a new trade and investment policy for sub-Saharan Africa, expand trade benefits to the countries in the Caribbean Basin, renew the generalized system of preferences,

and reauthorize the trade adjustment assistance programs.”.

Attest:

*Secretary.*

106TH CONGRESS  
1ST SESSION

**H. R. 434**

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**AMENDMENTS**

HR 434 EAS—2

HR 434 EAS—3

HR 434 EAS—4

HR 434 EAS—5

HR 434 EAS—6

HR 434 EAS—7

HR 434 EAS—8

HR 434 EAS—9

HR 434 EAS—10

HR 434 EAS—11

HR 434 EAS—12

HR 434 EAS—13

HR 434 EAS—14

HR 434 EAS—15