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Routing Slip

STAT

	ACTION	INFO
1. D/OCA		X
2. DD/Legislation	XXX	
3. DD/Senate Affairs		X
4. Ch/Senate Affairs		
5. DD/House Affairs		X
6. Ch/House Affairs		
7. Admin Officer		
8. FOIA Officer		
9. Constituent Inquiries Officer		
10.		
11.		
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SUSPENSE

15 MAR 89
 Date

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Action Officer:

Remarks:

No comment provided

GAH 14 MAR 89

Name/Date

to OMB

15 March 1989

OCA FILE LEO

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

OCA 0834-89

March 13, 1989

LEGISLATIVE REFERRAL MEMORANDUM

TO: Legislative Liaison Officer-

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STAT

SUBJECT: State's proposed draft bill "The International Security and Development Cooperation Act of 1989," together with a Section-by-Section analysis and draft transmittal letter to Congress.

NOTE: The enclosures include a March 10, 1988 letter from HFAC Chairman Fascell to Secretary Baker which advises that the Subcommittee on Arms Control, International Security and Science will markup military assistance legislation on Wednesday, March 22, 1989. Moreover, Chairman Fascell provided Secretary Baker copies of the draft to be used as the basis for the subcommittee's markup with a request that, prior to the markup, the Department of State provide Chairman Fascell's subcommittee with (1) "formal and coordinated executive comments" on the subcommittee proposal and (2) the Administration's draft foreign assistance bill. In this regard, this office will be circulating on Tuesday (3/14/89) a draft State report on the subcommittee's military assistance proposal for your review. On Thursday, March 16, 1989, this office will convene an interagency meeting at 2:00 p.m. in Room 10103 of the New Executive Office Building to receive comments and seek a consensus position on (1) State's proposed draft bill "The International Security and

Development Cooperation Act of 1989," and (2) State's proposed report on the Fascell subcommittee military assistance proposal.

Please call Marie Collins on 395-7300 with a list of your agency's attendees, including date-of-birth and social security numbers for each attendee -- we need this information no later than 2:00 p.m., Wednesday, March 15, 1989. If your agency has no comment on the subject material you may advise us by telephone.

The Office of Management and Budget requests the views of your agency on the above subject before advising on its relationship to the program of the President, in accordance with OMB Circular A-19.

Questions should be referred to **ANNETTE ROONEY/SUE THAU** (395-7300), the legislative analyst in this office or to John Eisenhower (395-3920).

Ronald K. Peterson

RONALD K. PETERSON FOR
Assistant Director for
Legislative Reference

Enclosures

cc: A. Raul
R. Bent
R. Silberman
B. Sasser
D. Gessaman
E. Rea

DAVID S. PASSILL, FLORIDA
CHAIRMAN

WILLIAM S. BROOMFIELD, MISSOURI
MAJORITY MEMBER

One Hundred First Congress
Congress of the United States
Committee on Foreign Affairs
House of Representatives
Washington, DC 20515

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March 10, 1989

The Honorable James A. Baker III
Secretary of State
U. S. Department of State
2201 C Street N.W.
Room 7234-A
Washington, D.C. 20520

Dear Mr. Secretary:

Pursuant to our initial and productive breakfast meeting and hearing of February 21, 1989, in which we discussed the parameters of the President's fiscal year 1990 budget requests for foreign affairs authorizations and the findings and recommendations of the Hamilton-Gilman Task Force on Foreign Assistance, I am writing to advise you of actions that have been initiated by my Subcommittee on Arms Control, International Security and Science with respect to the military assistance aspects of legislation governing the conduct of our country's foreign policy.

In this regard, the subcommittee staff has prepared draft legislation which would serve to implement several of the recommendations contained in the Task Force Report. This draft will serve as the basis for the subcommittee's formal markup of military assistance legislation which is scheduled for Wednesday, March 22, 1989.

Your stated willingness to build upon a spirit of bipartisan cooperation between Congress and the executive branch is both appreciated and relevant to the subcommittee's anticipated action. It is for this reason that I have instructed my staff to make copies of this draft legislation available to you and your offices for formal and coordinated executive comment.


Hon. James A. Baker III
Page Two

While I readily comprehend the demands of your schedule, the subcommittee must also meet the demands of the Congressional schedule with respect to the adoption of legislation authorizing foreign assistance. It is for this reason that I am requesting your coordinated comments on the draft to be made available to the subcommittee by no later than next Friday. In addition, I would also appreciate the expeditious transmittal of an administration-draft authorization bill no later than that date to enable the subcommittee to consider those initiatives.

In closing, I would say that I believe we are off to an excellent start in seeking reform of our nation's foreign assistance legislation, and that your cooperation in this matter is deeply appreciated.

With best wishes, I am

Sincerely,


Dante B. Fascell
Chairman

DBF:mpj



United States Department of State

Washington, D.C. 20520

MAR 10 1989

Dear Mr. Darman:

In accordance with established procedure, we herewith transmit a draft bill, The International Security and Development Cooperation Act of 1989, together with a Section-by-Section analysis and draft transmittal letter to the Congress. This bill authorizes appropriations for foreign assistance for the fiscal year 1990 and proposes substantive modifications to the authorities governing these programs.

The Department and A.I.D. request expedited clearance of the bill so that it can be considered by the House Foreign Affairs Committee, which has requested its early transmittal. This Committee currently plans to mark up a bill, based on the Administration's draft and its own "Hamilton/Gilman" report, by mid-April.

Please inform the Department and A.I.D. whether there is any objection to transmission of this legislation to the Congress as part of the legislative program of the President.

With best wishes,

Sincerely,

A handwritten signature in cursive script, appearing to read "Janet G. Mullins".

Janet G. Mullins
Assistant Secretary
Legislative Affairs

A handwritten signature in cursive script, appearing to read "Kelly C. Kammerer".

Kelly C. Kammerer
Director
Office of Legislative Affairs
Agency for International Development

Enclosure

The Honorable
Richard G. Darman, Director,
Office of Management and Budget.

{DRAFT}

Dear Mr. President:

I herewith transmit, on behalf of the President, a bill to amend the Foreign Assistance Act of 1961, the Arms Export Control Act, and related statutory provisions, to authorize security and development assistance programs for the fiscal years 1990 and 1991. The bill also makes several amendments to the substantive authorities governing international development and security assistance, and related programs.

This bill authorizes \$ _____ billion in appropriations world-wide for international security and development assistance programs. These programs are essential elements of the foreign and national security policies of the United States.

Title I of the bill consists of authorization for military sales and related programs. Amendments to the Arms Export Control Act and the Foreign Assistance Act are being proposed in order to assist in the more effective implementation of U.S. security assistance.

With respect to the authorizations requested in this bill for security assistance programs for Greece and Turkey, I hereby certify, in accordance with section 620(d) of the Foreign Assistance Act, that the furnishing of such assistance to Greece and Turkey will be consistent with the principles set forth in section 620(b) of that Act. The explanation of the reasons for this certification in each case is contained in the congressional presentation materials for the fiscal year 1990 security assistance programs.

Title II provides authorization for the Economic Support Fund. The Administration is requesting an authorization of \$ _____ for this program for FY 1990.

Title III authorizes appropriations of \$ _____ for FY 1990 for Development Assistance programs. This title also amends the Foreign Assistance Act to establish a Development Fund for Africa and establishes a new account for International AIDS Prevention and Control.

Title IV authorizes appropriations for other assistance programs, including voluntary contributions to international

The Honorable
James Danforth Quayle
President of the Senate.

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organizations and programs; international narcotics matters; international disaster assistance; and the trade and development program. This title also authorizes appropriations for the operating expenses of the Agency for International Development (A.I.D.) and authorizes separate appropriations for the A.I.D. Office of Inspector General.

Title V contains miscellaneous provisions. In addition, it amends certain substantive authorities and provisions governing several of the programs authorized in the Foreign Assistance Act and the Arms Export Control Act.

Title VI contains technical amendments to the Foreign Assistance and Arms Export Control Acts. Title VII authorizes programs for fiscal year 1991, in accordance with the provisions of the Budget Act of 1974, and establishes the effective date for the various provisions of this bill.

The foreign assistance programs authorized by this bill have been carefully designed to meet the vital national interest of the United States with the reduced resources available in a time of necessary budget constraints. The proposed authorizations are the minimum necessary to promote and maintain U.S. interests in key regions of the world by helping our allies and friends to develop economically, to establish and maintain internal stability, and to deter and defend against regional external threats. These programs are an efficient and cost-effective means to promote U.S. objectives and to complement a U.S. global defense posture intended to help preserve peace and stability. I urge prompt enactment of this bill.

The Office of Management and Budget advises that enactment of this legislation would be in accord with the program of the President.

Sincerely yours,

James A. Baker, III

Enclosures:

- 1: FY 1990 Foreign Assistance Authorization Bill
- 2: Section-by-Section Analysis of the Bill

{Same letter to Speaker of the House}

Drafted:State:L/PM:DDKennedy:647-7838

A BILL

To amend the Foreign Assistance Act of 1961 and the Arms Export Control Act, and related statutory provisions, to authorize additional development and security assistance programs for fiscal year 1990, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "International Security and Development Cooperation Act of 1989".

TITLE I - MILITARY ASSISTANCE AND SALES
AND RELATED PROGRAMS

FOREIGN MILITARY SALES FINANCING AUTHORIZATION

SEC. 101. (a) The first sentence of section 31(a) of the Arms Export Control Act is amended to read as follows: "There are authorized to be appropriated to the President to carry out this Act § _____ for fiscal year 1990".

(b) Section 31(b)(1) of the Arms Export Control Act is amended to read as follows:

"(b)(1) The total amount of financing extended under section 23 of this Act shall not exceed § _____ for fiscal year 1990."

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TERMS OF FOREIGN MILITARY SALES FINANCING

SEC. 102. Financing authorized by this Act to be extended under section 23 of the Arms Export Control Act shall be provided without any requirement of repayment of principal or interest.

REPORTS REGARDING SALES PROGRAM

SEC. 103. Sections 25(a)(4), 25(a)(9) and 25(a)(10) of the Arms Export Control Act are repealed.

QUARTERLY REPORTS

SEC. 104. Section 36(a) of the Arms Export Control Act is amended by striking out the parenthetical clause in the text preceding paragraph (1) and inserting in lieu thereof "(except that the material transmitted pursuant to paragraphs (1) and (2) of this subsection may be contained in a classified addendum to such report)".

PROJECTIONS OF ARMS SALES

SEC. 105. Sections 36(a)(5) and 36(a)(6) of the Arms Export Control Act are repealed.

POLICY OBJECTIVES AND RESTRAINTS

SEC. 106. Section 1 of the Arms Export Control Act is amended by striking out all that follows the fourth paragraph.

MILITARY ASSISTANCE

SEC. 107. Section 504(a)(1) of the Foreign Assistance Act of 1961 is amended to read as follows:

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"(a)(1) There are authorized to be appropriated to the President to carry out the purposes of this chapter § _____ for the fiscal year 1990."

WAIVER OF NET PROCEEDS OF SALE

SEC. 108. The second sentence of section 505(f) of the Foreign Assistance Act of 1961 is amended by striking out "1975" and inserting "1985" in lieu thereof.

FAIR PRICING

SEC. 109. (a) Section 515(d) of the Foreign Assistance Act of 1961 is amended by striking out "October 1, 1982" and inserting in lieu thereof "October 1 1989" and by striking out "including" and inserting in lieu thereof "excluding".

(b) Section 632(d) of the Foreign Assistance Act of 1961 is amended by adding at the end of the second sentence thereof "(other than salaries of the Armed Forces of the United States and unfunded estimated costs of civilian retirement and other benefits)".

(c) Section 21(e) of the Arms Export Control Act is amended--

(1) by inserting immediately before the semicolon at the end of paragraph (1)(A) "as specified in section 43(b) and section 43(c) of this Act";

(2) by inserting immediately before the semicolon at the end of paragraph (1)(C) "(except for equipment wholly paid for either from funds transferred under section 503(a)(3) of the Foreign Assistance Act of 1961 or from funds made available on

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a nonrepayable basis under section 503(a)(3) of the Foreign Assistance Act of 1961 or from funds made available on a nonrepayable basis under section 23 of this Act)"'

(3) by repealing paragraph (1)(B) and relettering paragraphs (1)(C) and (1)(D) as paragraphs (1)(B) and (1)(C), respectively; and

(4) by striking out "paragraphs (1)(B) and (1)(C)" in subsection (e)(2) and inserting in lieu thereof "paragraph (1)(B)".

(d) Section 43(b) of the Arms Export Control Act is amended by striking out "and" at the end of paragraph (1), by striking out the period at the end of paragraph (2) and inserting "; and" in lieu thereof, and (3) by adding the following paragraph at the end of the subsection:

"(3) such expenses are neither salaries of the Armed Forces of the United States nor represent unfunded estimated costs of civilian retirement and other benefits."

EXCESS DEFENSE ARTICLES FOR NATO'S SOUTHERN FLANK

SEC. 110. Section 51b of the Foreign Assistance Act of 1961 is amended to read as follows:

"SEC. 51b. Modernization of Defense Capabilities of Countries of NATO's Southern Flank.-(a) Authority to Transfer Excess Defense Articles or Defense Articles Programmed to be Excess.-- Notwithstanding and other provision of law and subject to subsection (b), the President may transfer to those

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member countries of the North Atlantic Treaty Organization (NATO) on the southern flank of NATO which are eligible for United States security assistance and which are integrated into NATO's military structure such defense articles as the President determines necessary to help modernize the defense capabilities of such countries. Such articles may be transferred without cost to the recipient countries.

"(b) Limitations on Transfers.--The President may transfer defense articles under this section only if --

(1) the equipment is drawn from existing stocks of the Department of Defense;

"(2) the equipment is excess or programmed to be excess;

"(3) no funds available to the Department of Defense for the procurement of defense equipment are expended in connection with the transfer; and

"(4) The President determines that the transfer of the excess defense articles or defense articles programmed to be excess will not have an adverse impact on the military readiness of the United States.

"(c) Notification to Committees of Congress.--The President may not transfer defense articles under this section until 30 days after he has notified the Committees on Armed Services, Foreign Relations, and Appropriations of the Senate and the Committees on Armed Services, Foreign Affairs, and Appropriations of the House of Representatives of the proposed

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transfer. This notification shall include a certification of the need for the transfer and an assessment of the impact of the transfer on the military readiness of the United States.

"(d) Waiver of Requirement for Reimbursement of DOD Expenses.-Section 632(d) of this Act shall not apply with respect to transfers of defense articles under this section.

"(e) Definition.-As used in subsection (a), the term "member countries of the North Atlantic Treaty Organization (NATO) on the southern flank of NATO" means Greece, Italy, Portugal, Spain, and Turkey.

INTERNATIONAL MILITARY EDUCATION AND TRAINING

SEC. 111. Section 542 of the Foreign Assistance Act of 1961 is amended to read as follows:

"Sec. 542. Authorizations of Appropriations.-There are authorized to be appropriated to the President to carry out the purposes of this chapter § _____ for the fiscal year 1990."

PEACEKEEPING OPERATIONS

SEC. 112. Section 552(a) of the Foreign Assistance Act of 1961 is amended to read as follows:

"(a) There are authorized to be appropriated to the President to carry out the purposes of this chapter, in addition to amounts otherwise available for such purposes, § _____ for fiscal year 1990."

ANTITERRORISM ASSISTANCE

SEC. 113. (a) Section 575(a) of the Foreign Assistance Act of 1961 is amended to read as follows:

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"Sec. 575. Authorization of Appropriations.-(a) There are authorized to be appropriated to the President to carry out the purposes of this chapter § _____ for the fiscal year 1990."

(b) Section 573(d)(1) of the Foreign Assistance Act of 1961 is amended to read as follows:

"(d)(1) Training services (including short-term refresher training) provided pursuant to this chapter may be conducted outside the United States only if --

"(A) such training involves (i) aviation security; (ii) bomb protection measures; (iii) crisis management; (iv) document screening techniques; (v) facility security; (vi) maritime security; (vii) post-blast investigation and tracing of lethal instruments; or (viii) VIP protection; or

"(B) the Speaker of the House of Representatives and the Chairman of the Committee on Foreign Relations of the Senate are notified, not less than thirty days prior to provision of the training, of the intent to engage in training outside the United States."

(c) Section 573(d)(3) of the Foreign Assistance Act of 1961 is amended to read as follows:

"(3) Employees of the Department of State shall not engage in the training of law enforcement personnel or provision of services under this chapter, except that employees

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of the Bureau of Diplomatic Security of the Department of State may provide training (including short-term refresher training) and services authorized by this chapter to law enforcement personnel in the following subjects: (i) bomb protection measures; (ii) crisis management; (iii) facility security; and (iv) VIP protection."

UNCOMMITTED FMS CREDITS FOR THE PHILIPPINES

SEC. 114. Funds, not to exceed \$29,400,000, previously obligated for the Philippines under the heading "Foreign Military Credit Sales", but uncommitted on the date of enactment of this Act may be disbursed without requirement of repayment of principal or interest.

TITLE II - ECONOMIC SUPPORT FUND

AUTHORIZATION OF APPROPRIATIONS

SEC. 201. Section 532(a) of the Foreign Assistance Act of 1961 is amended to read as follows:

"(a) There are authorized to be appropriated to the President to carry out the purposes of this chapter \$ _____ for the fiscal year 1990."

EMERGENCY ASSISTANCE

SEC. 202. Section 533(a) of the Foreign Assistance Act of 1961 is amended-

(1) by striking out "the fiscal year 1986 and up to \$75,000,000 for the fiscal year 1987" and inserting in lieu thereof "any fiscal year"; and

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(2) by inserting "during such fiscal year" after "emergency use".

DEMOCRATIC INSTITUTIONS

SEC. 203. Section 534 of the Foreign Assistance Act of 1961 is amended to read as follows:

"Sec. 534. Democratic Institutions.--(a) The President may furnish assistance under this chapter to countries and organizations, whether national or regional, public or private, seeking to improve the performance of institutions of democratic governance in Latin America and the Caribbean. Principal areas of assistance include the administration of justice and support for electoral and legislative processes. All such assistance shall be of a nonpartisan nature.

"(b) Assistance under this section may only include:

"(1) support for specialized training and exchanges for public officials and individuals involved in the administration of justice or electoral or legislative processes;

"(2) programs to enhance the performance of institutions contained in paragraph (1);

"(3) notwithstanding section 660 of this Act-

"(A) programs to enhance professional capabilities to carry out investigative and forensic functions conducted under judicial or prosecutorial control;

"(B) programs to assist in the development of academic instruction and curricula for training law enforcement personnel;

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"(C) programs to improve the administrative and management capabilities of law enforcement agencies, especially their capabilities relating to career development, personnel evaluation, and internal discipline procedures;

"(D) programs to enhance protection of participants in judicial cases;

"(E) programs to strengthen civil-military relations as a necessary underpinning of democracy and to improve knowledge among both military and law enforcement officers of international standards for protection of civil and political rights;

"(4) strengthening professional, civic and community organizations, and enhancing the organizational and leadership skills of their members, in order to increase citizen participation in local and national democratic decision making processes;

"(5) increasing the availability of legal materials and information concerning the civil and political rights of the citizenry, as well as strengthening objective reporting of issues affecting the exercise of those rights;

"(b) revision and modernization of legal codes and procedures, including such support as legislators may require to accomplish those ends; and

"(7) seminars, conferences, and training and educational programs to improve the effective exercise of internationally

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recognized civil and political rights throughout the hemisphere and to strengthen respect for the rule of law as a fundamental requirement of government.

"(c) Not more than \$30,000,000 of the funds made available to carry out this chapter for any fiscal year shall be available to carry out this section, in addition to amounts otherwise available for such purposes.

"(d) Personnel of the Department of Defense and members of the United States Armed Forces may not participate in the provision of training under this section. Of the funds made available to carry out this section, not more than \$7,000,000 may be made available in any fiscal year to carry out the provisions of subsection (b)(3) of this section."

TITLE III - DEVELOPMENT ASSISTANCE

AGRICULTURE, RURAL DEVELOPMENT, AND NUTRITION

SEC. 301. The first sentence of section 103(a)(2) of the Foreign Assistance Act of 1961 is amended to read as follows:

"There are authorized to be appropriated to the President for purposes of this section, in addition to funds otherwise available for such purposes, \$ _____ for fiscal year 1990."

CHILD SURVIVAL FUND

SEC. 302. (a) Section 104(c)(2)(B) of the Foreign Assistance Act of 1961 is amended to read as follows:

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"(B) In addition to funds otherwise available for such purposes, there are authorized to be appropriated to the President § _____ for fiscal year 1990 for use in carrying out this paragraph. Amounts appropriated under this subparagraph are authorized to remain available until expended."

(b) Section 104(c)(2) of such Act is amended by adding at the end thereof the following:

"(D) Except as provided in this section, assistance provided under this paragraph may be made available notwithstanding any other provision of this Act (other than subsections (a), (f), and (t) of section 620 and section 620A) or any other Act."

POPULATION AND HEALTH

SEC. 303. Section 104(g)(1) of the Foreign Assistance Act of 1961 is amended to read as follows:

"(1) There are authorized to be appropriated to the President, in addition to funds otherwise available for such purposes-

"(A) § _____ for fiscal year 1990 to carry out subsection (b) of this section; and

"(B) § _____ for fiscal year 1990 to carry out subsection (c) of this section."

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INTERNATIONAL AIDS PREVENTION
AND CONTROL

SEC. 304. (a) Section 104 of the Foreign Assistance Act of 1961 is amended by inserting the following new subsection:

"(d) International AIDS Prevention and Control. (1) In order to address the international health threat posed by the Acquired Immune Deficiency Syndrome, the President is authorized to furnish assistance, on such terms and conditions as he may determine, for assistance to prevent and control this disease, including the collection and dissemination of information on the spread of the disease and its economic and developmental effects. In carrying out the purposes of this subsection, the agency primarily responsible for administering this part shall seek to ensure adequate coordination with other Federal agencies, international organizations, and private and voluntary organizations. Assistance activities pursuant to this paragraph should include support for appropriate activities which are carried out by international organizations (including such organizations receiving funds under chapter 3 of this part) and by private and voluntary organizations.

"(2) In addition to funds otherwise available for such purposes, there are authorized to be appropriated to the President \$ _____ for fiscal year 1990 for use in carrying out this subsection. Amounts appropriated under this paragraph are authorized to remain available until expended, and may be made available notwithstanding any other provision of law."

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(b) Subsections "(d)", "(e)", "(f)", and "(g)" of section 104 of the Foreign Assistance Act of 1961 are redesignated "(e)", "(f)", "(g)", and "(h)", respectively.

EDUCATION AND HUMAN RESOURCES DEVELOPMENT

SEC. 305. The second sentence of section 105(a) of the Foreign Assistance Act of 1961 is amended to read as follows:

"There are authorized to be appropriated to the President for the purposes of this section, in addition to funds otherwise available for such purposes, \$ _____ for fiscal year 1990, which are authorized to remain available until expended."

PRIVATE SECTOR, ENERGY, AND PRIVATE AND VOLUNTARY ORGANIZATIONS

SEC. 306. Section 106(e)(1) of the Foreign Assistance Act of 1961 is amended to read as follows:

"(1) There are authorized to be appropriated to the President for purposes of this section, in addition to funds otherwise available for such purposes, \$ _____ for the fiscal year 1990."

PRIVATE SECTOR REVOLVING FUND AND GUARANTY AUTHORITY

SEC. 307. The first sentence of section 108(b) of the Foreign Assistance Act of 1961 is amended to read as follows:

"Of the funds made available under this chapter in fiscal year 1990, up to \$ _____ may be deposited in this account."

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SUB-SAHARAN AFRICA

SEC. 308. (a) Development Fund for Africa. Section 120 of the Foreign Assistance Act of 1961 is amended to read as follows:

"Sec. 120. Development Fund for Africa.- (a) In recognition of the unique economic crisis confronting the nations of sub-Saharan Africa, the President is authorized to provide project and program assistance, on such terms and conditions as he may determine in accordance with the policies contained in section 102 of this Act, for economic development activities in sub-Saharan Africa-

"(1) to help the poor majority in sub-Saharan Africa through a process of long-term development and economic growth that is equitable, participatory, environmentally sustainable and self-reliant, achievable, in part, through (A) the integration of women in the development process, (B) _____ appropriate consultation with private and voluntary organizations and African and other organizations with a local perspective on the development process and, (C) inclusion of the perspectives and participation of those affected by the provision of assistance;

"(2) to promote reform of sectoral economic policies to support the critical sector priorities of agricultural production and natural resources, health, voluntary family planning, education, and expansion of income generating

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opportunities, taking into account the need to protect vulnerable groups;

"(3) to support reform in public administration and finances and to establish a favorable environment for individual enterprise and self-sustaining development;

"(4) to increase agricultural production, especially food production, and maintain and restore the natural resource base, in ways that are mutually supportive and reinforcing;

"(5) to maintain and improve basic transportation and communications networks;

"(6) to improve health conditions with special emphasis on meeting the needs of mothers and children, including the establishment of self-sustaining primary health care systems that give priority to preventive care;

"(7) to provide increased access to voluntary family planning services;

"(8) to improve basic literacy and mathematics, including the skills of those outside the formal educational system, and to improve primary education;

"(9) to develop income-generating opportunities for the unemployed and underemployed in urban and rural areas; and

"(10) to assist sector projects supported by the Southern Africa Development Coordination Conference to enhance the economic development of the nine member states forming that regional institution.

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"(b) Assistance shall be provided under this section, when consistent with the objectives of such assistance, through African, United States and other private and voluntary organizations which have demonstrated effectiveness in the promotion of local grassroots activities on behalf of long-term development in sub-Saharan Africa.

"(c) The Administrator of the agency primarily responsible for administering this part shall target the equivalent of ten percent of the amount authorized to be appropriated under this section for each of the following:

"(1) maintaining and restoring the renewable natural resource base in ways which increase agricultural production, including components of agricultural activities that are consistent with this objective;

"(2) health activities; and

"(3) voluntary family planning.

"(d)(1) Local currencies generated by the sale of imports or foreign exchange by the government of a country in sub-Saharan Africa from assistance provided under this section shall be deposited in a special account by that government.

"(2) Such local currencies are to be available only for use, in accordance with an agreement with the United States, for development activities which are consistent with the policy directions of section 102 of this Act and for necessary administrative requirements of the United States Government.

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"(e) Section 104(a) of this Act, and similar provisions of law relating to the procurement of goods and services, shall not apply with respect to the implementation of assistance activities consistent with the purposes of this section. The exemption provided by this subsection shall not be construed to apply to the Comprehensive Anti-Apartheid Act of 1986.

"(f) There are authorized to be appropriated to the President for purposes of this section, in addition to funds otherwise available for such purposes, \$ _____ for the fiscal year 1990, which are authorized to remain available until expended.

"(g) The authority of this section to provide assistance for long-term development in sub-Saharan Africa is not intended to preclude the use of other authorities contained in this Act for that purpose."

(b) Conforming and Other Amendments. (1) The Foreign Assistance Act of 1961 is amended-

(A) in section 105-

(i) by striking out "(b)(1)" and inserting in lieu thereof "(b)"; and

(ii) by striking out subsection (b)(2);

(B) in section 116(e)(1), by adding at the end thereof "Funds authorized to be appropriated to carry out section 120 of this Act may only be used under this subsection with respect to countries in sub-Saharan Africa.";

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(C) by repealing section 121; and

(D) in section 123(f) and (g), by striking out "121" in each subsection and inserting in lieu thereof "120".

(2) The Agricultural Trade Development and Assistance Act of 1954 is amended-

(A) in section 106(b)(2), by inserting "(or, in the case of sub-Saharan Africa, programs directed at comparable objectives contained in section 120)" after "104";

(B) in paragraph (3)(A) of section 206, by inserting "(or, in the case of sub-Saharan Africa, comparable objectives contained in section 120 of that Act)" after "section 103 of the Foreign Assistance Act of 1961";

(C) in section 301(b), by inserting "(or, in the case of sub-Saharan Africa, programs directed at comparable objectives contained in section 120)" after "104"; and

(D) in section 303(b), by inserting "(or, in the case of sub-Saharan Africa, programs directed at comparable objectives contained in section 120)" after "section 103 of the Foreign Assistance Act of 1961".

ASSISTANCE FOR DISADVANTAGED SOUTH AFRICANS

SEC. 309. (a) Section 117 of the Foreign Assistance Act of 1961 (relating to Assistance for Disadvantaged South Africans) is amended to read as follows:

"Sec. 117. Economic Support for Disadvantaged South Africans.--Funds authorized to be appropriated to carry out this

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chapter and chapter 4 of part II may be used for assistance for disadvantaged South Africans. Assistance provided under the authority of this section shall be used for activities that are consistent with the objective of a majority of South Africans for an end to the apartheid system and the establishment of a society based on non-racial principles. Such activities may include (1) education, training, and scholarships for the victims of apartheid, including teachers and other educational professionals who are attending universities and colleges in South Africa, (2) scholarships for students pursuing secondary school education in South Africa, and (3) in-service teacher training programs in South Africa. In providing assistance under this section priority shall be given to working with and through South African nongovernmental organizations which have the support of the disadvantaged communities being served, and shall not be used to provide support to government or government-controlled institutions that do not embody the objectives to actively seek the end of apartheid and the establishment of a non-racial democracy."

(b) Section 11b of the Foreign Assistance Act of 1961 is amended-

(1) in subsection (e)-

(A) by amending the last sentence of subparagraph (B) to read: "Grants may not be made under this paragraph to governmental or government-controlled institutions that do not

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embody the objectives to actively seek the end of apartheid and the establishment of a non-racial democracy.";

(B) by amending subparagraph (C) to read as follows:

"(C) The average of all grants under this paragraph shall not exceed \$25,000."; and

(C) by striking out subparagraph (D);

(2) in subsection (f)-

(A) by striking out "(1)" and all that precedes subparagraph (A), and inserting in lieu thereof: "Funds made available to carry out subsection (e)(2)(A) for each fiscal year may be used for legal and other assistance to political detainees and prisoners and their families, including the investigation of the killing of protestors and prisoners, for support of legal challenges to apartheid laws and practices, and for support for actions of organizations, especially black-led community organizations, to resist through nonviolent means the enforcement of apartheid policies such as-"; and

(B) by striking out paragraph (2); and

(3) by striking out subsection (g).

ENDOWMENTS

SEC. 310. Section 122 of the Foreign Assistance Act of 1961 is amended by inserting at the end thereof the following new subsection:

"(f) Assistance provided under this chapter and chapter 4 of Part II of this Act may be furnished on a grant basis to any

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nonprofit nongovernmental agency or organization for the purpose of establishing an endowment which has as its principal purpose the advancement of one or more of the objectives of this chapter. Such assistance may be furnished as principal for such endowment, and income earned in any form (such as interest) on such principal may be retained by the grantee for the endowment without deposit in the United States Treasury and without further appropriation by the Congress and shall be used for the purposes for which the grant was made."

FUND RAISING ACTIVITIES OF NON-PROFIT GRANTEES

SEC. 311. Section 123 of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new subsection:

"(i) Funds authorized to be appropriated under this chapter and chapter 4 of part II of this Act may be used to support, notwithstanding any other provision of law, the fund raising activities overseas of private voluntary and other non-profit grantees, provided that no such funds may be used for entertainment or representational expenses."

NARCOTICS AWARENESS ACTIVITIES

SEC. 312. Section 126(b)(2) of the Foreign Assistance Act of 1961 is amended by inserting at the end thereof: "Assistance provided under this paragraph may be made available notwithstanding any other provision of law."

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TITLE IV - OTHER ASSISTANCE PROGRAMS AND AUTHORIZATIONS

AMERICAN SCHOOLS AND HOSPITALS ABROAD

SEC. 401. Section 214(c)(1) of the Foreign Assistance Act of 1961 is amended to read as follows:

"(1) To carry out the purposes of this section, there are authorized to be appropriated to the President \$ _____ for fiscal year 1990."

HOUSING AND OTHER CREDIT GUARANTY PROGRAMS

SEC. 402. (a) The second sentence of section 222(a) of the Foreign Assistance Act of 1961 is amended by striking out "\$2,158,000,000" and inserting in lieu thereof "\$ _____".

(b) Section 222(a) of such Act is further amended by striking out "1990" in the third sentence and inserting in lieu thereof "1991".

(c) Section 223(b) of such Act is amended by inserting after "administrative and operating expenses of carrying out the provisions of section 222" in the first sentence: "(including urban programs under such section)".

(d) Section 223(e)(2)(A) of such Act is amended by striking out "except that" and all that follows through the end of subparagraph (A) and inserting in lieu thereof "except that the Administrator may exercise the authority to borrow under this paragraph only to such extent or in such amounts as are provided in advance in appropriation Acts."

(e) Section 223(f) of such Act is amended by striking out in the first sentence ", which maximum rate" and all that

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follows through the end of that sentence and inserting in lieu thereof a period.

(f) Section 223(j) of such Act is amended by striking out in the third sentence "\$25,000,000" and inserting in lieu thereof "\$50,000,000" and by striking out ", and the average face value" and all that follows through the end of that sentence and inserting in lieu thereof a period.

AGRICULTURAL AND PRODUCTIVE CREDIT AND
SELF-HELP COMMUNITY DEVELOPMENT PROGRAMS

SEC. 403. Section 222A(h) of the Foreign Assistance Act of 1961 is amended by striking out "1988" and inserting in lieu thereof "1991".

TRADE CREDIT INSURANCE PROGRAM

SEC. 404. (a) Section 224(c) of the Foreign Assistance Act of 1961 is amended by striking out "1989" and inserting in lieu thereof "1992".

(b) Section 224(e) of such Act is amended by adding at the end thereof the following new sentence: "To the extent and in the amounts provided in appropriations Acts, during fiscal year 1990, commitments entered into to guaranty or insure loans under subsection (a) shall not exceed \$200,000,000 of contingent liability for loan principal."

(c) Section 224(h) is amended by adding at the end thereof the following: "The Bank is authorized to charge in connection with financing approved to support transactions referred to in

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subsection (a) of this section, fees and premiums commensurate, in the judgement of the Bank, with risks covered by the Agency. Any amounts received by the Bank in excess of the estimated costs incurred by the Bank in administering such transactions shall be credited to the reserve fund referred to in subsection (b) of this section, shall be merged with the funds in such reserve, and shall be available for the purpose of payments by the Agency to the Bank for guarantees under subsection (a) of this section."

VOLUNTARY CONTRIBUTIONS TO

INTERNATIONAL ORGANIZATIONS AND PROGRAMS

SEC. 405. Section 302(a)(1) of the Foreign Assistance Act of 1961 is amended to read as follows:

"(1) There are authorized to be appropriated to the President \$ _____ for fiscal year 1990 for grants to carry out the purposes of this chapter, in addition to funds available under other Acts for such purposes."

INTERNATIONAL DISASTER ASSISTANCE

SEC. 406. The first sentence of section 492(a) of the Foreign Assistance Act of 1961 is amended to read as follows: "There are authorized to be appropriated to the President to carry out section 491, \$25,000,000 for fiscal year 1990."

INTERNATIONAL NARCOTICS MATTERS

SEC. 407. Section 482 (a) (1) is amended to read as follows:

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"(1) To carry out the purposes of section 481, there are authorized to be appropriated tot the President \$ _____ for the fiscal year 1990."

TRADE AND DEVELOPMENT PROGRAM

SEC. 408. Section 661(b) of the Foreign Assistance Act of 1961 is amended to read as follows:

"(b) There are authorized to be appropriated to the President for purposes of this section, in addition to funds otherwise available for such purposes, \$ _____ for fiscal year 1990. Amounts appropriated under this subsection are authorized to remain available until expended."

OPERATING EXPENSES

SEC. 409. Section 667(a)(1) of the Foreign Assistance Act of 1961 is amended to read as follows:

"(1) \$ _____ for fiscal year 1990 for necessary operating expenses of the agency primarily responsible for administering part I of this Act; and"

OPERATING EXPENSES, OFFICE OF THE INSPECTOR GENERAL

SEC. 410. Section 668 of the Foreign Assistance Act of 1961 is amended to read as follows:

"Sec. 668. Operating Expenses, Office of the Inspector General.-(a) There are authorized to be appropriated to the President, in addition to funds otherwise available for such purposes-

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"(1) § _____ for the fiscal year 1990 for necessary operating expenses of the Office of the Inspector General of the Agency for International Development; and

"(2) such amounts as may be necessary for increases in salary, pay, retirement, and other employee benefits authorized by law, and for other nondiscretionary costs of such office.

"(b) Amounts appropriated under this section are authorized to remain available until expended."

TITLE V - MISCELLANEOUS PROVISIONS

CONTINGENCIES

SEC. 501. Section 451(a)(1) of the Foreign Assistance Act of 1961 is amended to read as follows:

"Sec. 451. Contingencies. --(a)(1) Notwithstanding any other provision of law, the President is authorized to use funds made available to carry out any provision of this Act (other than the provisions of chapter 1 of this part) in order to provide, for any emergency purposes, assistance authorized by this part in accordance with the provisions applicable to the furnishing of such assistance, except that the authority of this subsection may not be used to authorize the use of more than \$50,000,000 during any fiscal year."

WAR RESERVE STOCKPILES

SEC. 502. Section 514 of the Foreign Assistance Act of 1961 is amended --

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(1) in subsection (b)(1), by striking out the words greater than" and inserting in lieu thereof the word "that", and

(2) in subsection (b)(2), by striking out "77,000,000 for fiscal year 1989" and inserting in lieu thereof "65,000,000 for fiscal year 1990 and \$78,000,000 for fiscal year 1991.

RESTRICTIONS ON INTERNATIONAL MILITARY EDUCATION
AND TRAINING ASSISTANCE

SEC. 503. (a) Exemption From Certain Prohibitions.-Section 620(q) of the Foreign Assistance Act of 1961 is amended to read as follows:

"(q)(1) Subject to paragraph (2), no assistance shall be furnished under this Act to any country which is in default, during a period in excess of six calendar months, in payment to the United States of principal or interest on any loan made to such country under this Act, unless such country meets its obligations under the loan or unless the President determines that assistance to such country is in the national interest and notifies the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate of such determination.

"(2) Assistance for international military education and training programs may be provided without regard to paragraph (1) or any other provision of law that restricts or prohibits the furnishing of assistance to a country that is in default in payment to the United States of principal or interest on a loan

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made to that country, as long as the recipient country has an elected government seeking to strengthen democratic institutions and the assistance is otherwise consistent with sections 502B, 620(f), 620A, and 660 of this Act."

(b) Effective Date. -- The amendment made by subsection (a) of this section shall not apply with respect to funds appropriated prior to the date of enactment of this Act.

ASSISTANCE TO PAKISTAN

SEC. 504. Section 620E(d) of the Foreign Assistance Act of 1961 is amended by striking out the date "April 1, 1990" and inserting in lieu thereof the date "September 30, 1994".

SALE OF LOAN ASSETS

SEC. 505. Section 635(g)(3) of the Foreign Assistance Act of 1961 is amended by inserting after "such instrument" the following: ", provided further that the President may sell any instrument evidencing indebtedness, to any party who is not the obligor under such instrument, notwithstanding the provisions of section 620(r) of this Act, and that section 620(r) of this Act shall not apply to any subsequent transactions involving such instrument (including the resale of such instrument, either to another obligee or to the obligor, at a price lower than the instrument's face value)".

EXCESS DEFENSE ARTICLES

SEC. 506. Chapter 2 of part II of the Foreign Assistance Act of 1961 is amended by adding the following section at the end thereof:

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"SEC. 517. Participation of Foreign Military Forces in National Anti-Narcotics Programs.-- (a) Purpose of Assistance.--Military assistance furnished under this section shall be structured to encourage the regular military forces of the countries in Latin America and the Caribbean to participate in a comprehensive national anti-narcotics program conceived and developed by their respective central governments, for conducting activities within their territories and on the high seas to prevent the production, processing, trafficking, transportation, and consumption of illicit narcotics in the Americas.

"(b) Authority to Transfer Excess Defense Articles.-- In addition to such other military assistance as may be furnished within the availability of funds under this chapter, the President is authorized to grant to eligible foreign countries excess defense articles (as defined in section 644(g) of this Act) of any agency of the United States Government (and to authorize transportation on a space available basis for such articles) for the purposes of this section without charge to funds available for military assistance, notwithstanding section 632(d) of this Act.

"(c) Countries Eligible for Assistance.-- (1) Military assistance may be furnished under this section only to countries in Latin America and the Caribbean--

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(i) that are developing comprehensive national programs for the purposes envisaged by subsection (a) of this section which include an appropriate active role for their regular military forces

(ii) that provide assurances that such assistance shall be used primarily to enhance military and paramilitary capabilities to support and conduct anti-narcotics programs.

(2) The role of military forces in programs described in paragraph 1 may be in support of national police forces having responsibility for narcotics control, but should not significantly detract from the capability of such forces to perform their primary missions of legitimate self-defense and internal security.

(d) Role of the Secretary of State. Subject to the conditions of subsection (c), the Secretary of State shall determine the eligibility of countries for military assistance under this section. The Secretary of State, in pursuit of the coordination functions assigned to that office by section 4601 of Public Law 100-690, shall also ensure that programs supported by assistance authorized by this section are coordinated with other anti-narcotics enforcement programs assisted by the United States Government.

"(e) Ceiling Limitation.--Not more than \$35,000,000 of excess defense articles within the ceiling authorization set forth in section 31(d) of the Arms Export Control Act may be granted under this section during any fiscal year."

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STINGERS IN THE PERSIAN GULF

SEC. 507. (a) Section 566 of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1989 is repealed.

(b) Chapter 1 of part III of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new section:

"Sec. 620F. Stingers in Persian Gulf Region. --(a) Notwithstanding any other provision of law, Stinger antiaircraft missiles may be provided, directly or indirectly by sale, lease, grant or otherwise, to any country in the Persian Gulf region if the President certifies to Congress that --

"(1) such missiles are need by the recipient country to counter an immediate air threat and/or to contribute to the protection of United States personnel, facilities or operations;

"(2) no other appropriate system is available from the United States; and

"(3) the recipient agrees to safeguards as required in the letter of offer and acceptance by the United States Government to protect against diversion.

"(b) Before issuing any letter of offer to sell or provide Stinger missiles (without regard to the amount of the sale or transfer), the President shall notify the Speaker of the House of Representatives and the Majority Leader of the Senate. Any

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such notification shall contain the information required in a certification under section 36(b) of the Arms Export Control Act.

"(c) Before issuing any letter of offer to sell any defense article or defense service to Qatar, Qatar shall have returned to the United States or a recipient designated by the United States all Stinger antiaircraft missiles acquired or purchased by it without U.S. consent. The President shall notify the Committees on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate when all such missiles have been returned.".

SAFETY OF FLIGHT ITEMS FOR CHILE

SEC. 508. Section 726(c) of the International Security and Development Cooperation Act of 1981 is amended by striking out "and technical manuals for aircraft of the F-E/F or A/T-37 type which were sold to the Chilean Air Force by the United States before January 1, 1976" and inserting in lieu thereof "components, parts, tools, technical manuals, technical changes to technical orders (TCTOs), or TCTO retrofits for aircraft of the F-5E/F, A/T-37, or C-130E/H type owned by the Chilean Air Force".

ASSISTANCE FOR AFGHANISTAN

SEC. 509. Section 904 of the International Security and Development Cooperation Act of 1985 is amended to read as follows: "The President may make available funds authorized to

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be appropriated to carry out chapter 1 of part I and chapter 4 of part II of the Foreign Assistance Act of 1961 for the provision of food, medicine, or other humanitarian assistance to the Afghan people, notwithstanding any other provision of law."

ASSISTANCE FOR THE CAMBODIAN PEOPLE

SEC. 510. Section 905 of the International Security and Development Cooperation Act of 1985 is amended to read as follows: "The President may make available to the noncommunist resistance forces in Cambodia funds authorized to be appropriated to carry out chapter 2 (relating to grant military assistance) or chapter 4 (relating to the economic support fund) of part II of the Foreign Assistance Act of 1961, notwithstanding any other provision of law."

EXCLUSION FROM GROSS INCOME OF PAYMENTS

TO PARTICIPANT TRAINEES

SEC. 511. Subsection (b) of section 872 of the Internal Revenue Code of 1986 (relating to exclusions from gross income of nonresident alien individuals) is amended by adding at the end thereof the following new paragraph:

"(7)PAYMENTS FOR TRAINING--An amount received by a nonresident alien individual who is temporarily present in the United States as a nonimmigrant under subparagraph (F), (J), or (M) of Section 101(a)(15) of the Immigration and Nationality Act, which amount is provided for training of the individual in

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the United States in programs financed under the Foreign Assistance Act of 1961, as amended, including the value of contributed services and accommodations and any amount received to cover expenses for travel, research, clerical help or equipment or any other expenses that are incident to such training.

PAY AND ALLOWANCES FOR INSPECTOR GENERAL INVESTIGATORS

SEC. 512. (a) Section 806 of the Foreign Service Act of 1980 is amended-

(1) by inserting "(1)" after "(a)"; and

(2) by adding the following new paragraph:

"(2) Notwithstanding the percentage limitation contained in paragraph (1) of this subsection, (A) a foreign service criminal investigator/inspector of the Office of Inspector General, Agency for International Development, appointed to a law enforcement position as defined in 5 U.S.C. 8331(20) prior to January 1, 1984, shall have the option to have his annuity computed pursuant to paragraph (1) of this subsection or in an amount equal to (i) 2-1/2 percent of his average pay, as defined in 5 U.S.C. 8331(4), multiplied by so much of his total service as does not exceed 20 years plus (ii) 2 percent of his average pay, as defined in 5 U.S.C. 8331(4), multiplied by so much of his total service as exceeds 20 years, such service credit being obtained in accordance with sections 816 and 817; and (B) the annuity of a foreign service criminal

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investigator/inspector of such office, appointed to a law enforcement position as defined in 5 U.S.C. 8331(20) after January 1, 1984, shall be computed in the same manner as that of a law enforcement officer pursuant to 5 U.S.C. 8415. For purposes of this paragraph average pay shall include premium pay and special differentials provided in accordance with section 412 of this Act or 5 U.S.C. 5545."

(b) Section 812 of the Foreign Service Act of 1980 is amended-

(1) by inserting "(1)" after "(a)"; and

(2) by adding the following new paragraph:

"(2) Notwithstanding paragraph (1) of this subsection, a foreign service criminal investigator/inspector of the Office of the Inspector General, Agency for International Development, not receiving the annuity provided in Section 806 (a)(1) of this Act, shall be separated from the service on the last day of the month in which he becomes 55 years of age."

PAYMENTS FOR ANNUAL LEAVE

SEC. 513. Section 5551(a) of Title 5 of the United States Code is amended by inserting after "vacation leave" in the second sentence ", except that a post differential, if applicable, shall not be calculated into the lump-sum payment that an employee separating overseas is entitled to receive".

RECIPROCAL TREATMENT FOR FOREIGN MILITARY PERSONNEL

SEC. 514. Chapter 13 of Title 22 is amended as follows:

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(a) by adding the following paragraph after subsection (c) of section 701:

"(d) service personnel" means (i) personnel belonging to the land, sea, air or other uniformed services, (ii) civilians employed by a Ministry of Defense, or its equivalent, of a foreign government, accompanying persons described in subparagraph (i), and (iii) spouses or children of either of the above, or other immediate family members who are legally or financially dependent on persons described in subparagraphs (i) or (ii).";

(b) by redesignating section 706 as section 707, and by inserting ", or that such designation is necessary in order to secure legal protection for personnel of the United States Department of Defense abroad" after the phrase "maintenance of discipline"; and

(c) by inserting after 705 the following new section:

"Sec. 706. The President may, pursuant to agreement with the state concerned, confer rights upon any foreign state designated under Section 707 equivalent to the rights granted by that state to the United States."

REPORTING REQUIREMENTS

SEC. 515. (a) Chapter 7 of part II of the Foreign Assistance Act of 1961 is repealed.

(b) Section 620(s) of the Foreign Assistance Act of 1961 is amended by-

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(1) striking out "(1)"; and

(2) striking out paragraph (2).

(c) Section 620(u) of the Foreign Assistance Act of 1961 is repealed.

(d) Section 620(x) of the Foreign Assistance Act of 1961 is repealed.

(e) Section 2 of Public Law 94-104 is repealed.

(f) Section 1205 of the International Security and Development Cooperation Act of 1985 is repealed.

(g) Section 5 of the Anglo-Irish Agreement Support Act of 1986 is amended by striking out subsection (c).

TITLE VI - TECHNICAL AMENDMENTS

TECHNICAL AMENDMENTS

SEC. 601. (a) Section 3(a) of the Arms Export Control Act and section 505(e) of the Foreign Assistance Act of 1961 are amended by striking out "significant defense articles" and inserting in lieu thereof "significant military equipment".

(b) Section 3b(d) of the Arms Export Control Act is amended by striking out "combat" and inserting in lieu thereof "military".

(c) Section 25(d) of the Arms Export Control Act as added by section 112(b) of the International Security and Development Cooperation Act of 1985 shall be redesignated as subsection (e) of section 25 and shall be amended by striking the semicolon at the end thereof and inserting a period in lieu thereof.

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(d) Section 25(a)(5)(B) of the Arms Export Control Act shall be amended by striking out "(d)" and inserting in lieu thereof "(e)".

TITLE VII - AUTHORIZATIONS FOR FISCAL YEAR 1991

AND EFFECTIVE DATE

AUTHORIZATIONS FOR FISCAL YEAR 1991

SEC. 701. There are authorized to be appropriated for the fiscal year 1991 such sums as may be necessary to carry out programs and activities for which appropriations for the fiscal year 1990 are authorized by this Act.

EFFECTIVE DATE

SEC. 702. This Act shall take effect on October 1, 1989.

Wang #22216

SECTION-BY-SECTION ANALYSIS
OF THE PROPOSED
INTERNATIONAL SECURITY AND DEVELOPMENT
COOPERATION ACT OF 1989

I. INTRODUCTION

The proposed International Security and Development Cooperation Act of 1989 (the "Bill") amends the Foreign Assistance Act of 1961 ("FAA") and the Arms Export Control Act ("AECA"), and related statutory provisions, in order to authorize appropriations to carry out international security and development assistance programs for fiscal year 1990 and to make certain changes in the substantive authorities governing those programs. The Bill also contains authorizations for fiscal year 1991 in accordance with the requirements of the Congressional Budget Act of 1974.

The Bill is composed of seven titles. Title I consists of authorizations for military sales and related programs and amendments to the authorities relating to those programs. Title II authorizes appropriations for the Economic Support Fund (ESF) program and amends two of the authorities for use of funds under that program. Title III authorizes appropriations for Development Assistance (DA) programs, amends the authorities for certain DA programs, and authorizes two completely new DA programs -- International AIDS Prevention and Control and the Development Fund for Africa (DFA).

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Title IV authorizes appropriations for other related assistance programs, such as American Schools and Hospitals Abroad, Voluntary Contributions to International Organizations and Programs, International Narcotics Matters, International Disaster Assistance, and the Trade and Development Program. That title also authorizes appropriations for the operating expenses of the Agency for International Development (A.I.D.) and authorizes separate appropriations for the A.I.D. Office of Inspector General.

Title V contains miscellaneous provisions. These include authorizations for the sale of loan assets held by the U.S. Government and for assistance for Afghanistan and for the Cambodian people; and amendments to the Internal Revenue Code and the Foreign Service Act to address certain tax and personnel payment concerns arising in connection with foreign assistance programs. The title also includes amendments to certain substantive authorities in the Foreign Assistance Act and the Arms Export Control Act.

Title VI contains technical amendments to the Foreign Assistance Act and the Arms Export Control Act. Title VII provides for authorizations for fiscal year 1991 in accordance with the requirements of the Congressional Budget Act of 1974 and for the effective date for the various provisions of the

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Bill.

II. PROVISIONS OF THE BILL

SECTION 1. SHORT TITLE

This section provides that the Bill may be cited as the "International Security and Development Cooperation Act of 1989".

TITLE I- MILITARY ASSISTANCE AND SALES AND RELATED PROGRAMS

SECTION 101. FOREIGN MILITARY SALES FINANCING AUTHORIZATION

This section amends section 31(a) of the AECA to authorize \$_____ in appropriations for fiscal year 1990 to carry out the Foreign Military Sales (FMS) direct credit program. Section 31(b)(1) of the AECA is amended to establish the limit of \$_____ for fiscal year 1990 as the aggregate amount of FMS credit which may be extended under section 23 of the AECA.

SECTION. 102. TERMS OF FOREIGN MILITARY SALES FINANCING

This section minimizes the additional debt burden of recipients of FMS loans and responds to the current global debt crisis by authorizing the provision of FMS financing to

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countries without requirement that the principal or interest be repaid.

SECTION 103. REPORTS REGARDING SALES PROGRAM

This section amends section 25(a) of the AECA by striking the requirement for annual reports concerning (1) the international volume of arms traffic to and from nations purchasing arms from the United States and estimates of arms traffic from all major arms suppliers to major recipient countries; (2) Korean progress in modernizing its armed forces, the role of the United States in mutual security efforts in Korea, and the military balance between the two Koreas; and (3) the amount and nature of Soviet military assistance to Cuba and the capabilities of the Cuban armed forces. The report on international arms traffic tends to be infrequently utilized and contains information which is covered in a report currently published annually by the Congressional Research Service. The latter two reporting provisions stem from particular circumstances and concerns which no longer require annual foreign assistance reports.

SECTION 104. QUARTERLY REPORTS

Section 36(a) of the AECA requires the President to submit to the Congress quarterly information relating to letters of

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offer to sell major defense equipment for \$1 million or more. This section amends section 36(a) to permit information contained in these reports to be transmitted in classified form to protect the legitimate security interests of the purchasers.

SECTION 105. PROJECTIONS OF ARMS SALES

This section amends section 36 of the AECA by striking the requirement that quarterly reports to Congress on foreign military sales include projections (by country and international organization) of sales from DOD stocks and procurement sales expected to be made in the next quarter, and sales expected during the remainder of the fiscal year. This information is replicated in the annual Javits Report, which projects sales eligible for approval for the entire year, and is updated by sales notifications and consultations on sales that arise subsequent to the Report.

SECTION 106. POLICY OBJECTIVES AND RESTRAINTS

This section repeals those paragraphs of section 1 of the AECA (the policy section) that call on the President to adhere to a policy of restraint in arms sales and undertake efforts unilaterally and multilaterally to reduce arms transfers. These paragraphs were enacted in the mid-1970's when there was congressional concern about the rapid dollar volume growth in U.S. arms sales, particularly to Iran and Saudi Arabia. In

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recent years U.S. arms sales have declined dramatically. In these circumstances, the policy language proposed for repeal has little relevance and casts a pall over legitimate defense trade.

SECTION 107. MILITARY ASSISTANCE

This section amends section 504(a)(1) of the FAA to authorize § _____ in appropriations for fiscal year 1990 to carry out the military assistance program.

SECTION 108. WAIVER OF NET PROCEEDS OF SALE

This section amends section 505(f) of the FAA to extend the authority of the President to waive the requirement that proceeds from the sale of Military Assistance Program (MAP) items be returned to the United States. Currently, the waiver authority applies only to items delivered prior to 1975. By extending the authority to MAP items delivered subsequent to 1975 but prior to 1985, this section would relieve the host country and Security Assistance Office (SAO) personnel from the responsibility for annual accounting of old, obsolete, and in many cases, non-functional equipment items. Since the value of such second-hand items is generally negligible, this initiative will have no budgetary impact for either the Security Assistance program or the Department of Defense.

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SECTION 109. FAIR PRICING

This section would amend section 515(d) and 632(d) of the FAA and sections 21(e) and 43(b) of the AECA to eliminate charges to FMS customers for fixed and sunk costs incurred by DOD. Under this provision, FMS purchasers would reimburse DOD only for costs resulting from FMS and not for costs that DOD would incur regardless of the sale. Specifically, the provision would (1) waive non-recurring research, development, and production charges for sales paid for with MAP and military grant financing; (2) eliminate the asset use charge for all sales; (3) no longer require security assistance to reimburse the military departments for military salaries associated with program administration; and (4) no longer require security assistance to reimburse the Treasury for unfunded civilian retirement costs. These charges would increase the FMS buying power of MAP and FMS credit grant recipients during a time of budget limitations. It would also ensure the continued solvency of the FMS administrative fund.

SECTION 110. EXCESS DEFENSE ARTICLES FOR NATO'S SOUTHERN FLANK

This section amends section 51b of the FAA (1) to make permanent the authority provided by that section; (2) to broaden the category of transferrable articles to include excess defense articles and articles programmed to be excess; and (3) to limit application of the section to NATO members on the southern flank of NATO.

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SECTION 111. INTERNATIONAL MILITARY EDUCATION AND TRAINING

This section amends section 542 of the FAA to authorize § _____ appropriations for fiscal year 1990 for the International Military Education and Training (IMET) program.

SECTION 112. PEACEKEEPING OPERATIONS

This section amends section 552(a) of the FAA to authorize § _____ in appropriations for fiscal year 1990 to carry out peacekeeping operations and other programs. These programs include the United States budgetary contribution to the Multinational Force and Observers (MFO) for the Sinai.

SECTION 113. ANTITERRORISM ASSISTANCE

Subsection (a) of this section amends section 575(a) of the FAA to authorize § _____ in appropriations for fiscal year 1990 to carry out the antiterrorism assistance program. Subsections (b) and (c) broaden the authorities for antiterrorism training to permit specified training to be conducted outside the United States and to permit the Bureau of Diplomatic Security of the Department of State to provide training in additional subjects to foreign law enforcement personnel. Allowing specified types of training to be conducted outside the United States and expanding the types of training that can be provided by Bureau of Diplomatic Security

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personnel will result in substantial cost savings to the the antiterrorism program and increase the program's effectiveness.

SECTION 114. UNCOMMITTED FMS CREDITS FOR THE PHILIPPINES

This section provides authority to expend presently uncommitted prior-year FMS credits issued for the Philippines (not to exceed \$29.4 million) without requirement of repayment of principal or interest. This provision fulfills a commitment made by the United States to the Philippines during the review of the military bases agreement, which was successfully concluded in the fall of 1988.

TITLE II - ECONOMIC SUPPORT FUND

SECTION 201. AUTHORIZATION OF APPROPRIATIONS

This section amends Section 532(a) of the FAA to authorize appropriations of \$ _____ for fiscal year 1990 to carry out the purposes of chapter 4 of part II of the FAA (ESF).

SECTION 202. EMERGENCY ASSISTANCE

This section amends Section 533(a) of the FAA to make available in any fiscal year up to \$75,000,000 for emergency use during such fiscal year under chapter 4 of part II of the FAA when the national interests of the United States urgently

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require economic support to promote economic or political stability.

SECTION 203. DEMOCRATIC INSTITUTIONS

This section broadens Section 534 of the FAA, which provides authority for Administration of Justice activities, to authorize support for electoral and legislative processes as well. All such assistance is directed to be of a nonpartisan nature.

New provisions include authorizations of assistance for specialized training and exchanges for public officials and individuals involved in the administration of justice or electoral or legislative processes, and programs to enhance the performance of institutions in those areas.

The Bill also adds to the authorities provided, notwithstanding Section 660 of the FAA: support for programs to strengthen civil-military relations as a necessary underpinning of democracy and to improve knowledge among both military and law enforcement officers of international standards for protection of civil and political rights, and for programs to enhance protection of participants in judicial cases.

The Bill deletes authority for support under this section for programs conducted through multilateral or regional institutions to improve penal institutions and the

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rehabilitation of offenders. Other authorities have been expanded to include support for enhancement of nonpartisan electoral and legislative as well as legal functions. The Bill eliminates the separate congressional notification requirement under Section 534, and provides permanent authorization for activities carried out under that section. At the same time, the limitation on funds to be appropriated under Section 534(b)(3) is extended to all future fiscal years. The overall limitation on funds to be appropriated for any fiscal year under Section 534 is raised to thirty million dollars.

TITLE III - DEVELOPMENT ASSISTANCE

SECTION 301. AGRICULTURE, RURAL DEVELOPMENT, AND NUTRITION

This section amends Section 103(a)(2) of the FAA to authorize \$_____ in appropriations for fiscal year 1990 to carry out Agriculture, Rural Development and Nutrition programs.

SECTION 302. CHILD SURVIVAL FUND

This section amends Section 104(c)(2) of the FAA to authorize appropriations of \$_____ for fiscal year 1990 to carry out programs under the Child Survival Fund, and to provide that, except as otherwise provided in Section 104, assistance under 104(c)(2) may be made available

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notwithstanding any other provision of the FAA (other than subsections (a), (f), and (t) of Section 620 and Section 620A) or any other Act.

SECTION 303. POPULATION AND HEALTH

Section 303 amends Section 104(g)(1) of the FAA to authorize appropriations of \$ _____ for fiscal year 1990 for Population Planning programs and \$ _____ for fiscal year 1990 for Health programs.

SECTION 304. INTERNATIONAL AIDS PREVENTION AND CONTROL

This section amends Section 104 of the FAA to add a new subsection (d) authorizing the President to furnish assistance, on such terms and conditions as he may determine, for prevention and control of the Acquired Immune Deficiency Syndrome ("AIDS"). This includes the authority to collect and disseminate information on the spread of AIDS and its economic and developmental effects. In carrying out the purposes of this section, A.I.D. is directed to seek to ensure adequate coordination with other federal agencies, international organizations, and private and voluntary organizations ("PVOs"). Assistance activities pursuant to this new subsection are directed to include support for appropriate activities carried out by international organizations, including such organizations receiving funds under chapter 3 of

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Part I of the FAA ("International Organizations and Programs"), and PV0s.

Funds in the amount of \$ _____, to remain available until expended, are authorized to be appropriated for International AIDS Prevention and Control programs for fiscal year 1990 and to be made available notwithstanding any other provision of law. Subsections (d) through (g) of Section 104 of the FAA are redesignated to reflect the addition of the new subsection (d).

SECTION 305. EDUCATION AND HUMAN RESOURCES DEVELOPMENT

This section amends Section 105(a) of the FAA to authorize appropriations of \$ _____ for fiscal year 1990 for Education and Human Resource Development programs.

SECTION 306. PRIVATE SECTOR, ENERGY, AND PRIVATE AND VOLUNTARY ORGANIZATIONS

This section amends Section 106(e)(1) of the FAA to authorize appropriations of \$ _____ for fiscal year 1990, for programs involving the private sector, energy, and private and voluntary organizations.

SECTION 307. PRIVATE SECTOR REVOLVING FUND AND GUARANTY AUTHORITY

This section amends section 108(b) of the FAA to authorize

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the deposit of up to \$ _____ in the Private Sector Revolving Fund.

SECTION 308. SUB-SAHARAN AFRICA.

Subsection (a) of this section amends section 120 of the FAA to authorize the "Development Fund for Africa." In recognition of the unique economic crisis confronting the nations of sub-Saharan Africa, the new section 120(a) authorizes the President to provide project and program assistance, on such terms and conditions as he may determine, for economic development activities in sub-Saharan Africa. The assistance must be in accordance with the policies set forth in Section 102 of the FAA, and is to be provided to meet certain objectives. Among these objectives are: helping the poor majority in sub-Saharan Africa through a process of long-term economic growth that is equitable, participatory, environmentally sustainable and self-reliant; promoting reform of sectoral policies and priorities taking into account the need to protect vulnerable groups; supporting the establishment of favorable environment for individual enterprise and self-sustaining development; increasing agricultural production and maintaining and restoring the natural resource base in ways that are mutually supportive and reinforcing; maintaining and improving basic transportation and communications networks; improving health conditions and access to voluntary family

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planning services; improving basic literacy and primary education; developing income-generating opportunities; and assisting projects supported by the Southern Africa Development Co-ordination Conference. Assistance is directed to be provided, wherever possible, through African and U.S. PVOs with demonstrated experience in grassroots development activities.

The A.I.D. Administrator is directed to target the equivalent of ten percent of the amount authorized to be appropriated for the DFA to each of three priority areas: (1) maintaining and restoring the renewable natural resource base in ways that increase agricultural production; (2) health activities; and (3) voluntary family planning.

There are authorized to be appropriated \$ _____ for fiscal year 1990 for the DFA, in addition to other funds available for such purposes. Local currencies which may be generated from the assistance provided by this section are directed to be deposited in separate accounts and used for development activities consistent with the policy directions of Section 102 of the FAA or for the administrative requirements of the U.S. Government.

New Section 120(e) of the FAA waives the application of Section 604(a) of the FAA and similar provisions of law concerning the procurement of goods and services for assistance activities consistent with new Section 120. This waiver does not apply to the provisions of the Comprehensive Anti-Apartheid Act of 1986.

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Subsection (b) of this section makes certain conforming amendments to the FAA and to the Agricultural Trade Development and Assistance Act of 1954 to incorporate references to the Development Fund for Africa.

SECTION 309. ASSISTANCE FOR DISADVANTAGED SOUTH AFRICANS

Subsection (a) of this section amends Section 117 of the FAA to provide for assistance to disadvantaged South Africans, to be used for activities that are consistent with the objective of a majority of South Africans for an end to the apartheid system and the establishment of a society based on non-racial principles. Activities which may be supported include: (1) education, training, and scholarships for the victims of apartheid, including teachers and other educational professionals who are attending universities and colleges in South Africa, (2) scholarships for students pursuing secondary school education in South Africa, and (3) in-service teacher training programs in South Africa. References to specific organizations to be considered for assistance are removed, but the amended section directs that priority shall be given to working with and through South African nongovernmental organizations which have the support of the disadvantaged communities being served, and that assistance shall not be used to provide support to governmental or government-controlled institutions that do not embody the objectives of actively

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seeking the end of apartheid and the establishment of a non-racial democracy.

Subsection (b) amends Section 11b(e)(2) of the FAA to provide that grants under that section to organizations in South Africa that contribute to the promotion of a just society, to aiding victims of official discrimination, and to the elimination of apartheid in a nonviolent manner, shall not be used to provide support to governmental or government-controlled institutions that do not embody the objectives to actively seek the end of apartheid and the establishment of a non-racial democracy. The amendment goes on to provide that the average of all grants under Section 11b(e) of the FAA is not to exceed \$25,000, and to delete an obsolete reporting provision under 11b(e). Section 11b(f) of the FAA is amended to remove the specific earmark for activities authorized therein, and to remove limits on individual grants and grant averages. Earmarks in Section 11b(g) of the FAA are also deleted.

SECTION 310. ENDOWMENTS

This section adds a new subsection (f) to Section 122 of the FAA to authorize the provision of DA or ESF on a grant basis to any nonprofit non-governmental entity for the establishment of an endowment whose principal purpose is the advancement of one or more DA objective. The assistance

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provided under this new subsection is to serve as the principal for such an endowment, with interest or any other income earned on the principal to be retained by the grantee without any further appropriation required. Any income earned and retained is to be used for the same purposes for which the grant was made.

SECTION 311. FUND RAISING ACTIVITIES OF NON-PROFIT GRANTEES

This section adds a provision to Section 123 of the FAA to provide that DA and ESF funds may be used to support the overseas fundraising activities of PVOs and other non-profit grantees, notwithstanding any other provision of law, provided such funds are not used for entertainment or representational expenses.

SECTION 312. NARCOTICS AWARENESS ACTIVITIES

This section amends Section 126 of the FAA to provide that assistance for narcotics awareness activities under that section may be provided notwithstanding any other provision of law.

TITLE IV - OTHER ASSISTANCE PROGRAMS AND AUTHORIZATIONS

SECTION 401. AMERICAN SCHOOLS AND HOSPITALS ABROAD

This section amends Section 214(c)(1) of the FAA to

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authorize appropriations of \$ _____ for fiscal year 1990 for the American Schools and Hospitals Abroad program.

SECTION 402. HOUSING AND OTHER CREDIT GUARANTY PROGRAMS

This section amends Section 222 of the FAA to provide that the total principal amount of guarantees for housing and other credit guaranty programs that are outstanding at any one time may not exceed \$ _____, and that the authority under that section is to be extended through September 1991.

Section 223(b) of the FAA is amended to include administrative and operating expenses of urban programs among the expenses that may be covered by Housing Guaranty fee income.

Section 223(e) of the FAA is amended to remove the ceiling on the borrowed amount that may be outstanding at any one time to meet obligations incurred to pay claims arising in connection with loan guaranties described in Section 223(d) of the Act.

Section 223(f) is amended to provide that the determination of the maximum rate of allowable interest for eligible investors under Section 222 of the FAA shall rest solely with A.I.D.

Section 223 is further amended in subsection (j) to raise the annual per country ceiling on housing guaranties from \$25 million to \$50 million and to eliminate the requirement that the average face value of guaranties not exceed \$15 million in

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any fiscal year.

SECTION 403. AGRICULTURAL AND PRODUCTIVE CREDIT AND SELF-HELP
COMMUNITY DEVELOPMENT PROGRAMS

This section amends Section 222A(h) of the FAA to extend authorization for Agricultural and Productive Credit and Self-Help Community Development Programs through September 30, 1991.

SECTION 404. TRADE CREDIT INSURANCE PROGRAM

This section amends Section 224 of the FAA to permit guarantee commitments under the Trade Credit Insurance Program (TCIP) through September 30, 1992. During fiscal year 1990, commitments entered into to guaranty or insure loans under this program may not exceed \$200,000,000 of contingent liability for loan principle, subject to amounts provided for in an appropriations act.

Subsection (c) of this section provides the Export-Import Bank with authority to charge fees and premiums in connection with financing provided under TCIP. Any amounts received by the Bank in excess of the estimated costs incurred by the Bank in administering such transactions are to be credited to the liability reserve fund established by A.I.D. under Section 224(b) of the FAA, to be available for payments by A.I.D. to Ex-Im Bank for guarantees under TCIP.

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SECTION 405. VOLUNTARY CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS AND PROGRAMS

This section amends Section 302(a)(1) of the FAA to authorize appropriations of \$ _____ for fiscal year 1990 for voluntary contributions to international organizations and programs.

SECTION 406. INTERNATIONAL DISASTER ASSISTANCE

This section amends Section 492(a) of the FAA to authorize appropriations of \$25,000,000 for fiscal year 1990 for international disaster assistance activities.

SECTION 407. INTERNATIONAL NARCOTICS MATTERS

Section 506 amends section 482(a)(1) of the FAA to authorize \$ _____ in fiscal year 1990 for international narcotics control programs.

SECTION 408. TRADE AND DEVELOPMENT PROGRAM

This section amends Section 661(b) of the FAA to authorize appropriations of \$ _____ for fiscal year 1990 for the Trade and Development Program, to remain available until expended.

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SECTION 409. OPERATING EXPENSES

This section amends Section 667(a)(1) of the FAA to authorize appropriations of \$ _____ for fiscal year 1990 for A.I.D. operating expenses.

SECTION 410. OPERATING EXPENSES, OFFICE OF THE INSPECTORGENERAL

This section amends the FAA to add a new section 668, authorizing a separate appropriation for the operating expenses of A.I.D.'s Office of the Inspector General, and authorizing appropriations of \$ _____ for this purpose for fiscal year 1990. New section 668 also authorizes the appropriation of such additional amounts as may be necessary for increases in salary, pay, retirement and other employee benefits authorized by law, and for other nondiscretionary costs of such office. All amounts appropriated under the new section are authorized to remain available until expended.

TITLE V - MISCELLANEOUS PROVISIONSSECTION 501. CONTINGENCIES

Section 451 of the FAA provides that up to \$10 million of funds made available in any fiscal year may be used for emergency purposes; it does not contain, however, an overall limit on the amount that may be furnished during any fiscal

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year. This section amends section 451 by establishing that limit at \$50 million.

SECTION 502. WAR RESERVE STOCKPILES

This section amends section 514 of the FAA to extend the War Reserve Stocks for Allies Program through fiscal year 1991 and authorizes \$65 million in fiscal year 1990 and \$78 million in fiscal year 1991 to carry out the program.

SECTION 503. IMET FLEXIBILITY

This section amends section 620(q) of the FAA to exempt the IMET program from sanctions under that section and the Brooke-Alexander Amendment. The intent of 620(q) and the Brooke Amendment was to give the United States leverage and foreign countries an incentive to repay U.S. loans. However, IMET programs are usually so small in relation to loans and arrangements that their termination provides very little incentives to repay. In order to achieve the stated purpose of the training efforts and to foster a long-term relationship, the Administration must be provided the flexibility to continue training for governments seeking to strengthen democratic institutions when it is determined to be in the U.S. national interest.

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SECTION 504. ASSISTANCE TO PAKISTAN

This section amends section 620E(d) of the FAA to extend the current national interest waiver authority for Pakistan to September 30, 1994. This amendment provides the requisite flexibility to continue assistance to Pakistan if it is in the national interests of the United States to do so and if the required certification with regard to a nuclear explosive device can be made, given the facts at the time. Such flexibility is necessary because of the strategic importance of Pakistan and our mutual interest in stability in the region.

SECTION 505. SALE OF LOAN ASSETS

This section amends Section 635(g)(3) of the FAA to provide that the President may exercise his authority to dispose of any instrument evidencing indebtedness to the United States, through the sale of such instrument to any party who is not the obligor under such instrument, notwithstanding the provisions of section 620(r) of the FAA, which prohibits relief to U.S. Government loan recipients of repayment liability on any part of the principal of, or interest on, such loan. The amendment further provides that section 620(r) of the FAA shall not apply to any subsequent transactions involving such instrument, including the resale of such instrument to another obligee or to the obligor, at a price lower than the instrument's face value.

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SECTION 506 . EXCESS DEFENSE ARTICLES

This section adds a new section 517 to the FAA, which would authorize the grant of a limited number of defense articles in the inventories of the United States Government to regular military forces in Latin America and the Caribbean on the condition that the equipment be used primarily, but not exclusively, in an established or incipient anti-narcotics program. This proposal would supplement normal security and narcotics assistance by providing an additional source of basic military equipment without charge to recipient countries on the defense or foreign assistance accounts. The program would also provide a means of taking advantage of older basic military equipment that is no longer adequate for U.S. needs nor suitable for transfer to more advanced countries.

SECTION 507. STINGER MISSILE SALES TO PERSIAN GULF COUNTRIES

This section amends the FAA by adding a new section 620F, which modifies the legislative ban on the sale of Stinger missiles to Persian Gulf States to permit such sales to occur upon a Presidential certification. Modification of the current prohibition on the sale of Stinger missiles to Persian Gulf countries to permit such sales only when the President certifies to Congress that (a) such missiles are needed to counter an immediate threat or to protect U.S. facilities or

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personnel, (b) an alternative system is not available, and (c) the recipient has agreed to safeguards to protect against diversion meets Congressional concerns about proliferation of these systems and their diversion while providing flexibility to meet the critical and legitimate security requirements of friendly countries in the Persian Gulf.

SECTION 508. SAFETY OF FLIGHT ITEMS FOR CHILE

This section amends section 72b(c) of the International Security and Development Cooperation Act (ISDA) of 1981 to broaden the category of flight safety items authorized for sale to Chile. It would permit the sale and licensing of equipment (e.g., components, parts, tools, technical manuals, technical changes to technical orders (TCTOs), or TCTO retrofit) that is essential to the safe operation of the U.S.-supplied F-5 and A-37 aircraft and the C-130E/H transport aircraft, which was commercially purchased by the Chilean Air Force and is used in connection with cargo transport, humanitarian and disaster relief projects, and scientific research. The current prohibition against the sale of such items places the safety of Chilean pilots and populations at risk.

SECTION 509. ASSISTANCE FOR AFGHANISTAN

This section amends section 904 of the ISDA of 1985 to authorize the use of DA or ESF funds for the provision of food,

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medicine, or other humanitarian assistance fo the Afghan people, notwithstanding any other provision of law.

SECTION 510. ASSISTANCE FOR THE CAMBODIAN PEOPLE

This section amends section 905 of ISDCA to authorize the President to make grant military assistance or ESF funds available to the noncommunist resistance forces in Cambodia, notwithstanding any other provision of law.

SECTION 511. EXCLUSION FROM GROSS INCOME OF PAYMENTS TO PARTICIPANT TRAINEES

This section amends the Internal Revenue Code to exclude from gross income for federal income tax purposes U.S. foreign assistance funds received by non-U.S. residents to pursue educational and training opportunities in the United States. Included in such funds are payments or contributions to participant trainees for items incident to their program of study, training or research in the United States such as (but not limited to) travel and lodging expenses, training equipment, and clerical help.

SECTION 512. PAY AND ALLOWANCES FOR INSPECTOR GENERAL INVESTIGATORS

This section amends Section 806 of the Foreign Service Act to authorize retirement pay for criminal investigators in the

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Foreign Service similar to that provided criminal investigators in the Civil Service. This section also provides for mandatory retirement for Foreign Service criminal investigators in the same manner as criminal investigators in the civil service.

SECTION 513. PAYMENTS FOR ANNUAL LEAVE

This section amends 5 U.S.C. 5551(a) to provide that a lump-sum payment for accumulated annual leave to a federal employee separating overseas shall not be calculated to include any post differential that such employee may have been receiving at the time of separation.

SECTION 514. RECIPROCAL TREATMENT FOR FOREIGN MILITARY PERSONNEL

This section amends the Friendly Forces Act to provide the requisite basis to permit the United States to accord foreign military personnel present in the United States rights that are reciprocal to those given to U.S. military personnel serving overseas. Such authority would facilitate our efforts to ensure adequate legal protection for U.S. military personnel and our ability to conclude base rights agreements. One factor complicating those efforts is the fact that the United States does not accord the same rights to the limited number of foreign military personnel located in the United States that we seek for the much larger contingent of U.S. military personnel present overseas.

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SECTION 515. REPORTING REQUIREMENTS

This section repeals or modifies various reporting requirements. Subsection (a) repeals chapter 7 of part II of the Foreign Assistance Act of 1961. This chapter, which was added in 1979, and authorized U.S. construction of and funding for two air bases in Israel, is no longer relevant since all activities contemplated by the chapter has been completed.

Subsection (b) repeals the requirement in section 620(s)(2) of the FAA to submit an annual report on how the percentage of a country's budget and foreign exchange devoted to military purposes and the degree to which it is using its foreign exchange or other resources to acquire military equipment have been taken into account before assistance is provided to a country. Since section 620(s)(2) was enacted in 1969, the mechanisms for reporting to Congress on assistance programs have been greatly expanded and improved. Through Congressional Presentation materials, reports required by section 634(a) of the FAA, various other reports and congressional testimony, the Congress is kept informed of the reasons for allocations of assistance to particular countries. Section 620(s)(2) requires the preparation of a comprehensive annual report which addresses only one of the many factors taken into account in making allocation decisions. Also, the report requires the compilation of information that overlaps substantially with

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information already included in the report prepared by the State Department under section 25 of the AECA.

Subsection (c) repeals two requirements -- (1) that the decision to furnish assistance to a country take into account the country's status in paying its dues to the United Nations and (2) that the President report to the Congress on assurances by a country in arrears to the UN regarding payment of its obligations. These requirements are outdated and incongruous given the record of U.S. payment of UN dues and assessments.

Subsection (d) repeals section 620(x) of the Foreign Assistance Act of 1961 -- a provision which suspended assistance to Turkey following its "invasion" of Cyprus; subsection (e) repeals a provision relating to the suspension of assistance to Turkey under this section. Section 620(x) of the Foreign Assistance Act is no longer in force. Section 13(a) of the International Security Assistance Act of 1978 specified that the provision suspending aid to Turkey would be of no further force and effect once the President had determined and certified to Congress that resumption of aid to Turkey was in the national interest and in NATO's interest and that Turkey was in good faith seeking a peaceful settlement of the Cyprus problem. The President made this determination and certification in 1978.

Subsection (f) repeals section 1205 of the International Security and Development Cooperation Act of 1985 which requires

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annual reports on the economic conditions in various countries and their ability to meet their international debt obligations. Information on particular countries' debt and economic status is included in testimony presented to Congressional committees, in Congressional Presentation materials, and in other reports as needed.

Subsection (g) amends the Anglo-Irish Agreement Support Act of 1986 by eliminating the requirement in Section 5(c) of that Act for a certification to Congress prior to any U.S. contributions to the International Fund for Ireland.

TITLE VI - TECHNICAL AMENDMENTS

SECTION 601. TECHNICAL AMENDMENTS

This section makes technical amendments to section 3(a) of the AECA and section 505(e) of the FAA by replacing the term "significant defense articles" with the term "significant military equipment". This section also amends section 3b(d) of the AECA by replacing the word "combat" with "military" in order to conform obsolete terms with those used in the International Traffic in Arms Regulations. This section also redesignates section 25(d) of the AECA as added in 1985 as subsection (e) to eliminate the redundancy of two subsections designated as (d) and section 25(a)(5)(B) to clarify the reference to the redesignated subsection (e).

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TITLE VII - AUTHORIZATIONS FOR FISCAL YEAR 1991
AND EFFECTIVE DATE

SECTION 701. AUTHORIZATIONS FOR FISCAL YEAR 1991

Section 701, in accordance with the requirements of section 607 of the Congressional Budget Act of 1974, authorizes appropriations for fiscal year 1991 for all programs and activities for which appropriations for the fiscal year 1990 are authorized by this Bill.

SECTION 702. EFFECTIVE DATE

Section 702 provides that, except where otherwise stated in the Bill, the effective date for this Bill is October 1, 1989.

Drafted: State:L/PM:DDKennedy:AID:GC:RLester/RMatalon

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