

AUTHORIZATIONS OF APPROPRIATIONS FOR TRADE  
 AGENCIES

JUNE 27, 1995.—Committed to the Committee of the Whole House on the State of  
 the Union and ordered to be printed

Mr. ARCHER, from the Committee on Way and Means,  
 submitted the following

REPORT

[To accompany H.R. 1887]

The Committee on Ways and Means, to whom was referred the bill (H.R. 1887) to authorize appropriations for fiscal years 1996 and 1997 for the International Trade Commission, the Customs Service, and the Office of the United States Trade Representative, and for other purposes, having considered the same report favorably thereon with amendments and recommend that the bill as amended do pass.

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The amendments (stated in terms of the page and line numbers of the introduced bill) are as follows:

Page 3, line 21, insert "(A)" after the dash.

Page 3, line 23, strike "(including salaries and expenses)".

Page 4, line 1, strike "(A)" and insert "(i)".

Page 4, line 2, strike "(B)" and insert "(ii)".

Page 4, line 2, strike the quotation marks and second period.

Page 4, insert the following after line 2:

"(B) Operations referred to in subparagraph (A) include, but are not limited to—

"(i) the provision of support to Customs and other Federal, State, and local agencies in the enforcement or administration of laws enforced by the Customs Service; and

"(ii) at the discretion of the Commissioner of Customs, the provision of assistance to Federal, State, and local agencies in other law enforcement and emergency humanitarian efforts."

## I. INTRODUCTION

### A. PURPOSE AND SUMMARY

H.R. 1887 authorizes appropriations for fiscal years (FY) 1996 and 1997 for the U.S. International Trade Commission (ITC), the U.S. Customs Service, and the Office of the U.S. Trade Representative (USTR). The bill also provides for statutory changes to certain ITC and USTR report requirements.

### B. BACKGROUND AND NEED FOR LEGISLATION

H.R. 1887 provides a two-year authorization of appropriations for the ITC, Customs, and USTR. The statutory basis for the authorization of appropriations for each of the three agencies is as follows: ITC, section 330 of the Tariff Act of 1930, as amended; Customs, section 301 of the Customs Procedural Reform and Simplification Act of 1978; and USTR, section 141 of the Trade Act of 1974. The current budget authorizations expired at the end of fiscal year 1992. This budget authorization legislation is necessary to properly authorize subsequent appropriations to fund the operations of these essential trade agencies for fiscal years 1996 and 1997. The Committee has adopted a two-year authorization scheme in an attempt to fulfill its responsibilities as the authorizing committee for the trade agencies, as well as provide predictable guidance on the proper funding levels to the appropriators.

In addition, these proposals call for statutory changes to certain ITC and USTR reporting requirements. The proposed legislation calls for the termination of two reports, the Caribbean Basin Economic Recovery Act report and the East-West Trade Statistics Monitoring System. At present, the legislation for these reports, section 215 of the Caribbean Basin Economic Recovery Act (Caribbean Basin Economic Recovery report) and section 410 of the Trade Act of 1974 (East-West Trade Statistics Monitoring System), does not include sunset dates. Therefore, these proposals are required to repeal unnecessary reporting requirements, reducing costs and freeing ITC staff and resources for other purposes. The proposed legislation also includes a change in the reporting requirement for

the Andean Trade Preference Act report from each calendar year to every two-calendar year. The Committee recognizes that while the information provided in the report is useful, it is not required on an annual basis. This proposal is required to reduce costs and free ITC resources for other purposes.

These proposals includes additional annual reporting requirements on trade agreements by the President. Under section 163 of the Trade Act of 1974, the President must submit an annual report on the operation of the trade agreements program and provision of import relief and adjustment assistant, and on the national trade policy agenda for the year. This proposal calls for the inclusion of a listing of trade agreements entered into since 1984 and a description of any actions taken to ensure compliance. The inclusion of this information is necessary for the Congress to assess and evaluate more effectively the operations of the trade agreements program as a whole.

#### C. LEGISLATIVE HISTORY

##### *Committee bill*

H.R. 1887 was introduced on June 19, 1995, by Mr. Crane of Illinois and referred to the Committee on Ways and Means. The bill contained five provisions as reported by the Subcommittee on Trade: (1) authorizing appropriations for the International Trade Commission, the U.S. Customs Service and the Office of the United States Trade Representative; (2) repealing a Caribbean Basin Economic Recovery Act report; (3) changing the publication of the Economic Impact of Andean Trade Preference report from each calendar to every two-calendar years; (4) repealing the East-West Trade Statistics Monitoring System; and (5) requiring the President to submit additional information in the annual report to the Congress.

The Subcommittee on Trade of the Committee on Ways and Means marked up the draft bill on March 29, 1995, and ordered the draft bill to be favorably reported by voice vote with an amendment by Mr. Rangel to add an annual trade agreements reporting requirement.

The Committee on Ways and Means marked up H.R. 1887 on June 20, 1995, and approved by voice vote one amendment by Mr. Crane that restored legislative authority to permit officials from the Customs' Air and Marine Interdiction Program to support other Federal, State and local agencies in their law enforcement and emergency humanitarian efforts. The Committee ordered favorably reported H.R. 1887, as amended, by voice vote, with a quorum present.

##### *Legislative hearing*

The Subcommittee on Trade of the Committee on Ways and Means held a public hearing on February 27, 1995 on the Administration's FY 1996 budget proposals for the ITC, Customs and USTR.

## II. EXPLANATION OF THE BILL

### A. CUSTOMS AND TRADE AGENCY AUTHORIZATIONS FOR FISCAL YEARS 1996 AND 1997 (SEC. 1 OF THE BILL)

#### 1. United States International Trade Commission (Sec. 1(a) of the bill)

##### *Present law*

Section 330(e)(2) of the Tariff Act of 1930 contains a two-year authorization of appropriations for the ITC. The most recent authorization (section 101 of Public Law 101-382, the Customs and Trade Act of 1990) was \$41,170,000 for FY 1991 and \$44,052,000 for FY 1992 for the ITC. Of these amounts, not to exceed \$2,500 was authorized to be used for reception and entertainment expenses, subject to the approval of the Chairman of the Commission. The total appropriation to the ITC for FY 1995 (Public Law 103-317) is \$42,500,000. This does not include \$2,000,000 in FY 1994 carry-over funds.

##### *Explanation of provision*

The provision amends section 330(e)(2) of the Tariff Act of 1930 to provide an authorization of appropriations to the ITC of \$44,500,000 for FY 1996 and \$44,500,000 for FY 1997. Of the amounts authorized, not more than \$2,500 may be used for reception and entertainment expenses, subject to the approval of the Chairman of the Commission.

##### *Reasons for change*

The FY 1996 authorization is \$2,677,000 less than the amount requested by the ITC. The ITC requested \$47,177,000, an amount reflecting a 11 percent increase over the FY 1995 appropriation of \$42,500,000. The ITC's FY 1995 budget includes \$2,000,000 in carry-over from FY 1994, resulting in a total operating level of \$44,500,000. The ITC expects to use all carry-over funds in FY 1995.

It is the view of the Committee that freezing the ITC's budget at the total FY 1995 operating level of \$44,500,000 is justified in the current budget climate of decreased federal spending. This proposed authorization is a 5 percent increase from the FY 1995 appropriation. According to the ITC, approximately \$2,000,000 of its FY 1996 request would be used to pay for mandatory increases in base pay. This amount was not included in the authorization in order to bring the ITC's budget request into full compliance with President Clinton's budget reduction directives for Executive agencies. When this amount is taken into account, the difference between the ITC's request and the proposed authorization level for FY 1996 is less than \$700,000.

The Committee acknowledges that the ITC's caseload resulting from the passage of the Uruguay Round and NAFTA legislation is expected to increase in FY 1996 and FY 1997. The two other trade agencies in the purview of the Committee, USTR and Customs, also expect an increase in workload from these two trade agreements. However, their FY 1996 budget requests represent a freeze and a decrease, respectively, from their FY 1995 appropriations. To

encourage the ITC to consider restructuring and to retain equivalent budgetary treatment among these three agencies, a freeze of the ITC's budget at the FY 1995 total operating level is justified. In anticipation of continued contractions of federal spending, the proposed FY 1997 authorization freezes the ITC's budget at the FY 1996 level.

Included in sections 2, 3, and 4 of this bill are changes to certain statutory report requirements. In addition, the Committee is considering changes in other ITC report requirements. Both of these changes should result in cost reductions for the agency. As the ITC develops its plan to respond to its FY 1996 authorization, the Committee would discourage the ITC from eliminating all of its agency details, specifically those assigned to USTR. USTR relies heavily on agency details and the expertise provided by these details has proven invaluable to the trade negotiation process.

*Effective date*

This provision is effective upon enactment.

2. United States Customs Service (Sec. 1(b) of the bill)

*Present law*

The Customs Procedural Reform and Simplification Act of 1978 (Public Law 95-110) provides for a two-year authorization of appropriations for the U.S. Customs Service. The Omnibus Budget Reconciliation Act of 1986 (Public Law 99-509) requires that the salaries and expenses portion of the Customs Service authorization specify separate amounts for noncommercial and commercial operations.

The most recent authorization (section 101 of the Customs and Trade Act of 1990, Public Law 101-382) provided \$1,247,884,000 for salaries and expenses of the Customs Service, and \$150,199,000 for operations and maintenance of the air interdiction program. Appropriations for operations and maintenance of the marine program were added to this account by the FY 1992 Treasury Appropriations Act. The Act authorized \$542,091,000 for noncommercial operations and \$705,793,000 for commercial operations in FY 1992.

The FY 1995 Treasury Appropriation Act (Public Law 103-329) provided \$1,394,793,000 for Customs Service salaries and expenses and \$89,041,000 for the operations and maintenance of the air and marine interdiction program. Public Law 103-329, section 644 further reduced these amounts by \$2,142,000 and \$758,000, respectively, to reflect procurement reductions. Under provisions of Public Law 100-690, \$4,196,000 was transferred to salaries and expenses from the Office of National Drug Control Policy for high intensity drug trafficking areas programs.

*Explanation of provision*

The provision amends section 301(b) of the Customs Procedural Reform and Simplification Act of 1978 to authorize appropriations for the U.S. Customs Service not to exceed \$550,237,000 in FY 1996 and \$550,237,000 in FY 1997 for salaries and expenses incurred in noncommercial operations, and not less than \$839,593,000 in FY 1996 and \$839,593,000 in FY 1997 for salaries

and expense incurred in commercial operations. For operations and maintenance of the air and marine interdiction program, \$60,993,000 in FY 1996 and \$60,993,000 in FY 1997 are authorized. A carry-over of \$20,101,000 will also be available for the air and marine interdiction program. The bill as reported deletes obsolete language to clarify that the operations and maintenance account does not include authority for salaries and expenses.

Section 1(b) also restores legislative authority to permit officials from Customs' Air and Marine Interdiction Program to support other Federal, State and local agencies in their law enforcement and emergency humanitarian efforts.

*Reasons for change*

The FY 1996 authorization level reflects the amount requested in the President's budget submission. The total authorization amount of \$1,456,914,000 and 17,169 full-time equivalent (FTE) positions represents a decrease of \$30,426,000 and 80 FTE from the FY 1995 appropriation level. The net decrease in budget authority is approximately .7 percent because of the carry-over of \$20,101,000 in FY 1995 unobligated balance from the air and marine interdiction program and the restoration of funds transferred to the Treasury Overseas Law Enforcement Account. The proposed FY 1997 authorization freezes the budget at FY 1996 level for all three accounts.

The President's FY 1996 budget proposed the creation of a Treasury Foreign Law Enforcement Account to centralize all overseas law enforcement funding under the control of the Department of Treasury. The President's budget proposed transferring \$8,280,000 and 36 FTE from the noncommercial salaries and expenses account to this new Treasury account. In developing the proposed FY 1996 appropriation, the Committee did not approve the new Treasury account, but added this amount back into Customs's noncommercial salaries and expenses account. It is the Committee's view that this new account is unnecessary, weakens the Committee's control over the Customs' budget, and leads to additional confusion in the budget process. Thus, the FY 1996 authorization reflects the total amount requested by the President.

For the operations and maintenance of the air and marine interdiction program, the proposed FY 1996 authorization reflects the President's request, which is 30.9 percent less than the FY 1995 appropriation. However, Customs plans to use \$20,101,000 in carry-over funds to augment its FY 1996 appropriation. Therefore, the total FY 1996 budget (operating level) will be \$81,094,000, compared with \$98,981,000 in FY 1995.

Regarding the funding from the Crime Bill Trust Fund, the Committee requests that Customs work closely with Treasury Department officials to reevaluate the proposed use of such funding. The President's FY 1996 request states that the funding will be used to continue the development of technology to prevent the export of stolen vehicles. The Committee believes that more appropriate uses of such funds may exist and should be explored.

Regarding the authority to use air and marine assets to assist other agencies, this situation was brought about by an investigation conducted last year by the Appropriations Committee, which questioned whether Customs had the technical legal authority to

provide this type of assistance. Last summer, Customs issued a legal determination confirming that its existing funding authority did not allow their practice. As a result, the use of Customs Air and Marine Interdiction assets for humanitarian and law enforcement assistance has been suspended since that time. Under Customs' prior practice for the use of its Air and Marine Interdiction assets, first priority was given to Customs drug interdiction mission; second priority was given to other Customs missions; and third priority was given to assistance to other federal, state, and local agencies. It is the view of this Committee that this kind of co-operation between law enforcement is essential for an effective war on drugs, and, when appropriately used, it provides a useful service to local communities.

The Committee notes that the General Accounting Office reported that the Customs Service has a continuing problem regarding bond insufficiency. This is of concern because when insufficiency is determined the amount deemed due is most often uncollectible. In the April 1994 draft report of the Customs Bond Sufficiency Task Force, it was revealed that the Customs' Automated Commercial System does not have the ability to identify losses due to bond insufficiency. The Automated Surety Interface initiative would resolve the question of bond insufficiency, as well as assist Customs in achieving its goal of creating a paperless entry system. The Committee notes that Customs had issued a Federal Register notice for the Automated Surety Interface (ASI) as early as 1987, and has issued a subsequent Federal Register notice for the ASI dated January 22, 1993. The Committee is interested in Customs' intentions with respect to ASI, and would expect Customs to complete the rulemaking process for proceeding with ASI in a timely manner.

The Committee has concerns over the soon to be implemented Canadian Private Aircraft Reporting Program. We would like to learn more about the program and its impact on enforcement against narcotics traffic. The Committee, therefore, requests that Customs provide a report on the program within six months of the completion of the implementation of the program.

By reflecting the FY 1996 funding request, the Committee recognizes the efforts of the U.S. Customs Service in reorganizing and modernizing its operations. The significant changes underway at Customs promise to improve the delivery of services to the trade community and benefit American taxpayers in cost savings. The Committee supports Customs' reorganization and modernization efforts and will continue to follow these plans closely as they unfold.

*Effective date*

This provision is effective upon enactment.

3. Office of the United States Trade Representative (Sec. 1(c) of the bill)

*Present law*

Section 141(g) of the Trade Act of 1974, as amended, authorizes two-year appropriations to carry out the functions of the USTR. The most recent authorization (under section 103 of the Customs

and Trade Act of 1990) was \$23,250,000 for FY 1991 and \$21,077,000 for FY 1992, of which not to exceed \$98,000 is available for official reception and entertainment expenses, not to exceed \$2,050,000 for the U.S. share of expenses for binational panels and committees under Chapter 19 of the U.S.-Canada Free Trade Agreement, and not to exceed \$1,000,000 to remain available until expended.

The total appropriation to USTR for FY 1995 (Public Law 103-317) is \$20,949,000, of which not to exceed \$98,000 shall be available for official reception and representation expenses and \$2,500,000 shall remain available until expended.

*Explanation of provision*

This provision amends section 141(g)(1) of the Trade Act of 1974 to provide a two-year authorization of appropriations to the USTR totaling \$20,949,000 for FY 1996 and \$20,949,000 for FY 1997. Of these amounts in each year, not to exceed \$98,000 may be used for entertainment and representation expenses and not to exceed \$2,500,000 shall remain available until expended.

*Reason for change*

The FY 1996 authorization level reflects the amount requested in the President's budget submission. For FY 1996, USTR is requesting \$20,949,000 in budget authority and 166 FTE. This represents no change in budgetary authority from FY 1995, but is a decrease of 2 FTE. The proposed FY 1997 authorization freezes the budget at the FY 1966 level.

In FY 1996, USTR plans to absorb an estimated \$450,000 in costs associated with employee pay raises and general inflation by curbing spending on printing, equipment purchases and travel, reducing employment by 2 FTE, and phasing out the dispute resolution expenses under the U.S.-Canadian Free Trade Agreement. The Committee notes that the number of Schedule C/political appointees has increased more than 50 percent over the last several years. Since its inception, the number of USTR ambassadors has increased from 3 to 5, with the possibility of an additional appointment later this year.

USTR's budget request for FY 1996 represents a freeze in budget authority, a commendable request from an agency which has the primary responsibility for developing, coordinating and articulating U.S. international trade policy, advising the President and the Congress on trade policy, and conducted international trade negotiations. The request is justified by the agency's statutory functions and the full agenda of international trade policy issues and negotiations.

It has come to the attention of the Committee that USTR is considering relocating its Geneva, Switzerland office from its present location to the State Department mission building. Given its role as the U.S. government's lead trade negotiator, it is the Committee's view that USTR's current location is more conducive to fulfilling its mission. The Committee has strongly supported the independence of USTR from other agencies of the U.S. government. The USTR, a Cabinet-level appointment within the White House, has served as the coordinator among agencies of U.S. trade policy. The

Committee believes it is important to maintain, in semblance and reality, that independence and coordinating function.

Also, the proximity of the current Geneva office to the World Trade Organization headquarters allows the United States to host numerous meetings and to better consolidate the U.S. position by taking a leadership role. The accessibility of the current USTR office in Geneva, with respect to visits by both representatives of foreign governments and the private sector, would certainly be reduced if USTR were to relocate to offices within the State Department mission building. Therefore, the Committee recommends that USTR remain in its current location in Geneva.

*Effective date*

This provision is effective upon enactment.

B. CBI REPORTS (SEC. 2 OF THE BILL)

*Present law*

Section 215(a) requires the ITC to report to the Congress and the President on the economic impact of the Caribbean Basin Economic Recovery Act (CBERA) on U.S. industries and consumers during (1) the two-year period beginning with enactment [August 5, 1983]; and (2) each year afterwards, until duty-free treatment is terminated. Public Law 101-382 repealed the termination date.

*Explanation of provision*

The provision repeals section 215(a) of CBERA which required the ITC to report to the Congress and the President on the economic impact of the Act on U.S. industries and consumers.

*Reason for change*

On March 29, 1995, the Subcommittee on Trade ordered favorably reported H.R. 553, the "Caribbean Basin Trade Security Act." The bill provides NAFTA parity benefits for Caribbean countries to restore benefits eroded by NAFTA implementation, and to preserve and attract economic investment to the region. The bill contains new reporting requirements that require (1) the President to conduct and report to Congress, on a triennial basis, a review of the benefits accorded under the bill; and (2) USTR to assess the economic development efforts and market-oriented reforms in each beneficiary country. Given the new reporting requirements of this pending legislation, it is the Committee's view that the CBERA report is no longer necessary or relevant. In addition, repeal of the CBERA report would free ITC resources for other purposes and reduce printing and distribution costs. (The report costs approximately \$135,000 to produce and more than 1,800 copies are distributed annually.)

*Effective date*

This provision is effective upon enactment.

## C. ANDEAN TRADE PREFERENCE ACT REPORTS (SEC. 3 OF THE BILL)

*Present law*

Section 206 of the Andean Trade Preferences Act provides that the ITC shall prepare a report for Congress regarding the economic impact of this Act each calendar year until duty-free treatment is terminated, December 4, 2001.

*Explanation of provision*

The provision amends section 206(a)(2) of the Andean Trade Preferences Act to change the publication of the Economic Impact of the Andean Trade Preferences report from each calendar year to every two-calendar years.

*Reason for change*

The Committee finds that while the information provided by the report is useful, it is not required on an annual basis. It is the Committee's view that every two years is a sufficient timeframe to review the effect of the Andean Trade Preferences Program on U.S. industries and trade. In addition, changing the reporting requirement to every two years would free ITC resources for other purposes and reduce printing and distribution costs. (The report costs approximately \$127,000 and nearly 800 copies are distributed annually.)

*Effective date*

This provision is effective upon enactment.

D. REPEAL OF EAST-WEST TRADE STATISTICS MONITORING SYSTEM  
(SEC. 4 OF THE BILL)*Present law*

Section 410 of the Trade Act of 1974 as amended (19 U.S.C. 2440) established the East-West Trade Statistics Monitoring System. It requires the ITC to monitor U.S. imports from, and exports to, nonmarket economy countries. Such data must be published and transmitted to Congress each quarter.

*Explanation of provision*

The provision repeals section 410 of the Trade Act of 1974, as amended, which established the East-West Trade Statistics Monitoring System.

*Reason for change*

Identical provisions were included in H.R. 11, the "Revenue Act of 1992," passed by the 102nd Congress but vetoed by the President and H.R. 2264, the "Omnibus Budget Reconciliation Act of 1993" as passed by the House. The Committee believes that repeal of section 410 is warranted due to the substantial political and economic transformation of the former East Bloc regimes and the need to focus limited ITC resources on other areas. The reporting requirement was enacted as part of Title IV, along with the Jackson-Vanik amendment, which authorized the President to extend most-favored-nation status to nonmarket economy countries, subject to cer-

tain conditions. After 20 years' experience with the Jackson-Vanik amendment, a quarterly reporting requirement on nonmarket economy countries appears to be unnecessary and outdated. In addition, repeal of the reporting requirement would free ITC staff resources for other purposes and reduces printing and distribution costs. (More than 1,000 copies are printed and mailed.) Data on trade with the former East Bloc countries will continue to be collected by the U.S. Census Bureau and the ITC and can be readily obtained by Members of Congress and the public.

*Effective date*

This provision is effective upon enactment.

E. ANNUAL REPORT ON TRADE AGREEMENTS (SEC. 5 OF THE BILL)

*Present law*

Section 163(a) of the Trade Act of 1974 requires the President to submit an annual report to the Congress on the operation of the trade agreements program and provision of import relief and adjustment assistance, and on the national trade policy agenda for the year.

*Explanation of provision*

The provision amends section 163(a) of the Trade Act of 1974 to provide for additional annual reporting requirements on trade agreements by the President to the Congress. The provision requires: (1) a listing of trade agreements entered into by the United States since 1984 which afford increased market access or reduce barriers and other trade distorting policies and practices by other parties to those agreements; and (2) a description of any actions taken during the preceding calendar year to ensure compliance with those agreements by other parties to those agreements.

*Reason for change*

Since the passage of the Trade Act of 1974, which set forth a number of reporting requirements by the President concerning the operation of the trade agreements program, the United States has entered into numerous trade agreements, such as the Uruguay Round; regional agreement, such as the NAFTA; and bilateral agreements, such as those the United States has reached with Japan on different sectoral issues as well those the United States has entered into with other trading partners to settle section 301 cases.

Under the reporting requirements of current law, there is no requirement for the President to provide the Congress with a consolidated and updated listing of the various trade agreements which are currently available to achieve our country's trade policy objectives and to assist U.S. firms engaged in international trade. Given the numerous trade agreements the United States has entered into since 1984, the Committee believes that including such a listing in the President's annual report would enable the Congress to assess and evaluate more effectively the operation of the trade agreements program as a whole. Too often in the past, the focus has been on concluding new trade agreements rather than on ensuring that ex-

isting agreements are being properly implemented by our trading partners. Requiring the President to provide Congress annually with an updated listing of relevant trade agreements and to report on actions taken during the preceding calendar year to ensure compliance with such agreements would give the President an important, but non-burdensome, statutory framework within which to organize and conduct the Administration's compliance efforts.

The Committee intends the President to have discretion on the manner in which the information to fulfill the new reporting requirements is presented and notes that some of this information is already being provided in some form in the annual report. Nonetheless, the Committee believes that it would be helpful to organize the presentation of this information such that there would be an annex in the annual report listing the relevant trade agreements entered into since 1984, with the bilateral agreements set forth on a country-by-country basis. The Committee would also encourage the Administration to include in the listing, as it deems appropriate, any relevant trade agreement entered into prior to 1984. More detailed information on these agreements and any actions taken in the preceding calendar year to ensure compliance with these agreements could be incorporated, as appropriate, into the body of the report.

The Committee intends that the term "trade agreements" should be broadly construed to cover both Executive trade agreements (including any bilateral memoranda of understanding, side letters and other applicable instruments) as well as Executive trade agreements approved by Congress (i.e. Congressional-Executive agreements). However, the Committee also intends that the trade agreements to be covered by this new reporting requirement are only those that are intended to provide increased market access or to reduce trade barriers or trade distorting policies or practices by our trading partners. In this regard, the Committee is seeking a listing of those substantive agreements which are particularly relevant to U.S. firms engaged in international trade. The Committee does not intend that the list include procedural agreements which are of no substantive value with respect to obtaining market access or reducing trade barriers or trade distorting policies or practices.

*Effective date*

This provision is effective upon enactment.

III. VOTES OF THE COMMITTEE

In compliance with clause 2(l)(2)(B) of the Rules of the House of Representatives, the following statements are made concerning the votes of the Committee in its consideration of the bill, H.R. 1887.

*Motion to report the bill*

The bill, H.R. 1887, was ordered favorably reported, as amended, by voice vote on June 20, 1995, with a quorum present.

## IV. BUDGET EFFECTS

## A. COMMITTEE ESTIMATE ON BUDGETARY EFFECTS

In compliance with clause 7(a) of rule XIII of the Rules of the House of Representatives, the following statement is made concerning the effects on the budget of this bill, H.R. 1887, as reported:

The Committee agrees with the estimate prepared by CBO, which is included below.

## B. STATEMENT REGARDING NEW BUDGET AUTHORITY AND TAX EXPENDITURES

In compliance with subdivision (B) of clause 2(l)(3) of rule XI of the Rules of the House of Representatives, the Committee states that the provisions of H.R. 1887 do not involve any new budget authority, or any increase or decrease in revenues or tax expenditures.

## C. COST ESTIMATE PREPARED BY THE CONGRESSIONAL BUDGET OFFICE

In compliance with subdivision (C) of clause 2(l)(3) of rule XI of the Rules of the House of Representatives, requiring a cost estimate prepared by the Congressional Budget Office, the following report prepared by CBO is provided.

U.S. CONGRESS,  
CONGRESSIONAL BUDGET OFFICE,  
*Washington, DC, June 22, 1995.*

Hon. BILL ARCHER,  
*Chairman, Committee on Ways and Means,  
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the attached estimate for H.R. 1887, a bill to authorize appropriations for fiscal years 1996 and 1997 for the International Trade Commission, the Customs Service, and the Office of the United States Trade Representative, and for other purposes.

Enacting the bill would not affect direct spending or receipts. Therefore, pay-as-you-go procedures would not apply.

If you wish further details on this estimate, we will be pleased to provide them.

Sincerely,

JUNE E. O'NEILL.

## V. OTHER MATTERS TO BE DISCUSSED UNDER THE RULES OF THE HOUSE

## A. COMMITTEE OVERSIGHT FINDINGS AND RECOMMENDATIONS

With respect to subdivision (A) of clause 2(l)(3) of rule XI of the rules of the House of Representatives (relating to oversight findings), the Committee advises that it was as a result of the Committee's oversight activities concerning the budget authorizations for the ITC, Customs and USTR that the Committee concluded that it is appropriate to enact the provisions contained in the bill.

## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

1. Bill number: H.R. 1887.

2. Bill title: A bill to authorize appropriations for fiscal years 1996 and 1997 for the International Trade Commission, the Customs Service, and the Office of the United States Trade Representative, and for other purposes.

3. Bill status: As ordered reported by the House Committee on Ways and Means on June 20, 1995.

4. Bill purpose: The bill would authorize appropriations for 1996 and 1997 for the U.S. Customs Service, the International Trade Commission (ITC), and the Office of the U.S. Trade Representative (OUSTR). For the Customs Service, the amounts authorized would be about \$1.4 billion for salaries and expenses and about \$61 million for operations and maintenance, annually, for fiscal years 1996 and 1997. Also, for 1996 and 1997, the bill would authorize annual appropriations of about \$45 million for the ITC and about \$21 million for the OUSTR.

The bill also would repeal or slightly modify the requirements for certain reports prepared for the congress by the ITC and the OUSTR.

5. Estimated cost to the Federal Government: Enacting H.R. 1887 would affect discretionary spending, subject to appropriations of the necessary funds, as shown in the following table.

[By fiscal year, in millions of dollars]

	1995	1996	1997	1998	1999	2000
Spending under current law:						
Budget authority <sup>1</sup> .....	1,549					
Estimated outlays .....	1,524	163	1			
Proposed changes:						
Authorization level .....		1,516	1,516			
Estimated outlays .....		1,359	1,515	158	1	
Spending under H.R. 1887:						
Authorization level <sup>1</sup> .....	1,549	1,516	1,516			
Estimated outlays .....	1,524	1,522	1,516	158	1	

<sup>1</sup>The 1995 is the amount appropriated for that year.

The costs of this bill fall within budget functions 150, 750, and 800.

In total, the amounts authorized for the Customs Service, the ITC, and the OUSTR are slightly lower than the sum of appropriations provided for fiscal year 1995. This estimate assumes that the Congress will appropriate the full amounts authorized for each fiscal year. The estimated outlays are based on historical spending patterns.

6. Pay-as-you-go considerations: None.

7. Estimated cost to State and local governments: None.

8. Estimate comparison: None.

9. Previous CBO estimate: None.

10. Estimate prepared by: Mark Grabowicz and Sunita D'Monte.

11. Estimate approved by: Robert A. Sunshine for Paul N. Van de Water, Assistant Director for Budget Analysis.

B. SUMMARY OF FINDINGS AND RECOMMENDATIONS OF THE  
COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT

With respect to subdivision (D) of clause 2(l)(3) of rule XI of the Rules of the House of Representatives (relating to oversight findings), the Committee advises that no oversight findings or recommendations have been submitted to this Committee by the Committee on Government Reform and Oversight with respect to the provisions contained in this bill.

C. INFLATIONARY IMPACT STATEMENT

In compliance with clause 2(l)(4) of rule XI of the rules of the House of Representatives, the Committee states that the provisions of the bill are not expected to have an overall inflationary impact on prices and costs in the operation of the national economy. As is indicated above (in Part IV of this report), the bill is projected to be deficit neutral over fiscal years 1995–2000.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

**SECTION 330 OF THE TARIFF ACT OF 1930**

**SEC. 330. ORGANIZATION OF THE COMMISSION.**

(a) \* \* \*

\* \* \* \* \*

(e) AUTHORIZATION OF APPROPRIATIONS.—For the fiscal year beginning October 1, 1976, and each fiscal year thereafter, there are authorized to be appropriated to the Commission only such sums as may hereafter be provided by law.

[(2)(A) There are authorized to be appropriated to the Commission for necessary expenses (including the rental of conference rooms in the District of Columbia and elsewhere) not to exceed the following:

[(i) \$41,170,000 for fiscal year 1991.

[(ii) \$44,052,000 for fiscal year 1992.

[(B) Not to exceed \$2,500 of the amount authorized to be appropriated for any fiscal year under subparagraph (A) may be used, subject to the approval of the Chairman of the Commission, for reception and entertainment expenses.

[(C) No part of any sum that is appropriated under the authority of subparagraph (A) may be used by the Commission in the making of any special study, investigation, or report that is requested by any agency of the executive branch unless that agency reimburses the Commission for the cost thereof.]

*(2)(A) There are authorized to be appropriated to the Commission for necessary expenses (including the rental of conference rooms in the District of Columbia and elsewhere) not to exceed the following:*

*(i) \$44,500,000 for fiscal year 1996.*

*(ii) \$44,500,000 for fiscal year 1997.*

*(B) Not to exceed \$2,500 of the amount authorized to be appropriated for any fiscal year under subparagraph (A) may be used, subject to the approval of the Chairman of the Commission, for reception and entertainment expenses.*

*(C) No part of any sum that is appropriated under the authority of subparagraph (A) may be used by the Commission in the making of any special study, investigation, or report that is requested by any agency of the executive branch unless that agency reimburses the Commission for the cost thereof.*

\* \* \* \* \*

**SECTION 301 OF THE CUSTOMS PROCEDURAL REFORM AND SIMPLIFICATION ACT OF 1978**

SEC. 301. (a) \* \* \*

[(b) AUTHORIZATION OF APPROPRIATIONS.—

[(1) FOR NONCOMMERCIAL OPERATIONS.—There are authorized to be appropriated for the salaries and expenses of the Customs Service that are incurred in noncommercial operations not to exceed the following:

[(A) \$516,217,000 for fiscal year 1991.

[(B) \$542,091,000 for fiscal year 1992.

[(2) FOR COMMERCIAL OPERATIONS.—(A) There are authorized to be appropriated for the salaries and expenses of the Customs Service that are incurred in commercial operations not less than the following:

[(i) \$672,021,000 for fiscal year 1991.

[(ii) \$705,793,000 for fiscal year 1992.

[(B) The monies authorized to be appropriated under subparagraph (A) for any fiscal year, except for such sums as may be necessary for the salaries and expenses of the Customs Service that are incurred in connection with the processing of merchandise that is exempt from the fees imposed under section 13031(a) (9) and (10) of the Consolidated Omnibus Budget Reconciliation Act of 1985, shall be appropriated from the Customs User Fee Account.

[(3) FOR AIR INTERDICTION.—There are authorized to be appropriated for the operation (including salaries and expenses) and maintenance of the air interdiction program of the Customs Service not to exceed the following:

[(A) \$143,047,000 for fiscal year 1991.

[(B) \$150,199,000 for fiscal year 1992.]

(b) AUTHORIZATION OF APPROPRIATIONS.—

(1) FOR NONCOMMERCIAL OPERATIONS.—*There are authorized to be appropriated for the salaries and expenses of the Customs Service that are incurred in noncommercial operations not to exceed the following:*

*(A) \$550,237,000 for fiscal year 1996.*

*(B) \$550,237,000 for fiscal year 1997.*

(2) FOR COMMERCIAL OPERATIONS.—*(A) There are authorized to be appropriated for the salaries and expenses of the Customs Service that are incurred in commercial operations not less than the following:*

- (i) \$839,593,000 for fiscal year 1996.
- (ii) \$839,593,000 for fiscal year 1997.

(B) the monies authorized to be appropriated under subparagraph (A) for any fiscal year, except for such sums as may be necessary for the salaries and expenses of the Customs Service that are incurred in connection with the processing of merchandise that is exempt from the fees imposed under section 13031(a) (9) and (10) of the Consolidated Omnibus Budget Reconciliation Act of 1985, shall be appropriated from the Customs User Fee Account.

(3) FOR AIR AND MARINE INTERDICTION.—(A) There are authorized to be appropriated for the operation and maintenance of the air and marine interdiction programs of the Customs Service not to exceed the following:

- (i) \$60,993,000 for fiscal year 1996.
- (ii) \$60,993,000 for fiscal year 1997.

(B) Operations referred to in subparagraph (A) include, but are not limited to—

- (i) the provision of support to Customs and other Federal, State, and local agencies in the enforcement or administration of laws enforced by the Customs Service; and
- (ii) at the discretion of the Commissioner of Customs, the provision of assistance to Federal, State, and local agencies in other law enforcement and emergency humanitarian efforts.

\* \* \* \* \*

**TRADE ACT OF 1974**

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TITLE I—NEGOTIATING AND OTHER AUTHORITY

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TITLE IV—TRADE RELATIONS WITH COUNTRIES NOT CURRENTLY RECEIVING NONDISCRIMINATORY TREATMENT

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- Sec. 402. Freedom of emigration in East-West trade.
- Sec. 403. United States personnel missing in action in Southeast Asia.

\* \* \* \* \*

[Sec. 410. East-West Trade Statistics Monitoring System.]

\* \* \* \* \*

**TITLE I—NEGOTIATING AND OTHER AUTHORITY**

\* \* \* \* \*

**CHAPTER 4—OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE**

**SEC. 141. OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE.**

(a) \* \* \*

\* \* \* \* \*

[(g)(1)(A) There are authorized to be appropriated to the Office for the purposes of carrying out its functions not to exceed the following:

- [(i) \$23,250,000 for fiscal year 1991.
- [(ii) \$21,077,000 for fiscal year 1992.

[(B) Of the amounts authorized to be appropriated under subparagraph (A) for any fiscal year—

- [(i) not to exceed \$98,000 may be used for entertainment and representation expenses of the Office;
- [(ii) not to exceed \$2,050,000 may be used to pay the United States share of the expenses of binational panels and extraordinary challenge committees convened pursuant to chapter 19 of the United States-Canada Free-Trade Agreement; and
- [(iii) not to exceed \$1,000,000 shall remain available until expended.]

*(g)(1)(A) There are authorized to be appropriated to the Office for the purposes of carrying out its functions not to exceed the following:*

- (i) \$20,949,000 for fiscal year 1996.*
- (ii) \$20,949,000 for fiscal year 1997.*

*(B) Of the amounts authorized to be appropriated under subparagraph (A) for any fiscal year—*

- (i) not to exceed \$98,000 may be used for entertainment and representation expenses of the Office; and*
- (ii) not to exceed \$2,500,000 shall remain available until expended.*

\* \* \* \* \*

**CHAPTER 6—CONGRESSIONAL LIAISON AND REPORTS**

\* \* \* \* \*

**SEC. 163. REPORTS.**

(a) ANNUAL REPORT ON TRADE AGREEMENTS PROGRAM AND NATIONAL TRADE POLICY AGENDA.—

(1) \* \* \*

(2) *The report shall include—*

- (A) a listing of trade agreements entered into by the United States since 1984 which afford increased market access or reduce barriers and other trade distorting policies and practices by other parties to those agreements; and*
- (B) a description of any actions taken during the preceding calendar year to ensure compliance with those agreements by other parties to those agreements.*

[(2)] (3) The report shall include, with respect to the matters referred to in paragraph (1)(A), information regarding—

- (A) new trade negotiations;

\* \* \* \* \*

[(3)] (4)(A) The national trade policy agenda required under paragraph (1)(B) for the year in which a report is submitted shall be in the form of a statement of—

- (i) the trade policy objectives and priorities of the United States for the year, and the reasons therefor;

\* \* \* \* \*

**TITLE IV—TRADE RELATIONS WITH COUNTRIES NOT CURRENTLY RECEIVING NON-DISCRIMINATORY TREATMENT**

\* \* \* \* \*

**[SEC. 410. EAST-WEST TRADE STATISTICS MONITORING SYSTEM.**

[The International Trade Commission shall establish and maintain a program to monitor imports of articles into the United States from nonmarket economy countries and exports of articles from the United States to nonmarket economy countries. To the extent feasible, the Commission shall coordinate such program with any relevant data gathering programs presently conducted by the Secretary of Commerce. The Secretary of Commerce shall provide the Commission with any information which, in the determination of the Commission, is necessary to carry out this section. The Commission shall publish a detailed summary of the data collected under the East-West Trade Statistics Monitoring System not less frequently than once each calendar quarter and shall transmit such publication to the East-West Foreign Trade Board and to Congress. Such publication shall include data on the effect of such imports if any, on the production of like, or directly competitive, articles in the United States, and on employment within the industry which produces like, or directly competitive, articles in the United States.]

\* \* \* \* \*

**SECTION 215 OF THE CARIBBEAN BASIN ECONOMIC RECOVERY ACT**

**[SEC. 215. INTERNATIONAL TRADE COMMISSION REPORTS ON IMPACT OF THIS ACT.**

[(a) The United States International Trade Commission (hereinafter in this section referred to as the "Commission") shall prepare, and submit to Congress and to the President, a report regarding the economic impact of this Act on United States industries and consumers during—

[(1) the twenty-four-month period beginning with the date of enactment of this Act; and

[(2) each calendar year occurring thereafter until duty-free treatment under this title is terminated under section 216(b). For purposes of this section, industries in the Commonwealth of Puerto Rico and the insular possessions of the United States shall be considered to be United States industries.

[(b)(1) Each report required under subsection (a) shall include, but not be limited to, an assessment by the Commission regarding—

[(A) the actual effect, during the period covered by the report, of this Act on the United States economy generally as well as on those specific domestic industries which produce articles that are like, or directly competitive with, articles being imported into the United States from beneficiary countries; and

[(B) the probable future effect which this Act will have on the United States economy generally, as well as on such domestic industries, before the provisions of this Act terminate.

[(2) In preparing the assessments required under paragraph (1), the Commission shall, to the extent practicable—

[(A) analyze the production, trade and consumption of United States products affected by this Act, taking into consideration employment, profit levels, and use of productive facilities with respect to the domestic industries concerned, and such other economic factors in such industries as it considers relevant, including prices, wages, sales, inventories, patterns of demand, capital investment, obsolescence of equipment, and diversification of production; and

[(B) describe the nature and extent of any significant change in employment, profit levels, and use of productive facilities, and such other conditions as it deems relevant in the domestic industries concerned, which it believes are attributable to this Act.

[(c)(1) Each report required under subsection (a) shall be submitted to the Congress and to the President before the close of the nine-month period beginning on the day after the last day of the period covered by the report.

[(2) The Commission shall provide opportunity for the submission by the public, either orally or in writing, or both, of information relating to matters that will be addressed in the reports.]

**SECTION 206 OF THE ANDEAN TRADE PREFERENCE ACT**

**SEC. 206. INTERNATIONAL TRADE COMMISSION REPORTS ON IMPACT OF THE ANDEAN TRADE PREFERENCE ACT.**

(a) IN GENERAL.—The United States International Trade Commission (hereinafter in this section referred to as the “Commission”) shall prepare, and submit to the Congress, a report regarding the economic impact of this title on United States industries and consumers, and, in conjunction with other agencies, the effectiveness of this title in promoting drug-related crop eradication and crop substitution efforts of the beneficiary countries, during—

(1) the 24-month period beginning with the date of enactment of this title; and

(2) [each calendar year] *each 2-calendar-year period* occurring thereafter until duty-free treatment under this title is terminated under section 208(b). For purposes of this section, industries in the Commonwealth of Puerto Rico and the insular possessions of the United States shall be considered to be United States industries.

\* \* \* \* \*