

88th Congress, H. R. 7885
December 16, 1963



An Act

To amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Foreign Assistance Act of 1963".

Foreign Assist-
ance Act of 1963.

PART I

CHAPTER 1—POLICY

SEC. 101. Chapter 1 of part I of the Foreign Assistance Act of 1961, as amended, is amended as follows:

- (a) In the chapter heading strike out the words "SHORT TITLE AND".
- (b) Section 101, which relates to short title, is repealed. Repeal.
75 Stat. 424.
22 USC 2151
- (c) Section 102, which relates to statement of policy, is amended as follows:
 - (1) Insert between the fourth and fifth paragraphs the following additional paragraph:
"It is the sense of the Congress that the institution of full investment guaranty programs under title III of chapter 2 of this part with all recipient countries would be regarded as a significant measure of self-help by such countries improving the climate for private investment both domestic and foreign."
75 Stat. 429;
76 Stat. 256.
22 USC 2181-
2184.
 - (2) In the last sentence of the seventh paragraph, strike out "should emphasize long-range development assistance" and insert in lieu thereof "shall emphasize long-range development assistance".
 - (3) Immediately after the tenth paragraph insert the following new paragraph:
"It is the sense of the Congress that, in the administration of programs of assistance under chapter 2 of this part, every possible precaution should be taken to assure that such assistance is not diverted to short-term emergency purposes (such as budgetary purposes, balance-of-payments purposes, or military purposes) or any other purpose not essential to the long-range economic development of recipient countries."
75 Stat. 426.
22 USC 2161-
2201.
 - (4) The first sentence of the last paragraph is amended by striking out "Finally, the" and substituting "The", and by inserting "(including private enterprise within such countries)" immediately after "countries".
 - (5) Immediately after the first sentence of the last paragraph insert the following new sentence: "In particular, the Congress 77 STAT. 379.
77 STAT. 380. urges that other industrialized free-world countries increase their contributions and improve the forms and terms of their assistance so that the burden of the common undertaking, which is for the benefit of all, shall be equitably borne by all."
 - (6) Immediately after the last paragraph, add the following new paragraph:
"It is the sense of the Congress that assistance authorized by this Act should be extended to or withheld from the government of South Vietnam, in the discretion of the President, to further the objectives of victory in the war against communism and the return to their homeland of Americans involved in that struggle."

CHAPTER 2—DEVELOPMENT ASSISTANCE

TITLE I—DEVELOPMENT LOAN FUND

SEC. 102. Title I of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to the development loan fund, is amended as follows:

75 Stat. 426;
76 Stat. 256.
22 USC 2161.

(a) Amend section 201, which relates to general authority, as follows:

(1) In the second sentence of subsection (b), which relates to considerations to be taken into account in making loans from the development loan fund, strike out clauses (1) and (2) and insert in lieu thereof the following: "(1) whether financing could be obtained in whole or in part from other free-world sources on reasonable terms, including private sources within the United States, (2) the economic and technical soundness of the activity to be financed, including the capacity of the recipient country to repay the loan at a reasonable rate of interest."

22 USC 2165.

(2) Subsection (d), which relates to interest rates on development loans, is amended by inserting immediately after "in no event" the following: "shall such funds (except funds loaned under section 205 and funds which prior to the date of enactment of the Foreign Assistance Act of 1963 were authorized or committed to be loaned upon terms which do not meet the minimum terms set forth herein) be loaned at a rate of interest of less than 2 per centum per annum commencing not later than ten years following the date on which the funds are initially made available under the loan, during which ten-year period the rate of interest shall not be lower than three-fourths of 1 per centum per annum, nor".

(3) Add the following new subsection (f):

"(f) No assistance shall be furnished under this title for a project unless the President determines that such project will promote the economic development of the requesting country, taking into account the current human and material resource requirements of that country and the relationship between the ultimate objectives of the project and the overall economic development of the country, and that such project specifically provides for appropriate participation by private enterprise."

22 USC 2162.

(b) Amend section 202(a), which relates to authorizations for the development loan fund, as follows:

(1) Strike out "and \$1,500,000,000 for each of the next four succeeding fiscal years," and insert in lieu thereof "\$1,500,000,000 for the fiscal year 1963, \$925,000,000 for the fiscal year 1964, and \$1,500,000,000 for each of the next two succeeding fiscal years."

77 STAT. 380.
77 STAT. 381.

(2) Immediately before the period at the end thereof insert the following: " : *Provided further*, That, in order to effectuate the purposes and provisions of sections 102, 201, 601, and 602 of this Act, not less than 50 per centum of the funds appropriated pursuant to this subsection for the fiscal years ending June 30, 1965, and June 30, 1966, respectively, shall be available for loans made to encourage economic development through private enterprise".

22 USC 2151,
2161, 2351,
2352.

TITLE II—DEVELOPMENT GRANTS AND TECHNICAL COOPERATION

SEC. 103. Title II of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to development grants and technical cooperation, is amended as follows:

(a) In section 212, which relates to authorization, strike out "1963" and "\$300,000,000" and substitute "1964" and "\$220,000,000", respectively. 75 Stat. 428;
76 Stat. 256.
22 USC 2172.

(b) Amend section 214, which relates to American schools and hospitals abroad, as follows: 22 USC 2174.

(1) In subsection (a) strike out "use, in addition to other funds available for such purposes, funds made available for the purposes of section 211 for" and substitute the word "furnish".

(2) In subsection (b) strike out "to use" and "foreign currencies accruing to the United States Government under any Act, for purposes of subsection (a) of this section and for" and substitute "to furnish" before the word "assistance".

(3) Add the following new subsection:

"(c) There is hereby authorized to be appropriated to the President for the purposes of this section, for the fiscal year 1964, \$19,000,000, to remain available until expended. Of the sums authorized to be appropriated under this subsection, not to exceed \$2,200,000 shall be available for direct dollar costs in carrying out subsection (b) and \$4,700,000 shall be available solely for the purchase of foreign currencies accruing to the United States Government under any Act."

TITLE III—INVESTMENT GUARANTIES

SEC. 104. Title III of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to investment guaranties, is amended as follows:

(a) Amend section 221(b), which relates to general authority, as follows: 75 Stat. 429;
76 Stat. 256.
22 USC 2181.

(1) In the first sentence after "wholly owned" insert "(determined without regard to any shares, in aggregate less than 5 per centum of the total of issued and subscribed share capital, required by law to be held by persons other than the parent corporation)".

(2) In paragraph (1) strike out "\$1,300,000,000" in the proviso and substitute "\$2,500,000,000".

(3) In paragraph (2) strike out "1964" in the fourth proviso and substitute "1965".

(b) Amend section 222(a), which relates to general provisions, by striking out "section 221(b)" and substituting "sections 221(b) and 224". 22 USC 2182.
22 USC 2184.

(c) Amend section 222(b), which relates to general provisions, by striking out "section 221(b)" in both places it appears and substituting "sections 221(b) and 224".

(d) Amend section 222(d), which relates to general provisions, to read as follows:

"(d) Any payments made to discharge liabilities under guaranties issued under sections 221(b) and 224 of this part, sections 202(b) and 413(b) (4) of the Mutual Security Act of 1954, as amended, and section 111(b) (3) of the Economic Cooperation Act of 1948, as amended (exclusive of informational media guaranties), shall be paid first out of fees referred to in section 222(b) as long as such fees are available, and thereafter shall be paid out of funds, if any, realized from the sale of currencies or other assets acquired in connection with any payments made to discharge liabilities under such guaranties as long as such funds are available, and thereafter shall be paid out of funds heretofore appropriated for the purpose of discharging liabilities under the 71 Stat. 357;
68 Stat. 846.
22 USC 1872,
1933.
62 Stat. 143.
22 USC 1509.
77 STAT. 381.
77 STAT. 382.

77 STAT. 382.

68 Stat. 846.
22 USC 1933.
62 Stat. 143.
22 USC 1509.
22 USC 2182.

aforementioned guaranties, and thereafter out of funds realized from the sale of notes issued under section 413(b)(4)(F) of the Mutual Security Act of 1954, as amended, and section 111(c)(2) of the Economic Cooperation Act of 1948, as amended, and finally out of funds hereafter made available pursuant to section 222(f)."

(e) Amend section 222(e), which relates to general provisions, to read as follows:

71 Stat. 357.
22 USC 1872.

"(e) All guaranties issued prior to July 1, 1956, all guaranties issued under sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and all guaranties heretofore or hereafter issued pursuant to this title shall be considered contingent obligations backed by the full faith and credit of the Government of the United States of America. Funds heretofore obligated under the aforementioned guaranties (exclusive of informational media guaranties) together with the other funds made available for the purposes of this title shall constitute a single reserve for the payment of claims in accordance with section 222(d) of this part."

(f) Amend section 222 by adding at the end thereof the following new subsection:

22 USC 2181.

"(g) In making a determination to issue a guaranty under section 221(b), the President shall consider the possible adverse effect of the dollar investment under such guaranty upon the balance of payments of the United States."

22 USC 2184.

(g) Amend section 224, which relates to housing projects in Latin American countries, as follows:

(1) In subsection (b) strike out "\$60,000,000" and substitute "\$150,000,000".

(2) Strike out subsection (c).

TITLE V—DEVELOPMENT RESEARCH

75 Stat. 433.
22 USC 2201.

SEC. 105. Section 241 of the Foreign Assistance Act of 1961, as amended, which relates to development research, is amended by inserting "(a)" after the section heading and by adding at the end thereof the following new subsection:

"(b) Funds made available to carry out this section may be used to conduct research into the problems of population growth."

TITLE VI—ALLIANCE FOR PROGRESS

76 Stat. 257.
22 USC 2261-
2213.
22 USC 2211.

SEC. 106. Title VI of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to the Alliance for Progress, is amended as follows:

(a) Amend section 251, which relates to general authority, as follows:

(1) In subsection (b), amend the next to the last sentence thereof by inserting immediately after "reasonable terms" the following: "(including private sources within the United States), the capacity of the recipient country to repay the loan at a reasonable rate of interest,".

(2) In subsection (e) strike out "economical" and substitute "economically".

(3) In subsection (f) strike out "Agency for International Development" and substitute "agency primarily responsible for administering part I".

(4) Add the following new subsection (g):

"(g) In order to carry out the policies of this Act, the President shall, when appropriate, assist in promoting the organization, implementation, and growth of the cooperative movement in Latin America

December 10, 1963

77 STAT. 383.

as a fundamental measure toward the strengthening of democratic institutions and practices and economic and social development under the Alliance for Progress."

(b) Amend section 252, which relates to authorization, as follows: 76 Stat. 258.
22 USC 2212.

(1) In the first sentence, strike out "fiscal years 1963 through 1966, not to exceed \$600,000,000 for each such fiscal year" and insert in lieu thereof "fiscal years 1963, 1965, and 1966, not to exceed \$600,000,000 for each such fiscal year, and for use beginning in the fiscal year 1964, not to exceed \$525,000,000,".

(2) Immediately after "1963" the second time it appears therein, insert the following: "and not to exceed \$100,000,000 of the funds appropriated pursuant to this section for use beginning in fiscal year 1964".

(3) At the end thereof add the following new sentence: "In order to effectuate the purposes and provisions of sections 102, 251, 601, and 602 of this Act, not less than 50 per centum of the loan funds appropriated pursuant to this section for the fiscal years ending June 30, 1965, and June 30, 1966, respectively, shall be available for loans made to encourage economic development through private enterprise." 22 USC 2151,
2211, 2351,
2352.

(c) Amend section 253, which relates to fiscal provisions, by inserting immediately after the first sentence thereof the following new sentence: "All receipts in foreign currencies from loans made under this title or for nonmilitary assistance purposes under the Mutual Security Act of 1954, as amended, or any Act repealed thereby, shall be available, in addition to other funds available for such purposes, for loans on such terms and conditions as the President may specify to carry out the purposes of subsection (g) of section 251 of this title, and the President may, notwithstanding the provisions of this or any other Act, reserve such currencies in such amounts (not to exceed \$25,000,000) as he shall determine to be necessary to provide for the programs authorized by said subsection (g)." 22 USC 2213.
68 Stat. 832.
22 USC 1751
note.

TITLE VII—EVALUATION OF PROGRAMS

SEC. 107. Chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, is further amended by adding at the end thereof a new title as follows: 75 Stat. 426.
22 USC 2161-
2213.

"TITLE VII—EVALUATION OF PROGRAMS

"SEC. 261. The President may appoint a committee to review and evaluate the economic development program under this Act, and to report to the President and to the Congress its findings."

CHAPTER 3—INTERNATIONAL ORGANIZATIONS AND PROGRAMS

SEC. 108. Section 302 of the Foreign Assistance Act of 1961, as amended, which relates to international organizations and programs, is amended by striking out "1963" and "\$148,900,000" and substituting "1964" and "\$136,050,000", respectively. 75 Stat. 433;
76 Stat. 259.
22 USC 2222.

CHAPTER 4—SUPPORTING ASSISTANCE

SEC. 109. Section 402 of the Foreign Assistance Act of 1961, as amended, which relates to supporting assistance, is amended by striking out "1963" and "\$415,000,000" and substituting "1964" and "\$380,000,000", respectively. 75 Stat. 434;
76 Stat. 259.
22 USC 2242.

CHAPTER 5—CONTINGENCY FUND

75 Stat. 434;
76 Stat. 259.
22 USC 2261.

SEC. 110. Section 451 of the Foreign Assistance Act of 1961, as amended, which relates to the contingency fund, is amended by striking out "1963" and "\$300,000,000" and substituting "1964" and "\$160,000,000", respectively.

PART II

CHAPTER 1—POLICY

SEC. 201. Chapter 1 of part II of the Foreign Assistance Act of 1961, as amended, is amended as follows:

(a) In the chapter heading strike out the words "SHORT TITLE AND".

(b) Section 501, which relates to short title, is repealed.

Repeal.
75 Stat. 434.
22 USC 2301
note.

CHAPTER 2—MILITARY ASSISTANCE

SEC. 202. Chapter 2 of part II of the Foreign Assistance Act of 1961, as amended, which relates to military assistance, is amended as follows:

75 Stat. 436.
22 USC 2312.

(a) In section 504(a), which relates to authorization, strike out "the fiscal years 1962 and 1963" and "\$1,700,000,000 for each such fiscal year, which sums" and substitute "fiscal year 1964" and "\$1,000,000,000, which", respectively.

22 USC 2313.

(b) In section 505(a), which relates to utilization of assistance, change the period at the end thereof to a colon and add the following proviso: "Provided, That, except (1) to the extent necessary to fulfill prior commitments or (2) to the extent that the President finds, with respect to any Latin American country, that the furnishing of military assistance under this Act is necessary to safeguard the security of the United States or to safeguard the security of a country associated with the United States in the Alliance for Progress against overthrow of a duly constituted government, and so informs the Congress, no further military assistance under any provision of this Act shall be furnished to any Latin American country."

22 USC 2318.

(c) In section 510(a), which relates to special authority, strike out "1963" in the first and second sentences and substitute "1964".

22 USC 2319.

(d) In section 511, which relates to restrictions on military aid to Latin America, strike out "\$57,500,000" and substitute "\$55,000,000, of which a part may be used during each fiscal year for assistance in implementing a feasible plan for regional defense".

(e) Add the following new section:

"SEC. 512. RESTRICTIONS ON MILITARY AID TO AFRICA.—No military assistance shall be furnished on a grant basis to any country in Africa, except for internal security requirements or for programs described in section 505(b) of this chapter, unless the President determines otherwise and promptly reports such determination to the Committee on Foreign Relations of the Senate and the Speaker of the House of Representatives. The value of grant programs of defense articles for African countries in fiscal year 1964, pursuant to any authority contained in this part other than section 507, shall not exceed \$25,000,000."

22 USC 2315.

PART III

CHAPTER 1—GENERAL PROVISIONS

SEC. 301. Chapter 1 of part III of the Foreign Assistance Act of 1961, as amended, which relates to general provisions, is amended as follows:

(a) Section 601 (b), which relates to encouragement of private enterprise, is amended as follows:

75 Stat. 438.
22 USC 2351.

(1) At the end of paragraph (3), strike out "and".

(2) In paragraph (4), strike out "wherever appropriate" and insert in lieu thereof "to the maximum extent practicable", and strike out the period at the end thereof and substitute a semicolon.

(3) Add the following new paragraphs at the end thereof:

"(5) take appropriate steps to discourage nationalization, expropriation, confiscation, seizure of ownership or control, of private investment and discriminatory or other actions having the effect thereof, undertaken by countries receiving assistance under this Act, which divert available resources essential to create new wealth, employment, and productivity in those countries and otherwise impair the climate for new private investment essential to the stable economic growth and development of those countries; and

"(6) utilize wherever practicable the services of United States private enterprise (including, but not limited to, the services of experts and consultants in technical fields such as engineering)."

(b) At the end of section 601 add the following new subsection:

"(c) (1) There is hereby established an Advisory Committee on Private Enterprise in Foreign Aid. The Advisory Committee shall carry out studies and make recommendations for achieving the most effective utilization of the private enterprise provisions of this Act to the head of the agency charged with administering the program under part I of this Act, who shall appoint the Committee.

Advisory Committee on Private Enterprise in Foreign Aid. Establishment.

22 USC 2151

note.

"(2) Members of the Advisory Committee shall represent the public interest and shall be selected from the business, labor and professional world, from the universities and foundations, and from among persons with extensive experience in government. The Advisory Committee shall consist of not more than nine members, and one of the members shall be designated as chairman.

"(3) Members of the Advisory Committee shall receive no compensation for their services but shall be entitled to reimbursement in accordance with section 5 of the Administrative Expenses Act of 1946 (5 U.S.C. 73b-2) for travel and other expenses incurred in attending meetings of the Advisory Committee.

60 Stat. 808.

"(4) The Advisory Committee shall, if possible, meet not less frequently than once each month, shall submit such interim reports as the Committee finds advisable, and shall submit a final report not later than December 31, 1964, whereupon the Committee shall cease to exist. Such reports shall be made available to the public and to the Congress.

"(5) The expenses of the Committee, which shall not exceed \$50,000, shall be paid from funds otherwise available under this Act."

(c) Section 611 (b), which relates to completion of plans and cost estimates, is amended by striking out "circular A-47 of the Bureau of the Budget" and substituting "the Memorandum of the President dated May 15, 1962,"

22 USC 2361.

(d) Section 612, which relates to use of foreign currencies, is amended as follows:

22 USC 2362.

(1) Insert "(a)" after the section heading.

77 STAT. 386.

(2) Add the following new subsection (b) :

“(b) In order to provide for the foreign currency needs of United States citizens for travel or other purposes, the Secretary of the Treasury may make available for sale for United States dollars to such citizens, at United States embassies or other convenient locations, foreign currencies acquired by the United States through operations under this Act, the Mutual Security Act of 1954, as amended, or any Act repealed thereby, or the Agricultural Trade Development and Assistance Act of 1954, as amended, which (1) he determines to be in excess of the needs of departments and agencies of the United States for such currencies, and (2) are not prohibited from such use or committed to other uses by agreement heretofore entered into with another country. United States dollars received from the sale of foreign currencies under this subsection shall be deposited in the Treasury as miscellaneous receipts.”

68 Stat. 832.
22 USC 1751
note.
68 Stat. 454.
7 USC 1691
note.

(e) Section 620, which relates to prohibitions against furnishing assistance to Cuba and certain other countries, is amended as follows:

75 Stat. 444;
76 Stat. 260.
22 USC 2370.

(1) Subsection (a) is amended as follows:

(A) Insert “(1)” immediately after “(a)”.

(B) At the end thereof add the following new paragraphs:

“(2) Except as may be deemed necessary by the President in the interest of the United States, no assistance shall be furnished under this Act to any government of Cuba, nor shall Cuba be entitled to receive any quota authorizing the importation of Cuban sugar into the United States or to receive any other benefit under any law of the United States, until the President determines that such government has taken appropriate steps according to international law standards to return to United States citizens, and to entities not less than 50 per centum beneficially owned by United States citizens, or to provide equitable compensation to such citizens and entities for property taken from such citizens and entities on or after January 1, 1959, by the Government of Cuba.

“(3) No funds authorized to be made available under this Act (except under section 214) shall be used to furnish assistance to any country which has failed to take appropriate steps, not later than 60 days after the date of enactment of the Foreign Assistance Act of 1963—

“(A) to prevent ships or aircraft under its registry from transporting to Cuba (other than to United States installations in Cuba)—

“(i) any items of economic assistance,

“(ii) any items which are, for the purposes of title I of the Mutual Defense Assistance Control Act of 1951, as amended, arms, ammunition and implements of war, atomic energy materials, petroleum, transportation materials of strategic value, or items of primary strategic significance used in the production of arms, ammunition, and implements of war, or

“(iii) any other equipment, materials, or commodities, so long as Cuba is governed by the Castro regime; and

“(B) to prevent ships or aircraft under its registry from transporting any equipment, materials, or commodities from Cuba (other than from United States installations in Cuba) so long as Cuba is governed by the Castro regime.”

(2) Subsection (e) is amended to read as follows:

“(e) The President shall suspend assistance to the government of any country to which assistance is provided under this or any other

65 Stat. 645.
22 USC 1611-
1611d.

Act when the government of such country or any government agency or subdivision within such country on or after January 1, 1962—

“(1) has nationalized or expropriated or seized ownership or control of property owned by any United States citizen or by any corporation, partnership, or association not less than 50 per centum beneficially owned by United States citizens, or

“(2) has taken steps to repudiate or nullify existing contracts or agreements with any United States citizen or any corporation, partnership, or association not less than 50 per centum beneficially owned by United States citizens, or

“(3) has imposed or enforced discriminatory taxes or other exactions, or restrictive maintenance or operational conditions, or has taken other actions, which have the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property so owned,

and such country, government agency, or government subdivision fails within a reasonable time (not more than six months after such action, or, in the event of a referral to the Foreign Claims Settlement Commission of the United States within such period as provided herein, not more than twenty days after the report of the Commission is received) to take appropriate steps, which may include arbitration, to discharge its obligations under international law toward such citizen or entity, including speedy compensation for such property in convertible foreign exchange, equivalent to the full value thereof, as required by international law, or fails to take steps designed to provide relief from such taxes, exactions, or conditions, as the case may be; and such suspension shall continue until the President is satisfied that appropriate steps are being taken, and no other provision of this Act shall be construed to authorize the President to waive the provisions of this subsection.

“Upon request of the President (within seventy days after such action referred to in paragraphs (1), (2), or (3) of this subsection), the Foreign Claims Settlement Commission of the United States (established pursuant to Reorganization Plan No. 1 of 1954, 68 Stat. 1279) is hereby authorized to evaluate expropriated property, determining the full value of any property nationalized, expropriated, or seized, or subjected to discriminatory or other actions as aforesaid, for purposes of this subsection and to render an advisory report to the President within ninety days after such request. Unless authorized by the President, the Commission shall not publish its advisory report except to the citizen or entity owning such property. There is hereby authorized to be appropriated such amount, to remain available until expended, as may be necessary from time to time to enable the Commission to carry out expeditiously its functions under this subsection.”

5 USC 1332-
15 note.

(3) Add the following new subsections:

“(i) No assistance shall be provided under this or any other Act, and no sales shall be made under the Agricultural Trade Development and Assistance Act of 1954, to any country which the President determines is engaging in or preparing for aggressive military efforts directed against—

68 Stat. 454.
7 USC 1691
note.

“(1) the United States,

“(2) any country receiving assistance under this or any other Act, or

“(3) any country to which sales are made under the Agricultural Trade Development and Assistance Act of 1954, until the President determines that such military efforts or preparations have ceased and he reports to the Congress that he has received assurances satisfactory to him that such military efforts or preparations will not be renewed. This restriction may not be waived pursuant to any authority contained in this Act.

“(j) No assistance under this Act shall be furnished to Indonesia unless the President determines that the furnishing of such assistance is essential to the national interest of the United States. The President shall keep the Foreign Relations Committee and the Appropriations Committee of the Senate and the Speaker of the House of Representatives fully and currently informed of any assistance furnished to Indonesia under this Act.

“(k) Until the enactment of the Foreign Assistance Act of 1964 or other general legislation, during the calendar year 1964, authorizing additional appropriations to carry out programs of assistance under this Act, no assistance shall be furnished under this Act to any country for construction of any productive enterprise with respect to which the aggregate value of such assistance to be furnished by the United States will exceed \$100,000,000. No other provision of this Act shall be construed to authorize the President to waive the provisions of this subsection.

75 Stat. 429;
76 Stat. 256.
22 USC 2181.

“(l) No assistance shall be provided under this Act after December 31, 1965, to the government of any less developed country which has failed to enter into an agreement with the President to institute the investment guaranty program under section 221(b)(1) of this Act, providing protection against the specific risks of inconvertibility under subparagraph (A), and expropriation or confiscation under subparagraph (B), of such section 221(b)(1).

“(m) No assistance shall be furnished on a grant basis under this Act to any economically developed nation capable of sustaining its own defense burden and economic growth, except (1) to fulfill firm commitments made prior to July 1, 1963, or (2) additional orientation and training expenses under part II hereof during fiscal year 1964 in an amount not to exceed \$1,000,000.”

CHAPTER 2—ADMINISTRATIVE PROVISIONS

SEC. 302. Chapter 2 of part III of the Foreign Assistance Act of 1961, as amended, which relates to administrative provisions, is amended as follows:

75 Stat. 445;
76 Stat. 262.
22 USC 2381.

(a) Amend section 621, which relates to exercise of functions, by striking out the last sentence thereof and substituting the following: “In providing technical assistance under this Act, the head of any such agency or such officer shall utilize, to the fullest extent practicable, goods and professional and other services from private enterprise on a contract basis. In such fields as education, health, housing, or agriculture, the facilities and resources of other Federal agencies shall be utilized when such facilities are particularly or uniquely suitable for technical assistance, are not competitive with private enterprise, and can be made available without interfering unduly with domestic programs.”

75 Stat. 447;
76 Stat. 262.
22 USC 2384.

(b) Amend section 624, which relates to statutory officers, as follows:

(1) In subsection (a)(2) strike out “two shall have the rank of Deputy Under Secretaries” and substitute “one shall have the rank of a Deputy Under Secretary”.

(2) In subsection (a)(3) strike out “nine” and substitute “ten”.

(3) In subsection (b) strike out “paragraphs (2) and” and substitute “paragraph”.

(4) In subsection (d)(1) after the words “Deputy Inspector General, Foreign Assistance,” where they first appear insert “who shall be appointed by the President by and with the advice and consent of the Senate,” and strike out “\$19,500” and substitute “\$20,000”.

(c) Amend section 626(b), which relates to experts, consultants, and retired officers, as follows:

(1) Strike out the entire first sentence.

(2) In the second sentence strike out "Nor shall such service" and substitute "Service of an individual as an expert or consultant under subsection (a) of this section shall not".

(d) Amend section 631, which relates to missions and staffs abroad, by adding the following new subsection (c):

"(c) The President may appoint any United States citizen who is not an employee of the United States Government or may assign any United States citizen who is a United States Government employee to serve as Chairman of the Development Assistance Committee or any successor committee thereto of the Organization for Economic Cooperation and Development upon election thereto by members of said Committee, and, in his discretion, may terminate such appointment or assignment, notwithstanding any other provision of law. Such person may receive such compensation and allowances as are authorized by the Foreign Service Act of 1946, as amended, not to exceed those authorized for a chief of mission, class 2, within the meaning of said Act, as the President may determine. Such person may also, in the President's discretion, receive any other benefits and perquisites available under this Act to chiefs of special missions or staffs outside the United States established under this section."

(e) Amend section 635, which relates to general authorities, by adding the following new subsection (k):

"(k) Any cost-type contract or agreement (including grants) entered into with a university, college, or other educational institution for the purpose of carrying out programs authorized by part I may provide for the payment of the reimbursable indirect costs of said university, college, or other educational institution on the basis of predetermined fixed-percentage rates applied to the total, or an element thereof, of the reimbursable direct costs incurred."

(f) Amend section 636, which relates to provisions on uses of funds, by adding the following new subsection (h):

"(h) In carrying out programs under this Act, the President shall take all appropriate steps to assure that, to the maximum extent possible, (1) countries receiving assistance under this Act contribute local currencies to meet the cost of contractual and other services rendered in conjunction with such programs, and (2) foreign currencies owned by the United States are utilized to meet the costs of such contractual and other services."

(g) Amend section 637(a), which relates to administrative expenses, by striking out "1963" and "\$53,000,000" and substituting "1964" and "\$54,000,000", respectively.

(h) After section 637 add the following new section:

"SEC. 638. PEACE CORPS ASSISTANCE.—No provision of this Act shall be construed to prohibit assistance to any country pursuant to the Peace Corps Act, as amended; the Mutual Educational and Cultural Exchange Act of 1961, as amended; or the Export-Import Bank Act of 1945, as amended; or famine or disaster relief, including such relief through voluntary agencies, under title II of the Agricultural Trade Development and Assistance Act of 1954, as amended."

CHAPTER 3—MISCELLANEOUS PROVISIONS

SEC. 303. Section 644(f) of the Foreign Assistance Act of 1961, as amended, which relates to definition of defense services, is amended by inserting "including orientation" after "training" the first time it appears.

77 STAT. 389.

75 Stat. 451.

22 USC 2386.

22 USC 2391.

60 Stat. 999.

22 USC 801

note.

22 USC 2395.

22 USC 2396.

76 Stat. 262.

22 USC 2397.

75 Stat. 612.

22 USC 2501

note.

75 Stat. 527.

22 USC 2451

note.

59 Stat. 526.

12 USC 635

note.

68 Stat. 457.

7 USC 1721-

1724.

75 Stat. 461.

22 USC 2403.

77 STAT. 390.

75 Stat. 462.
22 USC 2404.

SEC. 304. Section 645 of the Foreign Assistance Act of 1961, as amended, which relates to unexpended balances, is amended to read as follows:

68 Stat. 832.
22 USC 1751
note.

"SEC. 645. UNEXPENDED BALANCES.—Unexpended balances of funds made available pursuant to this Act, the Mutual Security Act of 1954, as amended, or Public Law 86-735 are hereby authorized to be continued available for the general purposes for which appropriated, and may at any time be consolidated, and, in addition, may be consolidated with appropriations made available for the same general purposes under the authority of this Act."

PART IV—AMENDMENTS TO OTHER LAWS

74 Stat. 869.

SEC. 401. The Act to provide for assistance in the development of Latin America and in the reconstruction of Chile, and for other purposes (Public Law 86-735, 22 U.S.C. 1942 et seq.), is amended as follows:

(a) Insert following the enacting clause "That this Act may be cited as the 'Latin American Development Act'".

(b) In section 2 strike out "\$500,000,000" and substitute "\$680,000,000".

76 Stat. 876.
19 USC 1861.

SEC. 402. Section 231 of the Trade Expansion Act of 1962 (Public Law 87-794, approved October 11, 1962) is amended as follows:

(a) Insert "(a)" before the words "The President shall".

(b) Add the following new subsection:

"(b) The President may extend the benefits of trade agreement concessions made by the United States to products, whether imported directly or indirectly, of a country or area within the purview of subsection (a) which, at the time of enactment of this subsection, was receiving trade concessions, when he determines that such treatment would be important to the national interest and would promote the independence of such country or area from domination or control by international communism, and reports this determination and the reasons therefor to the Congress."

SEC. 403. The Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1691 et seq.), is amended as follows:

75 Stat. 306.
7 USC 1701.

(a) Section 101(f) is amended to read as follows:

"(f) obtain rates of exchange applicable to the sale of commodities under such agreements which are not less favorable than the highest of exchange rates legally obtainable from the Government or agencies thereof in the respective countries."

68 Stat. 457.
7 USC 1705.

(b) Section 105 is amended by adding at the end thereof the following new sentence: "The President shall utilize foreign currencies received pursuant to this title in such manner as will, to the maximum extent possible, reduce any deficit in the balance of payments of the United States."

7 USC 1706.

(c) (1) Section 106 is amended by adding at the end thereof a new sentence as follows: "For the purposes of this title and title IV, the term 'surplus agricultural commodity' shall include any domestically produced fishery product (not including fish flour until approved by the Food and Drug Administration) if the Secretary of the Interior has determined that such product is at the time of exportation in excess of domestic requirements, adequate carryover, and anticipated exports for dollars."

Effective date.
7 USC 1701-
1709.

(2) The amendment made by paragraph (1) of this subsection shall not be effective for purposes of title I of the Agricultural Trade Development and Assistance Act of 1954, as amended, until January 1, 1965.

7 USC 1722.

(d) Section 202 is amended by striking out "economic development" and inserting in lieu thereof "economic and community development".

Sec. 404. (a) Section 571(a) of the Foreign Service Act of 1946, as amended, is amended by changing the final period to a colon and adding the following: "Provided, That in individual cases when personally approved by the Secretary further extension may be made."

(b) Section 911(2) of the Foreign Service Act of 1946, as amended, is amended by inserting immediately after "on authorized home leave," the following: "accompanying him for representational purposes on authorized travel within the country of his assignment or, at the discretion of the Secretary, outside the country of his assignment, but in no case to exceed one member of his family;"

(c) Title IX of the Foreign Service Act of 1946, as amended, is amended by striking out section 921(d), relating to use of Government vehicles, and by inserting immediately after section 913 the following new section:

"USE OF GOVERNMENT OWNED OR LEASED VEHICLES

"SEC. 914. Notwithstanding the provisions of section 5 of the Act of July 16, 1914, as amended (5 U.S.C. 78), the Secretary may authorize any principal officer to approve the use of Government owned or leased vehicles located at his post for transportation of United States Government employees and their dependents when public transportation is unsafe or not available."

(d) Title X of the Foreign Service Act of 1946, as amended, is amended by adding at the end thereof the following:

"PART I—EDUCATIONAL FACILITIES

"SEC. 1081. Whenever the Secretary determines that educational facilities are not available, or that existing educational facilities are inadequate, to meet the needs of children of American citizens stationed outside the United States engaged in carrying out Government activities, he is authorized, in such manner as he deems appropriate and under such regulations as he may prescribe, to establish, operate, and maintain primary schools, and school dormitories and related educational facilities for primary and secondary schools, outside the United States, or to make grants of funds for such purposes, or otherwise provide for such educational facilities. The provisions of the Foreign Service Buildings Act, 1926, as amended, and of paragraphs (h) and (i) of section 3 of the Act entitled 'An Act to provide certain basic authority for the Department of State', approved August 1, 1956 (5 U.S.C. 170h(h) and 170h(i)), may be utilized by the Secretary in providing assistance for educational facilities. Assistance may include, but shall not be limited to, hiring, transporting, and payment of teachers and other necessary personnel."

Sec. 405. The Act entitled "An Act to provide certain basic authority for the Department of State", approved August 1, 1956 (5 U.S.C. 170f-170t), is amended by inserting immediately after section 12 the following new section:

"Sec. 13. There is hereby established a working capital fund for the Department of State, which shall be available without fiscal year limitation, for expenses (including those authorized by the Foreign Service Act of 1946, as amended) and equipment, necessary for maintenance and operation in the city of Washington and elsewhere of (1) central reproduction, editorial, data processing, audiovisual, library and administrative support services; (2) central supply services for supplies and equipment (including repairs), and (3) such other administrative services as the Secretary, with the approval of the Bureau of the Budget, determines may be performed more advantageously and more economically as central services. The capital of

the fund shall consist of the amount of the fair and reasonable value of such supply inventories, equipment, and other assets and inventories on order, pertaining to the services to be carried on by the fund, as the Secretary may transfer to the fund, less the related liabilities and unpaid obligations, together with any appropriations made for the purpose of providing capital. Not to exceed \$750,000 in net assets shall be transferred to the fund for purposes of providing capital. The fund shall be reimbursed, or credited with advance payments, from applicable appropriations and funds of the Department of State, other Federal agencies, and other sources authorized by law, for supplies and services at rates which will approximate the expense of operations, including accrual of annual leave and depreciation of plant and equipment of the fund. The fund shall also be credited with other receipts from sale or exchange of property or in payment for loss or damage to property held by the fund. There shall be transferred into the Treasury as miscellaneous receipts, as of the close of each fiscal year, earnings which the Secretary determines to be excess to the needs of the fund. There is hereby authorized to be appropriated such amounts as may be necessary to provide capital for the fund."

22 USC 1928a. Sec. 406. The first sentence of the first section of the Act entitled "An Act to authorize participation by the United States in parliamentary conferences of the North Atlantic Treaty Organization", approved July 11, 1956 (70 Stat. 523), is amended to read as follows: "That not to exceed eighteen Members of Congress shall be appointed to meet jointly and annually with representative parliamentary groups from other NATO (North Atlantic Treaty Organization) members, for discussion of common problems in the interests of the maintenance of peace and security in the North Atlantic area."

Approved December 16, 1963.

LEGISLATIVE HISTORY:

HOUSE REPORTS: No. 646 (Comm. on Foreign Affairs), No. 1006 (Comm. of Conference).

SENATE REPORT No. 588 (Comm. on Foreign Relations).

CONGRESSIONAL RECORD, Vol. 109 (1963):

Aug. 22: Considered in House.

Aug. 23: Considered and passed House.

Oct. 22, 24, 28-30: Considered in Senate.

Nov. 1, 4-8, 12-14: Considered in Senate.

Nov. 15: Considered and passed Senate, amended.

Dec. 9: House agreed to conference report.

Dec. 12: Conference report considered in Senate.

Dec. 13: Conference report agreed to in Senate.