



WASHINGTON, D.C. 20503

January 27, 1983

SPECIAL

LEGISLATIVE REFERRAL MEMORANDUM

83-00837

TO: Legislative Liaison Officer-

- Agency for International Development
- Department of Defense
- National Security Council
- Department of Agriculture
- Department of the Treasury
- Arms Control and Disarmament Agency
- Department of Justice
- Department of Commerce
- Office of Personnel Management
- Central Intelligence Agency

Action
Paul

SUBJECT: 2 State draft proposals: (1) the Lebanon Emergency Assistance Act of 1983, and (2) the International Security and Development Cooperation Act of 1983.

(NOTE: These draft proposals are needed to support the President's budget for fiscal year 1984. Accordingly, your prompt review is essential for timely submission.)

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.

A response to this request for your views is needed no later than C.O.B. FRIDAY, FEBRUARY 4, 1983. Phone comments are acceptable.

Questions should be referred to Tracey Lawler (395-4710) the legislative analyst in this office.

Ronald K. Peterson

RONALD K. PETERSON FOR
Assistant Director for
Legislative Reference

Enclosures

- cc: J. Eisenhour
- S. Farrar
- R. Greene
- J. Barie
- B. Dinkelacker

SPECIAL

*File:
terrorism*

THE SECRETARY OF STATE
WASHINGTON

Dear Mr. Speaker:

I herewith transmit, on behalf of the President, two bills: a bill to authorize appropriations for additional economic and security assistance to Lebanon for the fiscal year 1983, and a bill to authorize appropriations for international development and security assistance programs for the fiscal years 1983 and 1984.

These bills would authorize programs which are essential elements in the Administration's overall foreign and defense policy. Through security assistance, the United States helps allies and friendly nations to defend themselves against external threats and to deal with the economic, social, and political weaknesses which lead to instability. The economic and development assistance programs express the traditional humanitarian concerns of the American people by playing an essential role in combatting hunger, disease, and poverty, while at the same time assisting developing countries to achieve equitable economic growth. These programs seek to reach these objectives by, among other things, emphasizing the development of essential institutions and productive, self-sustaining private sectors in these countries. Our contributions to international financial institutions help foster global economic stability. Additional assistance to Lebanon is important to our efforts to help the Government restore economic and political stability and effective control of its territory.

The Administration's security and development assistance programs serve important United States national interests. These programs supplement and complement other programs and enhance the effectiveness of our defense establishment and our diplomacy. In a time of budget scarcity, these programs have been rigorously scrutinized and carefully planned to make the most efficient use of resources.

The Lebanon Emergency Assistance Act of 1983 would authorize appropriations for additional economic and military assistance to Lebanon in fiscal year 1983. The United States has made a major commitment to assist Lebanon to rebuild its shattered economy and its armed forces. This bill would authorize an additional \$150,000,000 in appropriations for economic support funds to aid in the revival of the Lebanese economy, critical to the stability of that nation and the Middle East. The delicate negotiations for withdrawal of foreign forces from Lebanese territory depend on Lebanon's ability to preserve the integrity of its borders and maintain internal order. To achieve these ends, we have begun to assist the Lebanese Armed Forces to rebuild and modernize. The

The Honorable
Thomas P. O'Neill, Jr., Speaker,
House of Representatives

reorganize and modernize. The \$1,000,000 authorized in this bill for international military education and training, and \$100,000,000 in additional authority to guarantee loans for defense articles and defense services will supplement Lebanese funds and prior-year guarantees, and will be used to reequip and train five brigades of the Lebanese Armed Forces (LAF) by mid-1983. This will permit the LAF to extend the central government's authority in areas now occupied by foreign forces and to maintain Lebanon's independence and public order. This assistance is not only vital to Lebanon, but is an essential component of our effort to bring security and peace to the nations of the Middle East.

The proposed International Security and Development Cooperation Act of 1983 includes proposed amendments to the Foreign Assistance Act of 1961 (FAA), the Agricultural Trade Development and Assistance Act of 1954 (P.L. 480), the Arms Export Control Act (AECA), and the Internal Revenue Code of 1954 (IRC). This bill would authorize additional appropriations for development and security assistance for fiscal years 1983 and 1984 and make certain changes in the authorities governing those programs.

The bill is composed of eight titles. Title I consists of authorizations for military sales and related programs under the FAA and the AECA. ~~Title II~~ authorizes a **new anti-terrorism law enforcement assistance program**. Title III provides authorization for the economic support fund. Title IV contains authorizations for the development assistance programs. **Title V** contains miscellaneous amendments to the FAA, including **authorizations for the international narcotics program and operating expenses for the Agency for International Development**. Title VI contains amendments to P.L. 480, the IRC, and the International Security and Development Act of 1980. Title VII contains supplemental authorizations of appropriations for fiscal year 1983 for the guarantee of loans under the AECA, for the military assistance program, and for the economic support fund. Title VIII authorizes appropriations for fiscal year 1985, in accordance with the requirements of the Congressional Budget Act of 1974, and includes the effective dates for the various provisions of this Bill.

An effective foreign assistance program requires adequate funding levels, the flexibility to allocate funds to meet priority needs, and the ability to respond to unforeseen contingencies. When we forecast future needs far in advance, as we must, we cannot assume that circumstances will be exactly as projected. Reduced funding levels, coupled with extensive and detailed legislative earmarking for country programs, prevents the Administration from executing the security assistance program in a manner consistent with our most important interests.

- 3 -

The fiscal year 1983 appropriations made by the continuing resolution, P.L. 97-377, were seriously inadequate for important security assistance programs. With these funding levels, the United States will be unable to respond to the economic and military difficulties of important friends and allies, to the detriment of important U.S. interests. The effects of the funding shortfall will be to decrease political and economic stability in the countries affected, reduce their ability to defend themselves and cooperate with us in achieving common objectives. We will find it more difficult and costly to fulfill our security objectives. The bill contains authorizations for supplemental appropriations of \$167,000,000 for the military assistance program, and \$294,500,000 for economic support funds. The bill would also authorize \$525,000,000 in off-budget loan guarantees under the foreign military sales program. The total is small when compared to our total national security expenditures, but the value of these funds, in terms of the political, economic and military return to the United States, is very large. In addition we are seeking \$245,000,000 to fulfill a commitment for the Sixth Replenishment of the International Development Association as well as \$4,500,000 for the International Atomic Energy Agency.

The bill contains authorizations for fiscal year 1984 security assistance programs and other amendments, including:

- \$1,000,000,000 for the foreign military sales credit program;
- establishment of a limit of \$4,436,000,000 for fiscal year 1984 on the total amount of loans for which guarantees may be made;
- forgiveness of loan repayment for Israel and Egypt, and grant of more favorable terms to Korea for repayment of loans;
- creation of a new section in the FAA to authorize exchanges of professional military education on a one-for-one (barter) basis with foreign countries;
- \$46,200,000 under the FAA for international peacekeeping operations and permission to draw down commodities and services of up to \$25,000,000 in value, if required in an emergency;
- ~~removal~~ of the People's Republic of China from the category of countries to which assistance is prohibited;
- conversion of legislative earmarks from fixed to proportionate requirements during periods when funds are appropriated by a continuing resolution;

- amendment of paragraph 21(e)(1)(A) of the AECA to define administrative charges in terms of additional costs which would not otherwise be incurred by the United States;
- amendment of the provisions of the AECA to reduce the number of pricing systems, from four to two, for sales of military training;

With respect to the authorizations requested in this bill for security assistance programs for Greece and Turkey, I hereby certify, in accordance with section 620C(d) of the FAA, that the furnishing of such assistance to Greece and Turkey will be consistent with the principles set forth in section 620C(b) of the FAA. The explanation of the reasons for this certification in each case is contained in the congressional presentation materials for the fiscal year 1984 security assistance programs.

The bill includes authority for fiscal year 1984 to establish an anti-terrorism law enforcement assistance program. The need for this new program becomes progressively more urgent. International terrorism is a frightful weapon that strikes at the foundations of societies and governments. The \$5,000,000 authorized for this purpose is a relatively modest amount when compared to the need and will provide extremely useful assistance to friends and allies.

The development assistance portion of the bill contains various provisions that increase the effectiveness of the AID program and emphasize the President's commitment to foster the growth of productive, self-sustaining private sectors in developing countries' economies. It also authorizes funding for fiscal year 1984 for development assistance functional accounts, the Sahel account, American Schools and Hospitals Abroad, International Organizations and Programs, International Disaster Assistance, the Trade and Development Program, Operating Expenses, and the African Development Foundation. It increases the total amount of housing guarantees authorized to be outstanding as well as the total amount of guarantees authorized by section 222A of the FAA, the Agricultural and Productive Credit and Self-Help Community Development Programs. The bill extends both of these programs and makes the latter, currently restricted to Latin America, a world-wide program.

For financing certain types of private enterprise projects, the bill proposes the establishment of a revolving fund derived from amounts appropriated under Part I authorities, fee income, and repayments of loans from the fund. Included in this provision is the authority to use the funds to acquire equity, which is otherwise prohibited by the FAA. These authorities would permit the leveraging of small amounts of appropriated funds for projects designed to engage

the private sector in the development process. The authority to reuse loan proceeds and fee income emphasizes that the operations and management of the fund are intended to be conducted on a business-like basis.

The bill authorizes the establishment of a special reserve fund under the International Disaster Assistance account. The purpose of the reserve is to ensure that sufficient funds are available to meet emergencies at the end of fiscal years while limiting disruptions to other accounts. It also proposes that AID may prescribe interest rates for the housing investment guaranty program; extends the authority to use local currency generations without an appropriation. The bill makes minor technical changes in section 611 of the FAA on plans and cost estimates and provides more flexibility in the administrative use of funds. It also eliminates certain requirements for reports and repeals several obsolete provisions.

The bill proposes one change to P.L. 480, to amend Title III to permit loan forgiveness at the time the recipient government undertakes specified policy changes, instead of at the time that local currencies are expended as is presently required.

The bill also amends the IRC to exempt participant trainee grants from withholding requirements and exclude such amounts from gross income. Current provisions do this up to specified dollar amounts, which, at the time they were enacted, were sufficiently high to completely exempt AID grants. However, inflation has eroded these limits. Withholding income taxes for each participant trainee would result in high administrative costs for these programs.

The programs authorized by these two bills have been carefully designed to meet priority national interests of the United States within the reduced resources available in this time of budget scarcity. The programs are not intended as substitutes for a strong United States defense establishment or for maximum effort by recipient nations to make the best, most productive use of their own resources. The foreign assistance programs contained in these bills are cost-effective, efficient means to complement our military posture and promote the economic, political, and social stability of friends and allies. I urge prompt enactment of both bills.

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

Sincerely yours,

George P. Shultz

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A BILL

To amend the Foreign Assistance Act of 1961, the Agricultural Trade Development and Assistance Act of 1954, and the Arms Export Control Act to authorize security and development assistance programs for fiscal years 1983 and 1984; 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

SEC. 1. This Act may be cited as the ~~International Security and Development Cooperation Act of 1983~~.

TITLE I - MILITARY SALES AND RELATED PROGRAMS

FOREIGN MILITARY SALES AUTHORIZATION AND AGGREGATE CEILINGS

SEC. 101. (a) Section 31(a) of the Arms Export Control Act is amended by striking out "\$800,000,000 for the fiscal year 1982 and \$800,000,000 for the fiscal year 1983" and inserting in lieu thereof "\$1,000,000,000 for the fiscal year 1984".

(b) Section 31(b)(1) of such Act is amended by striking out "\$800,000,000 for the fiscal year 1982 and \$800,000,000 for the fiscal year 1983" and inserting in lieu thereof "\$1,000,000,000 for fiscal year 1984".

(c) Section 31(b)(2) of such Act is amended by striking out "\$3,269,525,000 for the fiscal year 1982 and \$3,269,525,000 for the fiscal year 1983" and inserting in lieu

1 thereof "\$4,436,000,000 for fiscal year 1984".

2 (d) Section 31(b)(3) of such Act is amended--

3 (1) by striking out "not less than \$1,400,000,000
4 for the fiscal year 1982 and not less than \$1,400,000,000 for
5 the fiscal year 1983" and inserting in lieu thereof "not less
6 than \$1,700,000,000 for the fiscal year 1984"; and

7 (2) by striking out "each".

8 (e) Section 31(b)(5) of such Act is amended--

9 (1) by striking out "for the fiscal year 1982 and
10 for the fiscal year 1983" and inserting in lieu thereof "for
11 the fiscal year 1984"; and

12 (2) by inserting "Korea," immediately after
13 "Greece,".

14 (f) Paragraphs (6) and (7) of section 31(b) of such
15 Act are repealed, and section 31(b) is amended by the addition
16 of a new paragraph (6) as follows:

17 "(6) Of the total amounts of credits (or participations in
18 credits) extended under section 23 of this Act for the fiscal
19 year 1984, Egypt shall be released from its contractual
20 liability to repay the United States Government with respect to
21 such credits and participations in credits in an amount up to
22 \$450,000,000."

23 (g) Section 31(c) of such Act is amended--

24 (1) by striking out "for the fiscal year 1982 and
25 for the fiscal year 1983" and inserting in lieu thereof "for

- 3 -

1 the fiscal year 1984"; and

2 (2) by striking out "each" in the last sentence.

3 ADMINISTRATIVE SURCHARGE

4 SEC. 102. Paragraph (1)(A) of section 21(e) of the Arms
5 Export Control Act is amended by inserting immediately after
6 "costs" the phrase "(which would not otherwise be incurred by
7 the United States Government)".

8 CHARGES FOR ADMINISTRATIVE SERVICES

9 SEC. 103. Section 43(b) of the Arms Export Control Act is
10 amended by inserting "and extraordinary" immediately after
11 "recovery of administrative".

12 CHARGES FOR TRAINING

13 SEC. 104. (a) Section 21(a)(3) of the Arms Export Control
14 Act is amended by striking out "sold to a purchaser who is
15 concurrently receiving assistance under chapter 5 of part II of
16 the Foreign Assistance Act of 1961,".

17 (b) Section 21(g) is repealed.

18 INCREASE IN CRIMINAL PENALTIES FOR CERTAIN

19 VIOLATIONS OF THE ARMS EXPORT CONTROL ACT

20 SEC. 105. (a) ~~Section 38(c)~~ of the Arms Export Control Act
21 is amended by striking out "not more than \$100,000 or
22 imprisoned not more than two years, or both" and inserting in
23 lieu thereof "for each violation not more than \$1,000,000 or
24 imprisoned not more than ten years, or both".

25 (b) Section 38(e) of such Act is amended by adding at

1 the end thereof the following: "Notwithstanding Section 11(c)
2 of the Export Administration Act of 1979, as amended, the civil
3 penalty for each violation involving controls imposed on the
4 export of defense articles and defense services under this
5 section may not exceed \$500,000."

6 (c) The amendments made by this section apply with
7 respect to violations occurring after the effective date of
8 this section.

9 CATALOG DATA AND SERVICES

10 SEC. 106. Section 21(h) of the Arms Export Control Act is
11 amended--

12 (a) by inserting "(1)" immediately after "(h)";

13 (b) by striking out "(1) in connection with" and
14 inserting in lieu thereof "(A) in connection with";

15 (c) by striking out "(2) in connection with" and
16 inserting in lieu thereof "(B) in connection with"; and

17 (d) by adding at the end thereof the following:

18 "(2) In carrying out the objectives of this section, the
19 President is authorized to provide (without charge) cataloging
20 data and cataloging services to the North Atlantic Treaty
21 Organization or to any member government thereof, if such
22 Organization or member government provides such data and
23 services in accordance with an agreement on a reciprocal basis,
24 without charge, to the United States Government."

25 MILITARY ASSISTANCE

- 5 -

1 SEC. 107. Section 504(a)(1) of the Foreign Assistance Act
2 of 1961 is amended by striking out "not to exceed \$238,500,000
3 for the fiscal year 1982 and not to exceed \$238,500,000 for the
4 fiscal year 1983" and inserting in lieu thereof "not to exceed
5 \$747,000,000 for the fiscal year 1984".

6 WAIVER OF NET PROCEEDS FOR SALE OF MAP ITEMS

7 SEC. 108. Section 505(f) of the Foreign Assistance Act of
8 1961 is amended by adding at the end thereof the following:

9 "The President may waive the requirement that such net
10 proceeds be paid to the United States Government if he
11 determines that to do so is in the national interest of the
12 United States."

13 STOCKPILING OF DEFENSE ARTICLES FOR FOREIGN COUNTRIES

14 SEC. 109. Section 514(b)(2) of the Foreign Assistance Act
15 of 1961 is amended by striking out "\$130,000,000 for the fiscal
16 year 1982 and \$125,000,000 for the fiscal year 1983" and
17 inserting in lieu thereof "\$125,000,000 for the fiscal year
18 1984".

19 SECURITY ASSISTANCE ORGANIZATIONS

20 SEC. 110. Section 515(c)(1) of the Foreign Assistance Act
21 of 1961 is amended by striking out "fiscal year 1982 and the
22 fiscal year 1983" and inserting in lieu thereof "fiscal year
23 1984, Pakistan, Tunisia, Yemen, Liberia, Sudan, Zaire, El
24 Salvador, Honduras, Venezuela".

25 INTERNATIONAL MILITARY EDUCATION AND TRAINING

- 6 -

1 SEC 111. Section 542 of the Foreign Assistance Act of 1961
2 is amended by striking out "\$42,000,000 for the fiscal year
3 1982 and \$42,000,000 for the fiscal year 1983" and inserting in
4 lieu thereof "\$56,532,000 for the fiscal year 1984".

5 EXCHANGE TRAINING

6 SEC. 112. Chapter 5 of Part II of the Foreign Assistance
7 Act of 1961 is amended by adding at the end thereof the
8 following new section:

9 Sec. 544. Exchange Training. -- In carrying out this
10 chapter, the President is authorized to provide for attendance
11 of foreign military personnel at professional military
12 education institutions in the United States (other than Service
13 academies) without charge, and without charge to funds available
14 to carry out this chapter (notwithstanding section 632(d)), if
15 such attendance is pursuant to an agreement providing for the
16 exchange of students on a one-for-one, reciprocal basis each
17 fiscal year between those United States professional military
18 education institutions and comparable institutions of eligible
19 foreign countries and international organizations."

20 AUTHORIZATION FOR PEACEKEEPING OPERATIONS

21 SEC. 113. Section 552(a) of the Foreign Assistance Act of
22 1961 is amended by striking out "\$19,000,000 for the fiscal
23 year 1982 and \$19,000,000 for the fiscal year 1983" and
24 inserting in lieu thereof "\$46,200,000 for the fiscal year
25 1984".

1 PEACEKEEPING OPERATIONS EMERGENCIES

2 SEC. 114. (a) Section 552 of the Foreign Assistance Act of
3 1961 is amended --

4 (1) by inserting in subsection (c) the number
5 "(1)" immediately after "the President may";

6 (2) by inserting in subsection (c) immediately
7 before the period at the end of the subsection "; and (2) in
8 the event the President also determines that such unforeseen
9 emergency requires the immediate provision of assistance under
10 this chapter, direct the drawdown of commodities and services
11 from the inventory and resources of any agency of the United
12 States Government of an aggregate value not to exceed
13 \$25,000,000 in any fiscal year"; and

14 (3) by inserting at the end thereof the following
15 subsection:

16 "(d) There are authorized to be appropriated to the
17 President such sums as may be necessary to reimburse
18 the applicable appropriation, fund, or account for
19 commodities and services provided under subsection
20 (c)(2) of this section."

21 (b) Section 652 of such Act is amended by inserting "
22 552(c)(2)," immediately after "under section 506(a)".

23 TITLE II - ANTI-TERRORISM ASSISTANCE PROGRAM

24 SEC. 201. (a) Part II of the Foreign Assistance Act of
25 1961 is amended by adding the following new chapter at the end

- 8 -

1 thereof:

2 "CHAPTER 8 - ANTI-TERRORISM ASSISTANCE

3 "SEC. 571. GENERAL AUTHORITY - (a) Subject to the
4 provisions of subsection (e), the President is authorized to
5 furnish, on such terms and conditions as the President may
6 determine, assistance to foreign countries in order to enhance
7 the ability of their law enforcement personnel to deter
8 terrorists and terrorist groups from engaging in international
9 terrorist acts such as bombing, kidnaping, assassination,
10 hostage taking, and hijacking. Such assistance may include
11 training services and the provision of equipment and other
12 commodities related to bomb detection and disposal, management
13 of hostage situations, physical security, and other matters
14 relating to the detection, deterrence, and prevention of acts
15 of terrorism, the resolution of terrorist incidents, and the
16 apprehension of those involved in such acts.

17 "(b) Notwithstanding section 660 of this Act, services and
18 commodities may be granted for the purposes of this chapter to
19 eligible foreign countries, subject to reimbursement of the
20 value thereof (as defined in section 644(m)) pursuant to
21 section 632 of this Act from funds available to carry out this
22 chapter.

23 "(c) Whenever the President determines it to be consistent
24 with and in furtherance of the purposes of this chapter, and on
25 such terms and conditions consistent with this Act as he may

- 9 -

1 determine, any agency of the United States Government is
2 authorized to furnish services and commodities, without charge
3 to funds available to carry out this chapter, to an eligible
4 foreign country, subject to payment in advance of the value
5 thereof (as defined in section 644(m)) in United States dollars
6 by the foreign country. Credits and the proceeds of guaranteed
7 loans made available to such countries pursuant to the Arms
8 Export Control Act shall not be used for such payments.
9 Collections under this chapter shall be credited to the
10 currently applicable appropriation, account, or fund of the
11 agency providing such services and commodities and shall be
12 available for the purposes for which such appropriation,
13 account or fund is authorized to be used.

14 "(d) The Assistant Secretary of State for Human Rights and
15 Humanitarian Affairs shall be consulted in the development and
16 implementation of the anti-terrorism assistance program under
17 this chapter, including determinations of the foreign countries
18 that will be furnished assistance under this chapter and
19 determinations of the nature of assistance to be furnished to
20 each such country.

21 "(e) (1) Training services provided pursuant to subsection
22 (a) shall not be conducted outside the United States.

23 "(2) Personnel of the United States Government authorized
24 to advise eligible foreign countries on anti-terrorism matters
25 shall carry out their responsibilities, to the maximum extent

- 10 -

1 possible, within the United States. Such personnel may
2 provide advice outside the United States on anti-terrorism
3 matters to eligible foreign countries for a period not to
4 exceed thirty calendar days.

5 "(3) Employees of the Department of State shall not engage
6 in the training of law enforcement personnel or provision of
7 services as described in subsection (a), except that employees
8 of the Office of Security within the Department of State may
9 provide training and services to law enforcement personnel for
10 the physical protection of diplomatic personnel and facilities.

11 "(4) Equipment and commodities included on the United
12 States munitions list established pursuant to the Arms Export
13 Control Act shall not be made available under subsection (a).

14 "(5) ~~Assistance under subsection (a) shall not include~~
15 ~~provision of services, equipment, personnel, or facilities~~
16 ~~involved in the collection of intelligence as defined in~~
17 ~~Executive Order 12333 of December 4, 1981, other than limited~~
18 ~~training in the organization of intelligence for anti-terrorism~~
19 ~~purposes.~~

20 "(6) The authority of subsection (a) of this section shall
21 expire three years after the date of enactment of this section,
22 except that funds obligated prior to that date may be expended
23 after that date in accordance with this chapter.

24 "(7) Not less than thirty days before the President
25 exercises his authority under this section to provide

- 11 -

1 assistance to foreign countries to enhance their anti-terrorism
2 law enforcement capabilities, the President shall transmit to
3 the Speaker of the House of Representatives and the chairman of
4 the Committee on Foreign Relations of the Senate a written
5 notification which specifies --

6 " (1) the country to which such assistance is to be
7 provided;

8 " (2) the type and value of the assistance to be
9 provided;

10 " (3) the terms and duration of assistance; and

11 " (4) an explanation of how the proposed assistance
12 will further the objectives of this section to assist
13 law enforcement in eligible foreign countries in
14 determining terrorism.

15 The chairman of either the Committee on Foreign Affairs of the
16 House of Representatives or the Committee on Foreign Relations
17 of the Senate may request, as deemed necessary, a current
18 report on the state of observance of and respect for
19 internationally recognized human rights in the country to which
20 assistance is to be provided. In the event that a report is
21 requested, no assistance shall be provided to the country
22 specified prior to transmittal of the report to the requesting
23 committee.

24 " (8) Not later than one year after the date of enactment of
25 this section and each year thereafter as part of the annual

- 12 -

1 congressional presentation material, the President shall
2 transmit to the Congress a report identifying the countries
3 receiving assistance under this section, including the type,
4 place, and duration of training being provided, number of
5 personnel being trained, and type of equipment being
6 transferred. The report shall also describe the ways in which
7 the provision of such assistance has furthered the objectives
8 of enhancing the ability of foreign law enforcement authorities
9 to deter acts of terrorism.

10 "SEC. 572. APPROPRIATIONS. - (a) There is authorized to be
11 appropriated to the President to carry out this chapter
12 \$5,000,000 for the fiscal year 1984. Amounts appropriated to
13 carry out this chapter are authorized to remain available until
14 expended.

15 (b) For the fiscal year 1983, the President may transfer,
16 to carry out this chapter, up to \$2,500,000 of the amounts made
17 available for any provision authorized by P.L. 97-113.

18 "SEC. 573. PURPOSES - (a) Activities conducted under this
19 chapter shall be designed--

20 "(1) to enhance the law enforcement anti-terrorism
21 skills of friendly countries by providing training and
22 equipment to deter and counter terrorism;

23 "(2) to strengthen the bilateral ties of the United
24 States with friendly governments by offering concrete
25 assistance in this area of great mutual concern; and

- 13 -

1 "(3) to increase respect for human rights by sharing
2 with foreign civil authorities modern, humane, and
3 effective anti-terrorism techniques.

4 "(b) This chapter does not apply to information exchange
5 activities conducted by agencies of the United States
6 Government under other authority for such purposes.

7 "SEC. 574. ADMINISTRATIVE AUTHORITIES -- (a) Except where
8 expressly provided to the contrary, any reference in any law to
9 part I of this Act shall be deemed to include reference to this
10 chapter and any reference in any law to part II of this Act
11 shall be deemed to exclude reference to this chapter."

12 (b) Section 502B(d)(2)(A) of the Foreign Assistance Act of
13 1961 is amended by inserting the phrase "or chapter 8
14 (anti-terrorism assistance)" immediately after the phrase
15 "chapter 6 (peacekeeping operations)".

16 (c) Section 644(m)(5) of the Foreign Assistance Act of 1961
17 is amended by inserting the phrase "or services provided under
18 chapter 8 of part II of this Act" immediately after the phrase,
19 "military education and training".

20 TITLE III - ECONOMIC SUPPORT FUND

21 AUTHORIZATION OF APPROPRIATIONS

22 SEC. 301. (a) Section 531(b)(1) of the Foreign Assistance
23 Act of 1961 is amended by striking out "\$2,623,500,000 for the
24 fiscal year 1982 and \$2,723,500,000 for the fiscal year 1983"
25 and inserting in lieu thereof "\$2,949,000,000 for the fiscal

- 14 -

1 year 1984".

2 (b) Section 535 of such Act is amended --

3 1) by striking out "1982" and inserting in
4 lieu thereof "1984"; and

5 2) by striking out "and up to \$75,000,000
6 for the fiscal year 1983".

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1 TITLE IV - DEVELOPMENT ASSISTANCE

2 AGRICULTURE, RURAL DEVELOPMENT, AND NUTRITION

3 SEC. 401. Section 103(a)(2) of the Foreign Assistance Act
4 of 1961 is amended by striking out "\$700,000,000 for the
5 fiscal year 1982 and \$700,000,000 for the fiscal year 1983" and
6 inserting in lieu thereof "\$725,213,000 for the fiscal year
7 1984".

8 POPULATION AND HEALTH

9 SEC. 402. Section 104(g) of the Foreign Assistance Act of
10 1961 is amended --

11 (1) by striking out the first sentence and inserting in
12 lieu thereof the following: "There are authorized to be
13 appropriated to the President, in addition to funds otherwise
14 available for such purposes --

15 "(1) \$212,231,000 for the fiscal year 1984 to carry
16 out subsection (b) of this section; and

17 "(2) \$100,656,000 for the fiscal year 1984 to carry
18 out subsection (c) of this section."; and

19 (2) by striking out the second sentence.

20 EDUCATION AND HUMAN RESOURCES DEVELOPMENT

21 SEC. 403. Section 105(a) of the Foreign Assistance Act of
22 1961 is amended --

23 (1) in the second sentence, by striking out "\$103,600,000
24 for the fiscal year 1982 and \$103,600,000 for the fiscal year
25 1983" and inserting in lieu thereof "\$121,477,000

- 16 -

1 for the fiscal year 1984"; and

2 (2) by striking out the third sentence.

3 ENERGY, PRIVATE VOLUNTARY ORGANIZATIONS, AND

4 SELECTED DEVELOPMENT ACTIVITIES

5 SEC. 404. Section 106(e)(1) of the Foreign Assistance Act
6 of 1961 is amended by striking out "\$147,200,000 for the fiscal
7 year 1982 and \$147,200,000 for the fiscal year 1983" and
8 inserting in lieu thereof "\$182,423,000 for the fiscal year
9 1984".

10 PRIVATE ENTERPRISE REVOLVING FUND

11 SEC. 405. (a) Chapter 1 of part I of the Foreign Assistance
12 Act of 1961 is amended by adding the following new section 108:

13 "SEC. 108. Private Enterprise Revolving Fund. -- (a) The
14 Congress finds that the development of private enterprise is a
15 vital factor in the stable growth of developing countries and
16 in the development and stability of a free, open, and equitable
17 international economic system. It is therefore in the best
18 interests of the United States to assist the development of the
19 private sector in developing countries and to engage the United
20 States private sector in that process. In order to promote
21 such private sector development, the President is authorized to
22 establish a revolving fund account in the United States
23 Treasury. All funds deposited in such account
24 shall, notwithstanding section 1210 of the General
25 Appropriations Act, 1951 (61 Stat. 765) or any other

- 17 -

1 appropriations act, be free from fiscal year limitations.

2 "(b) Of the funds made available under this chapter in
3 fiscal year 1984, up to \$20,000,000 may be deposited in this
4 account. Such funds used in accordance with the policies and
5 authorities of this section shall be in addition to other
6 funds available for private sector activities under other
7 authorities in this Act. Any reflows and income arising from
8 activities carried out pursuant to this section, including loan
9 repayments, capital gains, return of capital and fee income (as
10 provided in subsection (e) of this section), shall be deposited
11 into the revolving fund and remain available to carry out the
12 purposes of this section. All funds in such account may be
13 invested in obligations of the United States.

14 "(c) The agency primarily responsible for administering
15 this part is authorized to use the funds maintained in this
16 revolving fund account to furnish assistance in furtherance of
17 the policy of subsection (a) notwithstanding any other
18 provision of law and on such terms and conditions as it may
19 determine, including the acquisition of equity interests.

20 "(d) At the end of any fiscal year, the agency primarily
21 responsible for administering this part may determine that
22 amounts in the revolving fund are sufficient to permit the
23 remittance to the United States Treasury of an amount equal to a
24 portion or the total amount of appropriated funds deposited in
25 the revolving fund. Any such remittance shall be deemed to be

- 18 -

1 a decrease in the appropriated funds in the revolving fund.
2 After remittance has been made of an amount equal to the total
3 amount of appropriated funds, the revolving fund shall consist
4 and be deemed to consist entirely of nonappropriated funds.

5 "(e) A fee may be charged, where appropriate, in carrying
6 out activities with funds from the revolving fund authorized in
7 this section. The amount of any such fee shall be determined
8 by the agency primarily responsible for administering this part.

9 "(f) In the event the revolving fund is terminated, all
10 unobligated money in the fund at the time of such termination
11 shall be transferred to and become part of the miscellaneous
12 receipts account of the Treasury."

13 (b) Section 635(g)(3) of such Act is amended by adding",
14 except as provided under section 108(c)," immediately after
15 "provided that equity securities may not be directly purchased".

16 TRANSFER OF FUNDS

17 SEC. 406. The first sentence of section 109 of the Foreign
18 Assistance Act of 1961 is amended to read as follows:

19 "Whenever the President determines it to be necessary for
20 the purposes of this chapter or for section 661 of this Act,
21 not to exceed 15 per centum of the funds made available for any
22 provision of this chapter may be transferred to, and
23 consolidated with, the funds made available for any other
24 provision of this chapter or for section 661, and may be used
25 for any of the purposes for which such funds may be used,

- 19 -

1 except that the total in the provision for the benefit of which
2 the transfer is made shall not be increased by more than 25 per
3 centum of the amount of funds made available for such
4 - provision."

5 SAHEL DEVELOPMENT PROGRAM

6 SEC. 407. The third sentence of section 121(c) of the
7 Foreign Assistance Act of 1961 is amended by striking out
8 "\$86,558,000 for the fiscal year 1982 and \$86,558,000 for the
9 fiscal year 1983" and inserting in lieu thereof "\$103,000,000
10 for the fiscal year 1984".

11 HOUSING GUARANTY PROGRAM

12 SEC. 408. (a) Section 221 of the Foreign Assistance Act of
13 1961 is amended --

14 (1) in the first sentence, by striking out
15 "requirements are" and inserting in lieu thereof ", including
16 essential urban development services, is"; and

17 (2) in the rest of the section, by striking out
18 "housing" wherever it occurs and inserting in lieu thereof
19 "shelter".

20 (b) Section 222(a) of such Act is amended --

21 (1) in the first sentence by striking out "as defined
22 in section 238(c)" and inserting in lieu thereof "as defined by
23 regulation adopted by the agency primarily responsible for
24 administering this part";

25 (2) in the second sentence, by striking out

1 "\$1,718,000,000" and inserting in lieu thereof

2 "\$1,868,000,000";

3 (3) by adding the following new sentence immediately
4 after the second sentence: "Commitments to guarantee loans are
5 authorized for any fiscal year only to such extent or in such
6 amounts as are provided in appropriation acts."; and

7 (4) in the third sentence, by striking out "1984" and
8 inserting in lieu thereof "1985".

9 (c) Section 223(f) of such Act is amended to read as
10 follows:

11 "(f) In the case of any loan investment guaranteed under
12 section 222, the agency primarily responsible for administering
13 this part shall prescribe the maximum rate or rates of interest
14 allowable to the eligible investor. Such rates of interest
15 shall be reasonable in comparison to the rates on comparable
16 securities in the United States capital market."

17 AGRICULTURAL AND PRODUCTIVE CREDIT AND SELF-HELP
18 COMMUNITY DEVELOPMENT PROGRAMS

19 SEC. 409. (a) The first sentence of section 222A(a) of the
20 Foreign Assistance Act of 1961 is amended by striking out "in
21 Latin America" and "in not more than six Latin American
22 countries".

23 (b) The first sentence of section 222A(b) of such Act is
24 amended by striking out "in not more than five Latin American
25 countries".

- 21 -

1 (c) Section 222A(c) of such Act is amended --

2 (1) by striking out "\$20,000,000" and
3 inserting "\$40,000,000" in lieu thereof; and

4 (2) by adding the following new sentence at the end
5 thereof: "Commitments to guarantee loans are authorized for
6 any fiscal year only to such extent or in such amounts as are
7 provided in appropriation acts."

8 (d) Section 222A(h) of such Act is amended by striking out
9 "1983" and inserting "1985" in lieu thereof.

10 FAMINE PREVENTION AND FREEDOM FROM HUNGER

11 SEC. 410. Section 297(a)(5) of the Foreign Assistance Act
12 of 1961 is amended by inserting immediately after "centers" the
13 following: "(including the authority to transfer employees to
14 international agricultural research centers in accordance with
15 the provisions of the Federal Employees International
16 Organization Service Act (5 U.S.C. Secs. 3343, 3581-3584))".

17 TITLE V - MISCELLANEOUS PROVISIONS

18 AMERICAN SCHOOLS AND HOSPITALS ABROAD

19 SEC. 501. Section 214(c) of the Foreign Assistance Act of
20 1961 is amended by striking out "\$20,000,000 for the fiscal
21 year 1982 and \$20,000,000 for the fiscal year 1983" and
22 inserting in lieu thereof "\$7,500,000 for the fiscal year 1984".

23 INTERNATIONAL ORGANIZATIONS AND PROGRAMS

24 SEC. 502. Section 302(a)(1) is amended --

25 (1) in the first sentence, by striking out "\$218,600,000

- 22 -

1 for the fiscal year 1982 and \$218,600,000 for the fiscal year
2 1983" and inserting in lieu thereof "\$189,950,000 for the
3 fiscal year 1984"; and

4 (2) by striking out the second sentence.

5 INTERNATIONAL NARCOTICS CONTROL

6 SEC. 503. Section 482(a) of the Foreign Assistance Act of
7 1961 is amended by striking out "\$37,700,000 for the fiscal
8 year 1982 and \$37,700,000 for the fiscal year 1983" and
9 inserting in lieu thereof "\$53,030,000 for the fiscal year
10 1984".

11 INTERNATIONAL DISASTER ASSISTANCE

12 SEC. 504. (a) Section 492(a) of the Foreign Assistance Act
13 of 1961 is amended by striking out "\$27,000,000 for the fiscal
14 year 1982 and \$27,000,000 for the fiscal year 1983" and
15 inserting in lieu thereof "\$25,000,000 for the fiscal year
16 1984".

17 (b) Section 492 of such Act is further amended by
18 redesignating subsection (b) as subsection (c) and adding the
19 following new subsection (b):

20 "(b) Any of the funds appropriated pursuant to subsection
21 (a) which remain unobligated at the end of a fiscal year may be
22 maintained in a special reserve fund, which shall not exceed a
23 total of \$25,000,000. Such reserve shall remain available
24 without fiscal year limitation to carry out the purposes of
25 section 491."

- 23 -

1 COMPLETION OF PLANS AND COST ESTIMATES

2 SEC. 505. (a) Section 611(a) of the Foreign Assistance Act
3 of 1961 is amended by striking out "\$100,000" and inserting in
4 lieu thereof "\$500,000".

5 (b) Section 611(b) of such Act is amended by striking out
6 the phrase "made insofar as practicable in accordance with the
7 procedures set forth in the Principles and Standards for
8 Planning Water and Related Land Resources, dated October 25,
9 1973, with respect to such computations" and inserting in lieu
10 thereof "made in accordance with regulations established by the
11 agency primarily responsible for administering part I of this
12 Act".

13 USE OF FOREIGN CURRENCIES

14 SEC. 506. Section 612 of the Foreign Assistance Act of 1961
15 is amended --

16 (1) in the last sentence of subsection (a), by striking out
17 "in such amounts as may be specified from time to time in
18 appropriation Acts";

19 (2) by adding at the end of subsection (a) the following
20 new sentence: "Section 1415 of the Supplemental Appropriations
21 Act of 1953, as amended, shall not apply to currencies used
22 pursuant to this section.";

23 (3) by striking out the first sentence of subsection (b);
24 and

25 (4) in subsection (b), by striking out "subsection" both

- 24 -

1 times it appears and inserting in lieu thereof "section".

2 PROHIBITIONS AGAINST ASSISTANCE TO THE PEOPLE'S

3 REPUBLIC OF CHINA

4 SEC. 507. Section 620(f) of the Foreign Assistance Act of
5 1961 is amended--

6 (1) by striking out the period at the end of the first
7 sentence of the subsection and adding at the end of that
8 sentence "listed in this subsection.";

9 (2) by striking out in the third sentence of that
10 subsection the phrase ", but is not limited to,"; and

11 (3) by striking from the list of countries set forth in
12 that subsection the words "People's Republic of China." and
13 "Tibet.".

14 ANNUAL REPORTS

15 SEC. 508. (a) Section 620(s) of the Foreign Assistance Act
16 of 1961 is amended by repealing subsection (2).

17 (b) Section 634(a) of such Act is amended by repealing
18 subsections (2)(B), (6), and (7).

19 NOTIFICATION OF PROGRAM CHANGES

20 SEC. 509. (a) Section 634A of the Foreign Assistance Act of
21 1961 is amended --

22 (1) by inserting "(a)" immediately before "None";

23 (2) by inserting "or the Arms Export Control Act"
24 immediately after "disaster relief and rehabilitation)" and
25 immediately after "this Act" the second place it appears;

- 25 -

1 (3) by inserting "by more than ten percent"
2 immediately after the phrase "or in excess of the amount
3 justified"; and

4 (4) by adding at the end of the section the following
5 new subsection:

6 "(b) The notification requirement of this section does
7 not apply to the reprogramming of less than \$50,000 for use
8 under chapter 8 of part I or chapter 5 of part II for a country
9 for which a program under that chapter for that fiscal year was
10 justified to the Congress."

11 (b) Section 653 of the Foreign Assistance Act of 1961 is
12 amended --

13 (1) by inserting in subsection (a) "or the Arms Export
14 Control Act" immediately after "sections 451 or 637)";

15 (2) by striking out subsection (b); and

16 (3) by redesignating subsection (c) as subsection (b).

17 (c) Section 36(a)(5) of the Arms Export Control Act is
18 amended by striking out ", credits to be extended under Section
19 23, and guarantee agreements to be made under Section 24".

20 (d) Section 36(a)(6) of the Arms Export Control Act is
21 amended by striking out "and credits expected to be extended".

22 ADMINISTRATIVE USES OF FUNDS

23 SEC. 510. (a) Section 636(a)(14) of the Foreign Assistance
24 Act of 1961 is amended by striking out "the Foreign Service Act
25 of 1946, as amended" and inserting in lieu thereof "the Foreign

- 26 -

1 Service Act of 1980".

2 (b) Section 636(c) of such Act is amended by striking out
3 "not to exceed \$3,000,000 of the".

4 (c) Section 636(d) of such Act is amended by striking out
5 "\$2,500,000" and inserting in lieu thereof "\$5,000,000".

6 (d) Section 636 of such Act is amended further by adding
7 the following new subsection (j) at the end thereof:

8 "(j)(1) Notwithstanding any other provision of law, no
9 earmark shall be required to be applied to any funds
10 appropriated, or authority made available, to carry out the
11 purposes of this Act or the Arms Export Control Act by any law
12 making continuing appropriations, in excess of the amount which
13 is the lesser of:

14 "(A) the amount of the earmark, or

15 "(B) the amount representing that proportion of the
16 total funds appropriated to, or authority made available for,
17 an appropriation account, which the amount of the earmark
18 represented of the total amount authorized, appropriated, or
19 made available for the same appropriation account in the law
20 which established such earmark.

21 "(2) For the purposes of this subsection, an earmark is a
22 statutory requirement that a minimum or definite amount of the
23 total funds appropriated to, or authority made available for,
24 an appropriation account be obligated, or used, only for a
25 specific country or purpose."

- 27 -

TRADE AND DEVELOPMENT PROGRAM

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2 SEC. 511. Section 661(b) of the Foreign Assistance Act of
3 1961 is amended by striking out "\$6,907,000 for the fiscal year
4 1982 and \$6,907,000 for the fiscal year 1983" and inserting in
5 lieu thereof "\$22,000,000 for the fiscal year 1984".

6 OPERATING EXPENSES

7 SEC. 512. Section 667(a) of the Foreign Assistance Act of
8 1961 is amended by striking out "\$335,600,000 for the fiscal
9 year 1982 and \$335,600,000 for the fiscal year 1983" and
10 inserting in lieu thereof "\$378,512,000 for the fiscal year
11 1984".

12 REPEAL OF PROVISIONS

13 SEC. 513. The following provisions of the Foreign
14 Assistance Act of 1961 are hereby repealed: sections
15 106(b)(1)(B), 110(b), 113(c), 222A(f), 302(b)(1) and (b)(2),
16 302(i), 495, 495D, 495E, 495G, 496, 497, 532, 533, 534, 536,
17 537, 538, 539, and 540.

18 TITLE VI - AMENDMENTS TO OTHER ACTS

19 PARTICIPANT TRAINEE GRANTS

20 SEC. 601. Section 1441(c)(6) of the Internal Revenue Code
21 of 1954, as amended, is repealed and the following new section
22 is inserted in lieu thereof:

23 "(6) Any amounts of scholarship or fellowship grant,
24 including per diem, travel and related expenses, paid any

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- 28 -

1 nonresident alien individual who is engaged in any program of
2 training in the United States under the Foreign Assistance Act
3 of 1961, as amended, shall be exempt from deduction or
4 withholding under subsection (a) and shall not be considered
5 income under sections 871 and 872."

6 FOOD FOR DEVELOPMENT PROGRAM

7 SEC. 602. Section 305 of the Agricultural Trade Development
8 and Assistance Act of 1954 is amended by adding a new
9 subsection (d) as follows:

10 "(d) As an alternative to subsections (a) and (c) above,
11 the Food for Development Program of a country may provide that
12 payments for the purposes of section 103(b) of this Act shall
13 be deemed to have been made, in accordance with subsections
14 (a) and (b) of this section, at the time the recipient
15 government puts into effect specified policy changes contained
16 in the approved Food for Development Program, or at the time
17 specified results of these policy changes are achieved.
18 However, any such program will also require that the
19 commodities made available under this title or the funds
20 generated from the sale thereof be used for purposes described
21 in the approved Food for Development Program."

22 AFRICAN DEVELOPMENT FOUNDATION

23 SEC. 603. Section 510 of the International Security and
24 Development Cooperation Act of 1980 is hereby repealed and the
25 following new section inserted in lieu thereof:

- 29 -

1 "Sec. 510. There are authorized to be appropriated to the
2 President to carry out this title, in addition to funds
3 otherwise available for such purposes, \$3,000,000 for the
4 fiscal year 1984, which are authorized to remain available
5 until expended."

6 TITLE VII - SUPPLEMENTAL AUTHORIZATIONS FOR FISCAL YEARS 1983

7 MILITARY SALES AND RELATED PROGRAMS

8 SEC. 701. (a) In addition to amounts otherwise available
9 for the fiscal year 1983 for loan guarantees under section
10 24(a) of the Arms Export Control Act, \$425,000,000 of loan
11 principal are authorized to be so guaranteed during such fiscal
12 year.

13 (b) In addition to amounts otherwise made available for the
14 fiscal year 1983 to carry out the provisions of section 503 of
15 the Foreign Assistance Act of 1961, there is authorized to be
16 appropriated \$167,000,000 to carry out such provisions.

17 ECONOMIC SUPPORT FUND

18 SEC. 702. In addition to amounts otherwise authorized to be
19 appropriated for the fiscal year 1983 to carry out the
20 provisions of chapter 4 of part II of the Foreign Assistance
21 Act of 1961, there is authorized to be appropriated
22 \$145,500,000 to carry out such provisions.

23 TITLE VIII - AUTHORIZATIONS FOR

24 THE FISCAL YEAR 1985 AND EFFECTIVE DATE

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AUTHORIZATIONS FOR THE FISCAL YEAR 1985

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SEC. 801. There are authorized to be appropriated for the fiscal year 1985 such sums as may be necessary to carry out programs and activities for which appropriations for the fiscal year 1984 are authorized by this Act.

EFFECTIVE DATE

SEC. 802. (a) Titles II and VII of this Act shall take effect upon enactment.
(b) Sections 104 and 105 of this Act shall take effect upon enactment or October 1, 1983, whichever date is later.
(c) All other sections of this Act shall take effect on October 1, 1983.

SECTION-BY-SECTION ANALYSIS
OF THE PROPOSED
INTERNATIONAL SECURITY AND DEVELOPMENT
COOPERATION ACT OF 1983

I. INTRODUCTION

The proposed International Security and Development Cooperation Act of 1983 ("the Bill") amends the Foreign Assistance Act of 1961 ("FAA"), the Agricultural Trade Development and Assistance Act of 1954 and the Arms Export Control Act ("AECA") in order to authorize appropriations to carry out international security and development assistance programs for the fiscal years 1983 and 1984, and to make certain changes in the substantive authorities governing those programs. The Bill also contains authorizations for the fiscal year 1985 in accordance with the requirements of the Congressional Budget Act of 1974.

The Bill is composed of eight titles. Title I consists of authorizations for military sales and related programs under the AECA and the FAA. Title II authorizes a new anti-terrorism law enforcement assistance program. Title III provides authorization for the economic support fund. Title IV contains authorizations for the FAA development assistance provisions. Title V contains miscellaneous amendments to the FAA and AECA, including authorizations for the international narcotics program and operating expenses for the Agency for International

- 2 -

Development. Title VI contains amendments to the Internal Revenue Code of 1954 and the Food for Development Program. Title VII contains supplemental authorizations for fiscal year 1983 for loan guarantees under section 24(a) the Arms Export Control Act, for the military assistance program, and for the economic support fund. Title VIII provides for authorizations for fiscal year 1985 in accordance with the requirements of the Congressional Budget Act of 1974 and for the effective dates for the various provisions of the 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 1983".

TITLE I - MILITARY SALES AND RELATED PROGRAMS

SECTION 101. FOREIGN MILITARY SALES CREDITS AUTHORIZATION AND AGGREGATE CEILINGS

This section amends section 31(a) of the AECA to authorize \$1,000,000,000 in appropriations for fiscal year 1984 to carry out the foreign military sales (FMS) credit program. Section 31(b)(1) of the AECA is amended to establish at \$1,000,000,000 for fiscal year 1984 the limit on the aggregate amount of FMS credits which may be extended under section 23 of the AECA. Section 31(b)(2) of the AECA is amended to establish at \$4,436,000,000 for fiscal year 1984 the limit on the total

- 3 -

principal amount of loans for which guarantees may be issued under section 24(a) of the AECA. Section 31(b)(3) of the AECA is amended to provide that during fiscal year 1984 no less than \$1,700,000,000 in FMS credits and guaranteed loans shall be available for Israel. ~~Section~~ 31(b)(5) is amended to ~~add~~ Korea to the list of countries which would be authorized for fiscal year 1984 to repay loans guaranteed under section 24(a) of the AECA in not more than twenty years, following a grace period of ten years on repayment of principal. Paragraphs (6) and (7) of section 31(b) are repealed and replaced with a provision allowing the President to release Egypt from its contractual liability to repay loans extended under section 23 in an amount up to \$450,000,000. Finally, section 31(c) of the AECA is amended to authorize for fiscal year 1984 continuation of favorable repayment terms for Israel in connection with credits extended under section 23 and loans guaranteed under section 24.

SECTION 102. ADMINISTRATIVE SURCHARGE

Paragraph 1(A) of section 21(e) of the AECA is amended to further explain that the "costs" which must be recovered by the United States Government are those costs which would not otherwise be incurred by the United States. This change is comparable to the revision of training prices effected by section 115 of P.L. 96-533. Enactment of this amendment is not expected to result in a reduction of the current administrative surcharge percentage, but will avoid the necessity of an

- 4 -

immediate increase in the percentage levied on all foreign military sales.

SECTION 103. CHARGES FOR ADMINISTRATIVE SERVICE

Section 43(b) of the AECA is amended to provide that the United States is to recover "extraordinary" as well as administrative expenses for services calculated under section 21(e)(1)(A) of the AECA. The amendment will permit the use of administrative funds to augment military assistance (MAP) funds available for security assistance representational activities.

SECTION 104. CHARGES FOR TRAINING SOLD UNDER THE AECA

This provision will eliminate the current multi-tier price structure on sales of training. Thereafter there would be only two comparable pricing systems, one for IMET and one for FMS. For example, under the current system the cost of FMS training for foreign students in the same course at the Army Command and General Staff College could range from \$4,598 to \$31,499. The new proposal would authorize all purchasers to be charged the "additional cost" that would be incurred to provide this training; in the above example, the \$4,598 rate. Enactment of the provision would reduce discrimination among countries and U.S. administrative costs.

SECTION 105. INCREASE IN CRIMINAL PENALTIES FOR CERTAIN VIOLATIONS OF AECA.

Recent changes in the Export Administration Act imposed potentially greater penalties for persons violating commercial

- 5 -

export laws and regulations than for those violating section 38 of the AECA. This provision would increase the maximum criminal penalty for certain violations of the AECA from \$100,000 or two years imprisonment or both, to \$1 million or 10 years imprisonment or both. The ceiling for civil penalties for violations would be raised from \$100,000 to \$500,000. This amendment would apply to violations which occur after the effective date of this section.

SECTION 106. CATALOG DATA AND SERVICES

The AECA permits in-kind reciprocal exchange of some services with NATO countries, but still requires that the U.S. charge for catalog data. In FY 82 such charges amounted to \$850,000. Other countries are beginning to charge DOD in return, with DOD paying over \$100,000 in FY 82. In future years, as efforts intensify to increase NATO standardization, there will be increasing requests for cataloging and codification services, which DOD performs pursuant to chapter 145 of title 10 United States Code. This amendment would avoid a series of sales cases for relatively minor transactions with those NATO countries that provide similar services free of charge to the United States.

SECTION 107. Military Assistance Program

This section amends section 504 to authorize \$747,000,000 for fiscal year 1984 in appropriations to carry out the military assistance program.

SECTION 108. WAIVER OF NET PROCEEDS FOR SALES OF MAP ITEMS

- 6 -

This section amends section 505(f) of the FAA to allow the President to waive the requirement that a country pay to the U.S. the net proceeds from the sale of defense articles previously furnished to it on a grant basis under the military assistance program. Most of this equipment was programmed under MAP prior to 1975. Countries which possess aging, obsolete MAP defense articles currently have an incentive to retain this equipment, rather than to sell it and use the proceeds for newer equipment, even though retaining it requires increasing maintenance costs. This provision would allow the President to remove this disincentive to a country's modernizing its defense inventory when it is in the U.S. national interest to do so. All legal and policy controls applicable to third country transfers would continue to apply to any sales of this equipment.

SECTION 109. STOCKPILING OF DEFENSE ARTICLES FOR FOREIGN COUNTRIES

This section amends section 514(b)(2) of the FAA to establish a ceiling of \$125,000,000 on the aggregate value of additions made in fiscal year 1984 to overseas stockpiles of defense articles (other than in NATO countries) which are designated as war reserve stocks for allied or other foreign forces. The United States retains title to any stocks so designated. Transfer of these stocks to a foreign country may take place only under the authority of the FAA or of the AECA,

- 7 -

and within the limitations and funds available under those Acts.

SECTION 110. SECURITY ASSISTANCE ORGANIZATIONS

Section 515 provides specific annual authorization to station permanently more than six military personnel in certain countries to manage security assistance programs. This section would add for fiscal year 1984 nine new countries to the twelve countries which are currently authorized in the statute to have more than six uniformed personnel assigned to them for managing security assistance programs.

SECTION 111. GRANT TRAINING

Section 542 of the FAA is amended to authorize \$56,532,000 for fiscal year 1984 in appropriations for the International Military Education and Training (IMET) program.

SECTION 112. EXCHANGE TRAINING

The bill would provide for the establishment of a new section 544 in the FAA concerning exchange (barter) training. The President will be authorized to provide to foreign military personnel professional military education training only at U.S. war colleges and U.S. command and staff colleges in the United States. The training of each foreign student under this authority will be conditioned on the requirement that, commencing in the same U.S. fiscal year, a U.S. military student be trained in a foreign college which the U.S. military department involved determines to be comparable to its military colleges. Such exchanges would be negotiated with foreign

- 8 -

countries and international organizations after enactment.

SECTION 113. PEACEKEEPING OPERATIONS AUTHORIZATION

Section 552(a) of the FAA is amended to authorize \$46,200,000 for fiscal year 1984 in appropriations to carry out peacekeeping operations and other programs. These programs would include the United States budgetary contribution to the Multinational Force and Observers (MFO) for the Sinai.

SECTION 114. PEACEKEEPING OPERATIONS EMERGENCIES

Section 552(c) of the FAA is amended to provide that the President may draw down commodities and services of an aggregate value not to exceed \$25,000,000 for each fiscal year from any United States Government agency for peacekeeping purposes, if he determines that an unforeseen emergency requires immediate assistance under the peacekeeping provisions of the FAA. A new subsection (d) authorizes appropriations to reimburse the applicable account for commodities and services provided pursuant to this section. Section 652 of the FAA is amended to require that the President notify the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate in writing should he intend to exercise this authority, stating the justification for, and the extent of, the exercise of such authority.

TITLE II - ANTI-TERRORISM ASSISTANCE

SECTION 201. ANTI-TERRORISM ASSISTANCE

This section would add a new Chapter 8 to Part II of the

- 9 -

FAA to authorize an anti-terrorism assistance program. Under section 571(a), the President is authorized to furnish, on such terms and conditions as he may determine, anti-terrorism assistance to foreign countries in order to enhance their ability to deter and prevent terrorism. Section 571(b) provides that, notwithstanding the prohibition in section 660 of the FAA on funding certain police and law enforcement assistance in foreign countries, services and commodities may be granted to eligible countries subject to reimbursement and allocation limitations contained in section 644(m) and 632 of the FAA. Section 571(c) provides that, as an alternative to grants under subsection (b), the President may make available services and commodities to a foreign country to carry out the purposes of this chapter subject to payment in advance by the recipient country. Section 571(d) provides that the Assistant Secretary of State for Human Rights and Humanitarian Affairs shall be consulted in the development and implementation of the anti-terrorism program.

Section 571(e) provides that all training is to be conducted in the United States, but that U.S. employees involved in the program may provide advice outside the United States to program participants for short periods not to exceed 30 calendar days. Section 571(e)(3) prohibits Department of State employees except certain Office of Security personnel

- 10 -

from providing training and services to program participants. Section 571(e)(4) prohibits the transfer of defense articles on the munitions list under the commodity transfer authority of the program. ~~Section 571(e)(5) prohibits the provision of~~ services, equipment, personnel or facilities involved in intelligence collection as defined in Executive Order 12333 of December 4, 1981, but permits limited training in the organization of intelligence for anti-terrorism purposes. Section 571(e)(6) provides for a three-year sunset on the program. Section 571(e)(7) requires a thirty-day advance notification of those countries that will initially be participating in the program to the Speaker of the House of Representatives and the Chairman of the Committee on Foreign Relations of the Senate prior to the obligation of funds made available under this authority. Section 571(e)(8) provides that an annual report shall be provided to Congress.

Section 572 would authorize to be appropriated to the President to carry out this new chapter \$5,000,000 for the fiscal year 1984. This section would also permit the President to use up to \$2,500,000 of funds available for other provisions authorized by P.L. 97-113 to carry out this chapter during fiscal year 1983. Section 573 defines the purposes for which the anti-terrorism activities are to be designed -- namely, to enhance the law enforcement anti-terrorism skills of friendly countries by offering assistance in the anti-terrorism field.

- 11 -

It also states that this chapter is not intended to limit or prohibit information exchange activities by U.S. government agencies under other authority. Section 574 provides that this anti-terrorism program will be conducted under the non-military authorities of the FAA, as is the case of the Economic Support Fund and Peacekeeping Operations, for example. Finally sections 502B(d)(2)(A) and 644(m)(5) of the FAA are amended to ensure that relevant definitions of "security assistance" and "value" in the FAA are altered appropriately.

TITLE III - ECONOMIC SUPPORT FUND

SECTION 301. AUTHORIZATION OF APPROPRIATIONS

Section 531(b) of the FAA is amended to authorize an appropriation for the Economic Support Fund of \$2,949,000,000 for fiscal year 1984. The emergency assistance authority of section 535 is continued for fiscal year 1984.

TITLE IV - DEVELOPMENT ASSISTANCESECTION 401. AGRICULTURE, RURAL DEVELOPMENT, AND NUTRITION

Section 401 amends section 103(a)(2) of the Foreign Assistance Act of 1961 is amended by striking out "\$700,000,000 for the fiscal year 1982 and \$700,000,000 for the fiscal year 1983" and inserting in lieu thereof "\$725,213,000 for the fiscal year 1984".

SECTION 402. POPULATION AND HEALTH

Section 402 amends section 104(g) of the Act, which authorizes funds for population and health. Section 104(g) is amended to authorize \$212,231,000 for the population program for the fiscal year 1984 and to authorize \$100,656,000 for the health program for the fiscal year 1984.

SECTION 403. EDUCATION AND HUMAN RESOURCES DEVELOPMENT

SEC. 403 amends section 105(a) of the Act, which authorizes fund for education and human resources development. Section 105(a) is amended to authorize \$121,477,000 for these programs for the fiscal year 1984 and to delete the second sentence, which earmarked funds for fiscal years 1982 and 1983 and is obsolete.

SECTION 404. ENERGY, PRIVATE VOLUNTARY ORGANIZATIONS, AND SELECTED DEVELOPMENT ACTIVITIES

Section 404 amends section 106(e)(1) of the Foreign Assistance Act of 1961 is amended by striking out "\$147,200,000 for the fiscal year 1982 and \$147,200,000 for the fiscal year

-13-

1983" and inserting in lieu thereof "\$182,423,000 for the fiscal year 1984".

SECTION 405. PRIVATE ENTERPRISE REVOLVING FUND

Section 405(a) adds a new section 108 to part I, chapter 1 of the Act establishing a revolving fund for private enterprise activities. Section 108(a) states the importance of encouraging the growth of private enterprise in developing countries and authorizes the establishment of a revolving fund account to be used for such purposes, which shall be free from fiscal year limitations. Section 108(b) provides that up to \$20,000,000 in fiscal year 1984 of funds appropriated to other accounts in chapter 1 of part I may be deposited in this account. This fund may be used only for private sector activities; however, other funds provided under section 106 or other sections of the Act will remain available for private sector activities as well. Income and reflows arising from the fund, including the repayment of loans made from the fund, return of capital, capital gains and fees charged for transactions, will be deposited in the fund for further use.

The purpose of the revolving fund is to create a source of funds which can be made available for a variety of innovative private sector activities. The authority to re-use loan repayments and return of capital would permit the roll-over of investments and thus afford a substantial leveraging effect.

Section 108(c) provides that the use of funds in the revolving fund account shall not be subject to the restrictions

-14-

of other provisions of law, including the restrictions on use which may otherwise attach by virtue of the account to which the funds deposited in the revolving fund were originally appropriated. It also provides explicit authority to use the revolving fund to acquire equity.

Section 108(d) provides that when there are sufficient funds available in the revolving fund, repayments may be made to the United States Treasury until the total amount of appropriated funds has been repaid, at which time the fund shall be deemed to consist entirely of nonappropriated funds. Section 108(e) provides that AID may charge a fee when carrying out activities with funds from the revolving fund. Section 108(f) provides that in the event the revolving fund is terminated, unobligated balances in the fund will be deposited in the miscellaneous receipts account of the Treasury.

Section 405(b) amends section 635(g)(3), which generally prohibits the direct acquisition of equity, to reference the authorization to acquire equity included in the revolving fund authorities.

SECTION 406. TRANSFER OF FUNDS

This section amends section 109 of the Act, which permits the transfer of funds to and from the accounts under chapter 1 of part I of the Act and from chapter 1 of part I to the operating expense account. The amendment would add the Trade and Development Program authorized under section 661 of the Act to the accounts to which funds made available under chapter 1 of part I of the Act could be transferred.

-15-

SECTION 407. SAHEL DEVELOPMENT PROGRAM

Section 407 amends section 121(c) of the Act, which authorizes the Sahel Development Program. Section 121(c) is amended to authorize \$103,000,000 for that program for the fiscal year 1984.

SECTION 408. HOUSING GUARANTY PROGRAM

Section 408(a) amends section 221 of the Act to reflect the fact that housing guaranties are available for urban development activities in addition to the construction of housing in the narrow sense of the term. The amendments do not expand existing authority. Their purpose is to bring section 221 into harmony with the authority provided under section 222. Section 221 was not amended at the time section 222 was amended in 1978 to broaden its terms.

Section 408(b) amends section 222(a) of the Act, which authorizes the housing guaranty program, by providing that eligible investors under the program shall be defined by regulation promulgated by the Agency for International Development rather than by the current definition under section 238(c) of the Act, which is part of the OPIC legislation and more appropriate to its program. AID would expect to define eligible investors for the housing guaranty program so as to maximize the role of U.S. capital market lenders while improving the negotiability of underlying notes.

Section 408(b) further amends section 222(a) to increase the total amount of housing guaranties authorized to be outstanding from \$1,718,000,000 to \$1,868,000,000 and to

-16-

provide that guarantee commitments are authorized for any fiscal year only to the extent provided in appropriation acts.

Section 408(b) also amends section 222(a) to extend the authority for the housing guaranty program from September 30, 1984 to September 30, 1985. Because the loans for which guaranties are to be issued sometimes close after the end of the fiscal year, therefore delaying the issuance of the guaranties, the housing guaranty program needs authority that extends beyond the fiscal year in which the guaranty was authorized. This amendment provides the authority to issue guaranties after the close of fiscal year 1984 and conforms with past legislative practice in extending the program.

Section 408(c) amends section 223(f) of the Act, which prescribes the maximum rate of interest allowable for housing guaranties. The current provision ties the maximum rate to the rate of interest applicable to housing mortgages insured by the Department of Housing and Urban Development. It was originally enacted at a time when the same lenders were active in both the domestic HUD program and in AID's housing guaranty program. Section 223(f) is amended to permit the Agency for International Development to prescribe a maximum rate of interest that is reasonable in comparison to rates on comparable securities in the U.S. capital market to reflect the broader range of investors now active in the program.

-17-

SECTION 409. AGRICULTURAL AND PRODUCTIVE CREDIT AND
SELF-HELP COMMUNITY DEVELOPMENT PROGRAMS

Sections 409(a) and (b) amend section 222A of the Act to make the guaranty authority provided for in that section available world-wide. The program is currently restricted to Latin America. This amendment reflects the transfer of responsibility for this program within AID from the Latin American and Caribbean Bureau to the Private Enterprise Bureau.

Section 409(c) amends section 222A(c) to increase the total amount of guaranties that may be issued under this authority from \$20,000,000 to \$40,000,000 and to provide that commitments to guarantee loans under section 222A are authorized only to the extent provided in appropriation acts.

Section 409(d) amends section 222A(h) to extend the authority for the program from September 30, 1983 to September 30, 1985.

SECTION 410. FAMINE PREVENTION AND FREEDOM FROM HUNGER

This section amends section 297(a)(5) of the Act to provide authority to transfer AID employees to international agricultural research centers. Authority currently exists to transfer federal employees to public international organizations under the Federal Employees International Organization Service Act (5 U.S.C. Secs. 3343, 3581-3584). Most of the agricultural centers do not qualify as "public international organizations", however, because the majority of their governing boards are not composed of governmental representatives. This amendment would provide an authority to

transfer AID employees to international agricultural research centers similar to the authority that now exists to transfer these employees to public international organizations. In doing so, it would permit a closer collaborative relationship between AID and these centers.

TITLE V - MISCELLANEOUS PROVISIONS

SECTION 501. AMERICAN SCHOOLS AND HOSPITALS ABROAD

This section amends section 214(c) of the Act, which authorizes funds for American Schools and Hospitals Abroad. It authorizes \$7,500,000 for that program for the fiscal year 1984.

SECTION 502. INTERNATIONAL ORGANIZATIONS AND PROGRAMS

Section 502 amends section 302(a)(1) of the Act, which authorizes funds for International Organizations and Programs. Section 302(a)(1) is amended to authorize \$189,950,000 for these programs for the fiscal year 1984. Section 302(a)(1) is also amended to strike the second sentence, which earmarked funds for fiscal years 1982 and 1983 and is obsolete.

SECTION 503. INTERNATIONAL NARCOTICS CONTROL

This section amends section 482(a) of the FAA to authorize appropriations for International Narcotics Control of \$53,030,000 for fiscal year 1984.

SECTION 504. INTERNATIONAL DISASTER ASSISTANCE

Section 504(a) amends section 492(a) of the Act to authorize \$25,000,000 in appropriations for International Disaster Assistance for the fiscal year 1984.

Section 504(b) further amends section 492 of the Act by authorizing the establishment of a special reserve fund for

-19-

disaster assistance. Funds appropriated pursuant to section 492(a) which remain unexpended at the end of a fiscal year may be maintained in this special fund and carried over from year to year. The fund will be available to carry out the purposes of section 491 of the Act. The purpose for establishing this reserve is to ensure that sufficient funds exist to meet emergency needs, particularly at the end of the fiscal year.

Although current section 492(b) permits the transfer of up to \$50 million from other accounts in chapter 1 to the disaster assistance account for that reason, use of that mechanism presents its own problems. Unanticipated transfers late in the fiscal year disrupt program planning in the affected accounts, and, as the end of the fiscal year approaches, all accounts are low and may not have sufficient funds in them to meet emergency needs. This new provision would provide an alternative to the use of the authority provided in section 492(b), which is redesignated subsection (c).

SECTION 505. COMPLETION OF PLANS AND COST ESTIMATES

Section 505(a) amends section 611(a) of the Act, which requires that adequate plans and cost estimates be completed prior to the obligation of funds in excess of \$100,000. That provision is amended to apply to a minimum amount of \$500,000 rather than \$100,000, to take account of the inflation that has occurred since the provision was enacted in 1958.

Section 505(b) amends section 611(b) of the Act, which requires that cost/benefit analyses be conducted for water projects in accordance with the Principles and Standards for

-20-

Planning Water and Related Land Resources, dated October 25, 1973. Section 611(b) is amended by eliminating the reference to the above standards and instead providing that such analyses shall be conducted in accordance with regulations established by the Agency for International Development. The 1973 Principles and Standards were designed to be applied to water projects constructed in the United States. They were found to be inappropriate for the types of water projects financed by AID.

SECTION 506. USE OF FOREIGN CURRENCIES

Section 104 of the Agricultural Trade and Development Act of 1954, as amended (P.L. 480) permits the use of excess foreign currencies generated under that Act under certain circumstances without there being an appropriation or provision in an appropriation act for use of such currencies. Section 612 of the Foreign Assistance Act, however, requires provision in an appropriation act before excess foreign currencies generated under part I of the Foreign Assistance Act (which, at the time section 612 was enacted, included ESF) or under the Mutual Security Act of 1954, as amended, may be used pursuant to the authority of that section. This inconsistency may result in the anomolous situation where some excess foreign currencies may be used without an appropriation and others that are to be used for the same purpose in the same country may not be used unless provided for in an appropriation act. This amendment corrects that anomoly by permitting excess foreign

-21-

urrencies authorized for use by section 612 of the Foreign Assistance Act to be expended without an appropriation or provision in an appropriation act.

SECTION 507. PROHIBITION AGAINST ASSISTANCE TO THE PEOPLE'S
REPUBLIC OF CHINA

Section 620(f) of the FAA is amended to remove the People's Republic of China and Tibet (which is administered as part of China) from the category of countries to which assistance is prohibited. As a result of this amendment, the People's Republic of China would not be considered a "communist-bloc" country for the purpose of section 620(h).

SECTION 508. ANNUAL REPORTS

Section 508(a) amends section 620(s) of the Act by repealing subsection (2). Section 620(s)(2) requires the President to report to Congress on his actions in taking into account the impact of military expenditures on the budget of recipients of foreign assistance. Most of the information contained in this report is reported separately by the Department of State pursuant to section 25 of the Arms Export Control Act. The purpose of this amendment is to reduce administrative costs by eliminating this duplication of reports.

Section 508(b) amends section 634(a) by repealing subsections (2)(B), (6), and (7). The purpose of this amendment is also to reduce administrative costs by eliminating duplicative reporting requirements. Section 634(a)(2)(B) requires a report of the dollar value by category and country of all foreign assistance. The information contained in this report is already reported to Congress in the "all-spigots"

tables for each country included in the Congressional Presentation. Section 634(a)(6) requires a report of the dollar volume of foreign assistance for all OECD and OPEC countries. Section 634(a)(7) requires a report of the percentage of both the GNP and the budget of each type of assistance for every OECD and OPEC country, and the per capita contributions of these countries. The data required by these reports is difficult to derive, since other donors do not disaggregate and report official development assistance in categories comparable to those used in categorizing U.S. assistance. The data that does exist is already available to the Congress in the annual report of the DAC Chairman, as well as in other OECD and World Bank publications.

SECTION 509. NOTIFICATION OF PROGRAM CHANGES

This section makes funds appropriated to carry out the purpose of the Arms Export Control Act subject to the reprogramming requirements of section 634A and the reporting requirements of section 653(a) of the FAA. This section also deletes certain reporting requirements for FMS financing which would be redundant in light of this amendment to sections 634A and 653(a). In addition, this section deletes the requirement that a section 653(b) report be filed in certain cases before assistance is provided. These changes streamline and make standard various overlapping report and reprogramming requirements, but do not materially change the type of information provided to the Congress.

This section also amends section 634A of the Act by eliminating the requirement under that provision to notify Congress 15 days in advance of obligating funds in cases where the obligation will exceed the prior amount justified for the year by 10 percent or less. This change will permit needed flexibility to reallocate funds at the end of the fiscal year while not allowing significant changes without prior congressional notification.

Section 634A of the FAA is further amended to establish a threshold of \$50,000 on reprogramming notices to the Congress for International Narcotics Control and IMET programs. Had such a threshold been in effect during fiscal year 1981, sixteen of thirty IMET reprogramming notices would not have been required under section 634A. Eliminating small programming changes for reprogramming requirements would permit prompt execution of small but politically sensitive training programs and would provide a fast reaction capability against illicit narcotics efforts. Reprogramming notices to the Congress would still be required for countries for which a program had not previously been justified to the Congress for that fiscal year, even if the amount to be provided to such country would fall below the \$50,000 threshold.

SECTION 510. ADMINISTRATIVE USES OF FUNDS

Section 510(a) amends section 636(c) of the Act by eliminating the \$3,000,000 ceiling on the use of funds to construct or acquire essential living quarters, office space, schools, and hospitals for use of U.S. Government personnel

-24-

posted outside the United States conducting activities authorized by the Act. As a result of greatly increased leasing costs overseas, it is now often more economical over the long run for the U.S. Government to purchase or construct living quarters than to lease them. Additionally, for security reasons and otherwise, in several countries no suitable quarters are available for leasing. The \$3,000,000 limitation on use of funds for purchase or construction of overseas facilities no longer allows the U.S. Government sufficient flexibility to provide these facilities in an economical manner.

Section 510(b) amends section 636(d) of the Act by raising the ceiling on use of funds for supporting schools for dependents outside the United States from \$2.5 million to \$5.0 million. The \$2.5 million limitation has been in effect since 1969. Inflation has greatly reduced the purchasing power of that amount since that time, while the number of schools being supported has increased from 43 to 57. The funds are no longer sufficient to provide adequate support to overseas schools. As a result, the quality of these schools is deteriorating.

Section 510(c) amends section 636(a)(14) of the Act to make a technical change. The "Foreign Service Act of 1980" is substituted for the "Foreign Service Act of 1946", which it replaced.

Section 510(d) amends section 636 of the FAA by adding a new subsection (j) to allow statutory earmarks to be converted from fixed to proportionate requirements during periods when

funds are appropriated by a continuing resolution. During periods when funding is made available by a continuing resolution, foreign assistance programs may operate at funding levels significantly below authorized levels. In these circumstances serious problems may be encountered in assisting countries which do not have funds earmarked for their benefit. This section would allow the Executive Branch to allocate to earmarked countries an amount in the same proportion to available CR funds as the original earmark was to the total level authorized or appropriated in the Act which established the earmark.

SECTION 511. TRADE AND DEVELOPMENT PROGRAM

This section amends section 661(b) of the Act, which authorizes funds for the Trade and Development Program. Section 661(b) is amended to provide authority for this program for the fiscal year 1984 in the amount of \$22,000,000.

SECTION 512. OPERATING EXPENSES

This section amends section 667(a) of the Act, which authorizes funds for operating expenses of the Agency for International Development. Section 667(a) of the Act is amended to provide authority for the fiscal year 1984 in the amount of \$378,512,000.

SECTION 513. REPEAL OF PROVISIONS

This section repeals provisions of the Act which are obsolete. It also repeals section 110(b), which prohibits disbursement of grant assistance for a project over a period exceeding thirty-six months. At the time this prohibition was

enacted, it provided a useful control for the Congress over large capital assistance projects. The Agency no longer participates much in that type of project, and the Congress now has a better review mechanism through the congressional notification process. Section 110(b), therefore, is no longer necessary.

TITLE VI - AMENDMENTS TO OTHER ACTS

SEC. 601. PARTICIPANT TRAINEE GRANTS

This section amends section 1441(c)(6) of the Internal Revenue Code to exempt from withholding and exclude from gross income amounts received as scholarships, per diem, travel and other related expenses by non-resident aliens engaged in training programs in the United States under the Act. Current provisions of the I.R.C. exclude income to AID participant trainees from U.S. tax liability up to specified dollar limitations. In the past these exclusions have been high enough to completely exempt the participants from U.S. tax liability, and no taxes have had to be withheld by AID or contractors and PVOs implementing the participant trainee programs. As a result of inflation, however, income under AID scholarship programs now exceed the exclusion and the participants incur tax liability. Withholding income taxes for each participant trainee would result in high administrative costs to the implementing contractors and PVOs that would ultimately be passed on to AID. It would also reduce the amount of funds actually available for the training programs themselves. This provision is intended to correct these problems.

SECTION 602. FOOD FOR DEVELOPMENT PROGRAM

This section amends section 305 of the Agricultural Trade Development and Assistance Act of 1954, which sets forth the methods of establishing loan forgiveness under Title III of that Act, to permit loan forgiveness to be linked to policy changes, or the results of such changes, made by the recipient government. Current legislation permits loan forgiveness at the time the commodities provided, or currencies generated from the sale thereof, are used or disbursed for mutually agreed upon activities. The amended provision would continue to require that commodities or currencies be programmed. However, the timing of forgiveness could be linked to policy changes if both governments so agreed.

SECTION 603. AFRICAN DEVELOPMENT FOUNDATION

This section amends Title V of the International Security and Development Cooperation Act of 1980 to authorize the appropriation of \$3,000,000 for the African Development Foundation for the fiscal year 1984.

TITLE VII - SUPPLEMENTAL AUTHORIZATIONS FOR FY 1983SECTION 701. MILITARY SALES AND RELATED PROGRAMS

This section authorizes an increase of \$425,000,000 in the limit established in P.L. 97-377 on the total principal amount of loans for which guaranties may be issued during fiscal year 1983 under section 24(a) of the AECA. In addition, this section authorizes an increase in appropriations of \$167,000,000 above the amount made available in P.L. 97-377 to carry out the military assistance program for fiscal year 1983.

SECTION 702. ECONOMIC SUPPORT FUND

This section authorizes an increase of \$145,500,000 in the authorization for appropriations for the Economic Support Fund for fiscal year 1983.

TITLE VIII - AUTHORIZATIONS FOR THE FISCAL YEAR 1985
AND EFFECTIVE DATE

SECTION 801. AUTHORIZATIONS FOR THE FISCAL YEAR 1985

This section, in accordance with the requirements of section 607 of the Congressional Budget Act of 1974, authorizes appropriations for fiscal year 1985 for all programs and activities for which appropriations for the fiscal year 1984 are authorized by this Act.

SECTION 802. EFFECTIVE DATE

This section provides that the effective date for title II and VII shall be upon enactment. Sections 104 and 105 would be effective upon the later of enactment or October 1, 1983, to avoid the possibility that the change in penalties under the AECA would be retroactive and to allow adequate time to implement the change in pricing for training. All other sections would be effective on October 1, 1983.