

SCOMM

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BY THE HOUSE SPECIAL COMMITTEE ON FOREIGN TRADE

1 IN THE HOUSE

2 HOUSE JOINT RESOLUTION NO. 71 am
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 Encouraging the President of the United
6 States to temporarily reinstate most-
7 favored-nation trading status for the
8 U.S.S.R. under certain conditions.

9 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 WHEREAS in 1974 the United States Congress withdrew most-favored-
11 nation trading status from the U.S.S.R. in order to pressure the Union of
12 Soviet Socialist Republics to allow a more open emigration policy; and

13 WHEREAS without most-favored-nation trading status, trade with the
14 U.S.S.R. is very difficult because goods imported from the U.S.S.R. are
15 subject to a significantly higher tariff than goods imported from nations
16 with most-favored-nation trading status; and

17 WHEREAS reinstatement of most-favored-nation trading status is neces-
18 sary to increase and normalize trade relations between the United States
19 and the U.S.S.R.; and

20 WHEREAS the U.S.S.R. has recently implemented a more open emigration
21 policy; and

22 WHEREAS at the most recent summit at Malta, President Bush agreed to
23 reinstate most-favored-nation trading status for the U.S.S.R. if the
24 U.S.S.R. enacts and implements a law formalizing its recent liberalized
25 emigration policy, and if there is continued nationwide support in the
26 United States for the reinstatement; and

27 WHEREAS the state and the nation would benefit from increased trade
28 with the U.S.S.R.; and

29 WHEREAS the people of Alaska also strongly support the enactment of a

1 liberalized emigration law in the U.S.S.R;

2 BE IT RESOLVED that the Alaska State Legislature encourages the Presi-
3 dent of the United States to temporarily reinstate most-favored-nation
4 trading status for the U.S.S.R. as soon as the U.S.S.R. enacts and imple-
5 ments a law formalizing its recent liberalized emigration policy.

6 COPIES of this resolution shall be sent to the Honorable George Bush,
7 President of the United States; the Honorable James A. Baker, III, U.S.
8 Secretary of State; and to the Honorable Ted Stevens and the Honorable
9 Frank Murkowski, U.S. Senators, and the Honorable Don Young, U.S. Repre-
10 sentative, members of the Alaska delegation in Congress.

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24 U.S.S.R. enacts and implements a law formalizing its recent liberalized
25 emigration policy, and if there is continued nationwide support in the
26 United States for the reinstatement; and

27 WHEREAS the state and the nation would benefit from increased trade
28 with the U.S.S.R., and there does not appear to be further reason for
29 withholding most-favored-nation trading status from the U.S.S.R. while it

1 is implementing its current emigration policy;

2 BE IT RESOLVED that the Alaska State Legislature encourages the Presi-
3 dent of the United States to temporarily reinstate most-favored-nation
4 trading status for the U.S.S.R.

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ALASKA INTERNATIONAL TRADE DIGEST



Vol. 2, No. 2

Governor's Office of International Trade

October, 1989

Steve Cowper, Governor

Robert Poe, Jr., Director

Temporary Most-Favored-Nation Status for the Soviet Union

by Eric Ostrovsky, Alaska State Office, Washington D.C.

When the Soviet Trade Delegation from the Magadan Region conducted its trade and cultural promotion in Anchorage last winter, a great deal of confusion ensued about the custom tariff owed from the sale of goods that the delegation brought with it. The Soviets eventually placed \$50,000 in an Alaska bank as a "good faith guarantee" that the custom tariff would be paid. Nevertheless, the problem of tariffs remains.

The expensive custom tariff, with its attendant complicated rules, is a real handicap in creating a successful trade relationship between the U.S. and the Soviet Union. Responding to this problem, the Western Governors at their fall meeting passed a resolution drafted by Governor Cowper urging the President to grant temporary, most-favored-nation trading status to the Soviet Union. This status would reduce the type of tariff headaches that the Magadan Delegation faced when it tried to sell goods in Alaska. In turn, hopefully, a more favorable U.S./USSR trading climate would increase trade, other commercial, and cultural contacts with Alaska.

Most-favored-nation status entitles a nation to pay the lowest level of duties on its exports to the United States. The most-favored-nation designation, however, is a misnomer, since this status is enjoyed by all nations except some Communist bloc countries and Libya, with which the U.S. has banned all trade.

Congress originally installed higher customs on Soviet products in the Jackson-Vanik amendment to the 1974 Trade Act because of USSR's refusal to allow a more open immigration policy. Since the inception of Mikhail Gorbachev's political policies, however, Soviet immigration levels have increased at an annual rate of about 40,000. Recently, the Official Soviet visa agency announced that it expects about 200,000 Soviets to emigrate this year and more than 2 million to make visits abroad.

President Bush has made it known that, although he is favorably inclined to grant most-favored-nation status to the Soviet Union, he will not formally propose the change until a broad national base supports it. The momentum is clearly in this direction. The National Conference of State Legislatures, many members of Congress, and even former Congressman Vanik (the author of the trade restrictions) have come out strongly for the change in policy. Governor Cowper has also asked the National Governor's Association to consider the idea during its next meeting.

The purpose behind the temporary most-favored-nation status proposed by Governor Cowper is to reward the Soviet Union for its recent change in emigration policy, while reminding the country that the U.S. is interested in the Soviet's long-term human rights record.

Waive Jackson- Vanik, For Now

NYT 7/10/89

By Sam Gejdenson

MY parents fled the Soviet Union in 1947. Like many Soviet Jews, my parents fled to preserve their religious freedom, their dignity — indeed, their very lives.

Not a day goes by that they are not thankful that they had the opportunity to emigrate. I can still remember the bundles that my parents sent for years to express their appreciation to the woman who had helped them to survive and then to leave. I was instilled with that same sense of gratitude.

But millions of others in the Soviet Union have not been as fortunate as my parents. Over the last 20 years, emigration from the Soviet Union has been severely and harshly restricted. As recently as 1988, only 1,900 people were allowed to emigrate; among them, only 900 Jews. Moreover, the Soviet Union continues to be a very hostile place for Jews.

In 1974, Congress responded to the thousands of painful stories of those who had been refused permission to leave the Soviet Union by enacting the Jackson-Vanik Amendment, which sought to expand Soviet emigration by linking U.S. trade and credit advantages to emigration per-

But Moscow must meet conditions.

formance. A President may waive the restrictions of Jackson-Vanik for one year, but only if he has received adequate assurances that Soviet emigration practices will lead to achieving free emigration.

Without question, we are witnessing a dramatic change in Soviet policy. Emigration levels are now the highest in a decade, exceeding 43,000 in the first four months of this year, including 14,000 Soviet Jews. If such rates continue, it would result in an annual emigration of 130,000 of which 42,000 would be Jews.

In addition, in the spirit of glasnost, the Soviets have recently committed themselves to principles of free emigration. In January, they signed the Vienna Concluding Documents, which requires participating countries to respect the right of everyone to leave any country, including his or her own. In a speech to the United Nations in December 1988, Mikhail Gorbachev pledged to limit the crucial "state secrets" restriction to emigration. The Soviets have employed this tactic to block the emigration of individuals who have held jobs which exposed them to "state secrets" any time within the last 20 years.

We must ask whether the Soviet reforms have gone far enough to justify a Presidential waiver of the Jackson-Vanik Amendment. In my view, they are not there yet, but they are getting close. It is essential that the United States acknowledge the truly remarkable changes brought about by Mikhail Gorbachev. If we fail to do so, it only makes it more difficult for Mr. Gorbachev to promote further change within the Soviet Union.

It is for this reason that I have joined with several of my colleagues in Congress in introducing a resolution urging President Bush to waive Jackson-Vanik for one year, provided certain conditions are met.

The emigration rate must be sustained at a high level. There must be reliable assurances of systemic emigration reforms, especially regarding the long term-refuseniks and unreasonable impediments to emigration. Such reforms should include time limitations on the "state secrets" rule and a lifting of restrictions on emigration due to failure to receive permission from relatives remaining in the Soviet Union.

Moreover, any waiver must be conditioned on progress in putting these reforms into effect over the ensuing year. We must take every step necessary to protect the basic right of free emigration. If progress is not made, then the waiver will not be renewed. In essence, this is an opportunity for the Soviet Union to continue to move toward free emigration.

Clearly there are some risks involved. High level officials may give us assurances, but not honor them. Even if emigration reforms are codified into law, there are no guarantees of compliance or permanence. However, it is our own interest to send a message to the Soviet leadership that continuing its positive course will result in desirable and reciprocal responses from the U.S. For a one-year waiver, it is a worthwhile risk.

Therefore, President Bush should immediately initiate the process to obtain the necessary assurances from the Soviets. The time is right and the conditions are reasonable and achievable.

Sam Gejdenson, Democrat of Connecticut, heads the House subcommittee on international economic policy and trade.

Soviets may relax travel laws

By MICHAEL PARKS
Los Angeles Times

MOSCOW — The Soviet government introduced historic legislation Monday that, after decades of tight controls, would assure the right of Soviet citizens to travel abroad and to emigrate.

Anatoly Kovalev, a first deputy foreign minister, told the Supreme Soviet, the country's parliament, that the draft law would help remove "some of the last vestiges of the 'Iron Curtain,'" and the official Tass news agency called it landmark legislation comparable to the East German decision last week to open its borders.

"The adoption of this law will create the legal guarantee of the right of everyone to leave any country, including his own, and to return to his own country, rights that we in various international agreements have committed ourselves to honor," Kovalev said.

Fyodor M. Burlatsky, chairman of the Soviet Human Rights Commission, told other deputies that between 500,000 and 600,000 people probably would apply to emigrate once the law is adopted and that 6 million to 8 million Soviet citizens would travel abroad next year on business or tourist trips as a result of the liberalization.

Emigration already is running at more than 15,000 people a month, and the United States alone is expecting to accept as many as 80,000 in the present fiscal year.

The bill would make several important changes in Soviet emigration regulations by limiting to five years the time in which those with access to classified material would not be permitted to go abroad; by ending the veto that close relatives now

have on the applications of those emigrating, and by providing for speedy processing of all travel applications.

The only remaining legal problem would-be emigrants face is alimony payments if they are divorced, but supporting regulations envision lump-sum payments or guarantees of continued remittances from abroad.

"This replaces the present collection of secret instructions, regulations and decrees that have governed these matters for so long," Kovalev said. "And it will put an end to the departmental and local standard-set-

ting for those who travel abroad or emigrate.

"Practically any citizen will now be able to get a passport for travel abroad or for exit for permanent residence abroad."

But the legislation also requires Soviet citizens wishing to emigrate to win admission first to another country.

For many, that will be a growing problem as tens of thousands of Soviet Jews, Armenians and Germans as well as Russians now apply to enter the United States, West Germany, Canada and Australia, all of which have expressed concern about their ability to absorb such a large number of people and have tightened their controls on those they used to accept as refugees.

The U.S. Embassy in Moscow has been so swamped by applications from Soviet citizens wishing to settle in the United States that it forwards them to Washington for processing and warns that perhaps only one in four will be accepted.

The legislation, once approved, will go a long way toward satisfying U.S. legal requirements of free emigration as the basis for such trade concessions as most-favored-nation status and export credits to finance American sales to the Soviet Union.

Emigration had been progressively liberalized in the past three years, and new regulations had reduced to 0.15 percent the proportion of applications rejected this year and had virtually doubled the number of

emigrants to a projected 180,000 to 200,000 people.

The legislation, which has a government priority, will be discussed within the Supreme Soviet's committees before being debated again publicly and then voted upon. Approval is expected within a few weeks.

The lawmakers, meanwhile, approved legislation Monday that provides for the first time for jury trials in serious criminal cases, where the penalty could be as high as death or 15 years.

Pressed on the Supreme Soviet by Burlatsky and other deputies earlier this month, the provision was included in a reform bill strengthening judicial independence.

Soviets to Liberalize Emigration, Hoping to Gain U.S. Trade Deal

By ROBERT PEAR

Special to The New York Times

WASHINGTON, Nov. 16 — Soviet officials here and in Moscow promised today that Soviet emigration laws would soon be revised to permit freer emigration from the Soviet Union. In return, they asked that the United States lift trade barriers against Soviet exports.

At news conferences in the two capitals, Soviet officials seemed to be hoping that President Bush would recommend removal of the trade barriers in time for his meeting early next month with President Mikhail S. Gorbachev off the coast of Malta.

Administration officials and members of Congress indicated that the United States was unlikely to respond so swiftly.

The Soviet Ambassador to the United States, Yuri V. Dubinin, said that the Soviet Parliament would soon approve legislation liberalizing emigration procedures for Soviet citizens, and he said, "We expect positive steps from the American side," including "full normalization" of trade relations.

Soviet pleas for more favorable tariff

treatment appear to have become more insistent as Soviet economic problems have deepened. A meeting of senior Soviet and American officials here this week set the stage for a trade agreement that would lower more than a half-century of high American tariff walls against Soviet exports.

Details of the legislation were not immediately available. Soviet officials said it would retain some restrictions on emigration for people considered to have had access to state secrets.

Richard Schifter, the Assistant Secretary of State for Human Rights and Humanitarian Affairs, gave the Soviets high marks for their efforts and said that the Administration would look favorably on the legislation if its provisions are carried out "as we hope they will be."

Members of Congress and some Jew-

Soviet Officials Promise to Ease Emigration Laws

Continued From Page 1

ish groups also welcomed the Soviet efforts, but said that details of the legislation were too sketchy for Mr. Bush to grant the Soviet request for trade benefits at this time.

Commerce Secretary Robert A. Mosbacher said the Soviet Government might become eligible for more favorable treatment under American trade laws "within the next one to three months" if it carries through on its promise. But it might take longer, he said.

The State Department emphasized Mr. Bush's position that the emigration bill must not only be passed but also "implemented" before the United States would suspend trade barriers imposed on Moscow in the last 15 years. A 1974 law, known as the Jackson-Vanik Amendment, says that Communist countries may not receive favorable tariff treatment or credits from the United States unless they permit free emigration by their citizens.

Ambassador Dubinin acknowledged that the Soviet legislation, which received preliminary approval on first reading on Monday, has not been published in the Soviet Union. American officials said they did not have the text of the draft law and therefore could not evaluate its details. Nor do they completely understand the procedures by which a bill becomes law in the new Soviet Parliament.

Rights Group Commends Moscow

Senator Dennis DeConcini of Arizona, chairman of the Commission on Security and Cooperation in Europe, a human rights group, praised Moscow for taking a first step to revise its emigration laws. In a joint statement, Mr. DeConcini, a Democrat, and Representative Steny H. Hoyer of Maryland, the co-chairman of the commission, said, "We will not support a waiver of the Jackson-Vanik Amendment until the Soviet law receives final approval and a period of implementation takes place."

In an interview, Mr. Schifter said that the United States had had two principal concerns about Soviet emigration. "Applicants for exit permits who left security-sensitive jobs 10, 15 or even 20 years ago were denied permission to leave," he said. "In addition, some adult applicants who were unable to obtain the consent of their parents for their departure could not leave."

"It is my understanding that the new law would deal with both these issues," Mr. Schifter said. "If it does, and if its provisions are implemented as we hope they will be, our concerns will have been met."

Under the bill, Soviet citizens with access to state secrets could be forbidden to emigrate for up to five years. It is not clear whether this provision is retroactive, nor is it clear whether Soviet citizens denied exit permits for the last five years could immediately leave the Soviet Union.

Mr. Dubinin said that such questions, considered to be of paramount importance by Soviet Jews and their advocates in the United States, were "just a technical matter." In general, he said, the new law will be administered in a generous spirit, and "there will not be obstacles of a technical nature."

But Micah H. Naftalin, national director of the Union of Councils for Soviet Jews, expressed concern that "Jackson-Vanik will be prematurely waived in the euphoria of the moment" when Mr. Bush and Mr. Gorbachev meet.

Mr. Dubinin said he did not know exactly when the emigration bill would become law. Soviet emigration has already increased dramatically, with Soviet Jews, evangelical Christians and Armenians accounting for most of the exodus in the last 18 months. The United States, overwhelmed with applications from would-be Soviet refugees, has established new procedures to restrict their admission to this country.

Some Questions Remain

Pamela B. Cohen, president of the Union of Councils for Soviet Jews, said her organization had a list of 253 Soviet families denied permission to leave the Soviet Union "on a variety of pretexts." The list, she said, includes 105 families denied exit permits because of access to state secrets and 121 who could not get the necessary permission from relatives.

Representative Charles E. Schumer, Democrat of Brooklyn, said, "The Soviet Union has made real and dramatic improvements in emigration policy, but has still not said whether it will release all the long-term refuseniks." Thus, he said, it would be premature for the United States to lower tariffs by giving the Soviet Union "most-favored-nation treatment" under the



The New York Times

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trade laws.

Mr. Dubinin, like Soviet officials in Moscow, said there was "absolutely no linkage" between the Soviet emigration bill and recent events in Eastern Europe, where thousands of East Germans have fled their country. He noted that the bill liberalizing Soviet emigration procedures was introduced in the Soviet Parliament in August.

But, American officials said the Soviets displayed no sense of urgency about the legislation until this month.

By evening, the storm-isolated Mr. Bush provided a graphic display of nature's power to disrupt the best laid plans of superpowers. Even so, the ranking diplomats would not allow any dampening of their estimate of the day's import.

"A good beginning," Secretary of States James A. Baker 3d said. His Soviet counterpart, Foreign Minister Eduard A. Shevardnadze, described the crimped summit as of "fundamental significance for world politics."

Before the sea washed over the agenda, the two leaders managed five hours

of morning and luncheon meetings aboard the Gorky, including "one on one" discussion of more than an hour in which they were free of ministers and attended only by note-takers and translators.

"The meetings were marked by a spirit of forward-looking cooperation during these increasingly changing times," the White House said in a printed statement. "They recognized that economic and political challenges were ahead for Eastern Europe, and vowed to consider the opportunities presented with sensitivity and firm initiative."

Mr. Bush was described by the White House as finding the opening session "extremely productive." He talked for more than an hour at the first meeting, raising "more than a dozen ideas for economic and political progress in U.S.-Soviet relations," according to the White House.

Mr. Gorbachev then spoke about his perestroika plans for renewing Soviet economic and political life. Whereupon Mr. Bush "emphasized his support for the success of perestroika," the White House said.

Officials of the White House and Kremlin made plans to revise the sec-

ond day of scheduled talks on Sunday. But the lashing weather remained an uncertain factor into the night, with 16-foot waves raging just beyond the summit scene in the Marsaxlokk harbor of Malta.

Navy officials insisted that the winds must subside considerably before Mr. Bush attempts any more harbor trips in the Belknap's 40-foot motor launch. The launch had bobbed and rolled its way back to the Belknap after the morning discussions, with the President, a former Navy man, seeming to enjoy the roll.

The two Presidents made light of the weather as they met and shook hands at 10:05 A.M. on the Maxim Gorky. The Gorky became a backup meeting scene when the rising morning seas already had a heavy roll under the Belknap and her Soviet counterpart, the Slava, the cruisers where the talks were originally planned to take place.

Officials at the Table

"Let's go to work," a beaming Mr. Bush said after a few minutes of small talk and photo posing.

"We will be discussing everything," Mr. Gorbachev said minutes later as they sat down with aides in the Gorky's

card room, a spacious library-like room decorated in mauve tones.

The group at the table included Secretary Baker, Mr. Shevardnadze and other ranking advisers. Mr. Gorbachev was flanked by his Foreign Minister and Aleksandr N. Yakovlev, the Politburo member who is the Soviet leader's closest aide. Also there were Defense Minister Sergei F. Akhromeyev and Anatoly I. Dobrynin, the former Ambassador to the United States.

Mr. Bush's party included his chief of staff, John H. Sununu; Brent Scowcroft, the national security adviser; Paul D. Wolfowitz, Under Secretary of Defense for Policy; and Robert Zoellick, counsellor to Mr. Baker.

The summit meeting opened against a backdrop of sweeping popular demands in East Europe for democratization and an end to hard-line Communist rule.

This was on the agenda, but only mentioned briefly in a summary of the morning session.

When Mr. Bush cast off from the Gorky more than five hours after coming aboard, he had finished almost continuous discussions with Mr. Gorbachev that lasted through a luncheon meeting, according to the White House.

Bush Gives Gorbachev Economic and Arms Proposals

OLCXXXIX . . . No. 48,073

REMOVAL OF CURBS ON TRADE IS URGED

President Is Offering Normal Tariff Status and an End to Chemical Arms Output

By FRANCIS X. CLINES

Special to The New York Times

VALLETTA, Malta, Dec. 2 — President Bush today offered a sweeping array of more than a dozen economic and arms proposals to President Mikhail S. Gorbachev as they began their summit meeting, including an end to cold war trade restrictions.

Mr. Bush, meeting the Soviet leader on a gale-lashed day, proposed that immediate negotiations on a trade agreement, including giving normal tariff treatment to the Soviet Union, should begin once the Kremlin codifies new liberal emigration policy into law, according to White House officials.

The American official did not say what proposals, if any, Mr. Gorbachev had offered, and no Soviet spokesman went into any detail on the first round of the scheduled two days of talks.

Storm Forces a Cancellation

The storm caused the two sides to cancel an afternoon session and an evening dinner because Mr. Bush could not travel from his base on an American warship to a Soviet ship 1,000 yards away.

The White House officials, speaking anonymously, said that in five hours of shipboard meetings with the Soviet President, Mr. Bush had indicated that Washington would support granting the Soviets observer status at the General Agreement on Tariffs and Trade, the Western-dominated international trade organization, once the current round of talks in Uruguay ends by the end of next year. Such status would amount to giving the Soviets an entry to the Western trading community.

On arms control, Mr. Bush reportedly offered to drop his resistance to ending production of binary chemical weapons in return for Soviet acceptance of his arms proposals at the United Nations in September.

June Summit Date Proposed

The President also proposed that the Foreign Ministers of the two nations meet in Moscow in June in an effort to conclude a treaty limiting strategic nuclear weapons in time for the 1990 summit meeting, which Mr. Bush proposed be held in the last two weeks of June in Washington.

"The President came here prepared to seize the moment in the U.S.-Soviet relationship, and he thinks he has done so," a senior Administration official said after the opening talks.

A senior White House official said Mr. Gorbachev was "extremely positive" in general. He added, however, that the Soviet leader had reacted negatively when Mr. Bush said Moscow's relationship with Cuba and Nicaragua was "the single most disruptive element" in American-Soviet relations.

As Administration officials circulated tonight offering details of what they termed the "Bush initiatives," it

became clear that the White House, far from taking this summit meeting as the informal get-together previously advertised, was working hard to regain some of the public relations momentum from Mr. Gorbachev.

The Soviet leader responded to Mr. Bush's list of proposals by describing it as "tangible evidence of the President's commitment to perestroika," according to an official present at the meetings.

Mr. Bush also invited the Soviets to join in proposing that the 2004 Olympic Games be held on both sides of the Berlin wall.

In his speech to the United Nations in September, Mr. Bush proposed that the United States and the Soviet Union begin to slash their chemical weapons to a level of 20 percent of American stocks and that this be done before a worldwide ban is agreed to.

He said any worldwide treaty should call for eliminating 98 percent of American stocks over eight years. The United States would keep 2 percent until all nations able to make chemical weapons acceded to the treaty.

Despite the proposal, the Administration intended to keep open the option of producing advanced chemical weapons, known as binary, once the treaty went into effect. This would have meant amending the treaty under negotiation.

Allies of the United States objected, and today's proposal to Mr. Gorbachev seems to be a way of backing off from continued production of binary weapons. Binary weapons involve two separate chemicals that are otherwise harmless but that form a lethal poison when mixed together.

Mr. Bush proposed initiating these reductions next year even before a scheduled multinational convention on chemical weapons is concluded. A number of his summit offerings, as reported by Administration officials, seemed timed for the summit meeting next year in the United States.

Afternoon Session Canceled

The opening session of the shipboard discussions was described by the White House as "very productive, informal and substantive."

But the afternoon session and dinner had to be canceled as rough seas swept into the harbor here and pinned down Mr. Bush aboard the cruiser Belknap.

Sixty-mile-an-hour winds kept four-foot-high whitecaps between him and Mr. Gorbachev, who rested easier aboard the larger Soviet cruise liner, Maxim Gorky, placidly tied at dockside here, only 1,000 yards from the storm-battered Belknap.



**ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY**

O. Box Y, State Capitol
Juneau, Alaska 99811-3100
Mail Stop 3100
(907) 465-3991

May 3, 1989

MEMORANDUM

TO: Representative Mike Davis

ATTN: Shari Sirkin

FROM: Brad Pierce *BP*
Legislative Analyst

RE: Jackson-Vanik Amendment to the Federal Trade Act of 1974
Research Request 89.382

You asked for background information on the Jackson-Vanik amendment to the federal Trade Act of 1974. The major thrust of this amendment was to deny preferential treatment--under most-favored-nation (MFN) trade status--to nonmarket countries that deny free emigration to their citizens. This measure was primarily aimed at the Soviet Union and its Jewish emigration policy. Under the amendment, the president was authorized (for 18 months after enactment) to waive certain restrictions preventing a country from obtaining MFN status upon receiving assurances from a nonmarket country that its emigration practices would be substantially changed. At the end of the 18 months, the waiver could be renewed via a concurrent resolution of congress extending the president's authority for a year. If both houses rejected the resolution, the waiver would expire.

To date, the Soviet Union has never received MFN status, even though emigration of Jews has increased dramatically, particularly during the Gorbachev years. More recent congressional sanctions blocking MFN status were applied over the Soviet invasion of Afghanistan. Presently, the debate over conferring MFN status on the USSR pits American companies--particularly hi-tech firms, who see the Soviet Union as a major potential market--against political conservatives who view the concessionary terms of MFN status as giving a trade subsidy to a communist country.

Representative Davis
May 3, 1989
Page 2

A series of annotated attachments to this memorandum provide background information on the amendment and the debate surrounding its enactment. Attachment A contains an index to, and copies of, the sections of the Act affected by Jackson-Vanik (section 402 is the meat of the amendment). Attachment B contains summary descriptions of the amendment, Vanik testimony and senate action. Attachment C contains a summary of the amendment as originally proposed and an exchange of letters between Secretary of State Kissinger and Senator Jackson. The letters discuss administration objections to the amendment and the specific level of Jewish emigration from the Soviet Union necessary to comply with the intent of the measure.

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I hope this is enough information for your purposes. Please call if you have questions.

Attachments

ATTACHMENT A
Index to, and Copies of the Sections
of the Federal Trade Act of 1974 Affected
by Jackson-Vanik

Investment Company Act of 1940

- Aug. 22, 1940, ch. 686, title I, 54 Stat. 789 (Title 15, §§ 80a-1 to 80a-52)
 Aug. 10, 1954, ch. 667, title IV, §§ 401-403, 68 Stat. 689 (Title 15, §§ 80a-2, 80a-24)
 Aug. 21, 1958, Pub. L. 85-699, title III, § 307(c), 72 Stat. 694 (Title 15, § 80a-18)
 Aug. 28, 1958, Pub. L. 85-791, § 25, 72 Stat. 949 (Title 15, § 80a-42)
 June 25, 1959, Pub. L. 86-70, § 12(d), (e), 73 Stat. 143 (Title 15, §§ 80a-2, 80a-6)
 June 11, 1960, Pub. L. 86-507, § 1(14)(15), 74 Stat. 201 (Title 15, §§ 80a-8, 80a-39)
 July 12, 1960, Pub. L. 86-624, § 7(c), 74 Stat. 412 (Title 15, §§ 80a-2, 80a-6)
 July 1, 1966, Pub. L. 89-485, § 13(i), 80 Stat. 243 (Title 15, § 80a-3)
 Oct. 15, 1970, Pub. L. 91-452, title II, § 215, 84 Stat. 929 (Title 15, § 80a-41)
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Isolated Tract Act

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- Pub. L. 93-618, Title I, §§ 152, 153, Title IV, §§ 402, 407, 408, Jan. 3, 1975, 88 Stat. 2004, 2006, 2054, 2063, 2064, (Title 19, §§ 2192, 2193, 2432, 2437, 2439)

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- Pub. L. 99-500, Title I, § 101(b) [Title VIII, §§ 801 to 818], Oct. 18, 1986, 100 Stat. 1783-76 (Title 20, §§ 4501, 4501 note, 4502 to 4517)
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- Pub. L. 94-118, Oct. 20, 1975, 89 Stat. 603 (Title 22, §§ 2901-2906)
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Pub. L. 99-272, Title XIII, §§ 13024, 13032, Apr. 7, 1986, 100 Stat. 308, 310 (Title 19, § 58b)

Trade Agreements Act

June 12, 1934, ch. 474, §§ 1-4, 48 Stat. 943 (Title 19, §§ 1001, 1201, 1351-1354)

or resolution is in favor of any such motion or appeal, the time in opposition thereto, shall be controlled by the minority leader or his designee. Such leaders, or either of them, may, from time under their control on the passage of an implementing bill or approval resolution, allot additional time to any Senator during the consideration of any debatable motion or appeal.

(4) A motion in the Senate to further limit debate is not debatable. A motion to recommit an implementing bill or approval resolution is not in order.

SEC. 152. RESOLUTIONS DISAPPROVING CERTAIN ACTIONS.

(a) Contents of Resolutions.—

(1) For purposes of this section, the term "resolution" means only—

(A) a concurrent resolution of the two Houses of the Congress, the matter after the resolving clause of which is as follows: "That the Congress does not approve _____ transmitted to the Congress on _____", the first blank space being filled in accordance with paragraph (2) and the second blank space being filled with the appropriate date; and

(B) a resolution of either House of the Congress, the matter after the resolving clause of which is as follows: "That the _____ does not approve _____ transmitted to the Congress on _____", with the first blank space being filled with the name of the resolving House, the second blank space being filled in accordance with paragraph (3), and the third blank space being filled with the appropriate date.

(2) The first blank space referred to in paragraph (1)(A) shall be filled as follows:

(A) in the case of a resolution referred to in section 203 (c), with the phrase "the action taken by, or the determination of, the President under section 203 of the Trade Act of 1974"; and

(B) in the case of a resolution referred to in section 302(b), with the phrase "the action taken by the President under section 301 of the Trade Act of 1974".

(3) The second blank space referred to in paragraph (1)(B) shall be filled as follows:

(A) in the case of a resolution referred to in section 303 (e) of the Tariff Act of 1930, with the phrase "the determination of the Secretary of the Treasury under section 303(d) of the Tariff Act of 1930";

(B) in the case of a resolution referred to in section 407(c)(2), with the phrase "the extension of nondiscriminatory treatment with respect to the products of _____" (with this blank space being filled with the name of the country involved); and

ferred, or after such committee or committees have been discharged from further consideration of such bill.

(3) For purposes of paragraphs (1) and (2), in computing a number of days in either House, there shall be excluded any day on which that House is not in session.

(f) Floor Consideration in the House.—

(1) A motion in the House of Representatives to proceed to the consideration of an implementing bill or approval resolution shall be highly privileged and not debatable. An amendment to the motion shall not be in order, nor shall it be in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(2) Debate in the House of Representatives on an implementing bill or approval resolution shall be limited to not more than 20 hours, which shall be divided equally between those favoring and those opposing the bill or resolution. A motion further to limit debate shall not be debatable. It shall not be in order to move to recommit an implementing bill or approval resolution or to move to reconsider the vote by which an implementing bill or approval resolution is agreed to or disagreed to.

(3) Motions to postpone, made in the House of Representatives with respect to the consideration of an implementing bill or approval resolution, and motions to proceed to the consideration of other business, shall be decided without debate.

(4) All appeals from the decisions of the Chair relating to the application of the Rules of the House of Representatives to the procedure relating to an implementing bill or approval resolution shall be decided without debate.

(5) Except to the extent specifically provided in the preceding provisions of this subsection, consideration of an implementing bill or approval resolution shall be governed by the Rules of the House of Representatives applicable to other bills and resolutions in similar circumstances.

(g) Floor Consideration in the Senate.—

(1) A motion in the Senate to proceed to the consideration of an implementing bill or approval resolution shall be privileged and not debatable. An amendment to the motion shall not be in order, nor shall it be in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(2) Debate in the Senate on an implementing bill or approval resolution, and all debatable motions and appeals in connection therewith, shall be limited to not more than 20 hours. The time shall be equally divided between, and controlled by, the majority leader and the minority leader or their designees.

(3) Debate in the Senate on any debatable motion or appeal in connection with an implementing bill or approval resolution shall be limited to not more than 1 hour, to be equally divided between, and controlled by, the mover and the manager of the bill or resolution, except that in the event the manager of the bill

(C) in the case of a resolution referred to in section 407(c)(3), with the phrase "the report of the President submitted under section _____ of the Trade Act of 1974 with respect to _____" (with the first blank space being filled with "402(b)" or "409(b)", as appropriate, and the second blank space being filled with the name of the country involved).

(b) **Reference to Committees.**—All resolution introduced in the House of Representatives shall be referred to the Committee on Ways and Means and all resolutions introduced in the Senate shall be referred to the Committee on Finance.

(c) **Discharge of Committees.**—

(1) If the committee of either House to which a resolution has been referred has not reported it at the end of 30 days after its introduction, not counting any day which is excluded under section 153(b), it is in order to move either to discharge the committee from further consideration of the resolution or to discharge the committee from further consideration of any other resolution introduced with respect to the same matter, except no motion to discharge shall be in order after the committee has reported a resolution with respect to the same matter.

(2) A motion to discharge under paragraph (1) may be made only by an individual favoring the resolution, and is highly privileged in the House and privileged in the Senate; and debate thereon shall be limited to not more than 1 hour; the time to be divided in the House equally between those favoring and those opposing the resolution, and to be divided in the Senate equally between, and controlled by, the majority leader and the minority leader or their designees. An amendment to the motion is not in order, and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(d) **Floor Consideration in the House.**—

(1) A motion in the House of Representatives to proceed to the consideration of a resolution shall be highly privileged and not debatable. An amendment to the motion shall not be in order, nor shall it be in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(2) Debate in the House of Representatives on a resolution shall be limited to not more than 20 hours, which shall be divided equally between those favoring and those opposing the resolution. A motion further to limit debate shall not be debatable. No amendment to, or motion to recommit, the resolution shall be in order. It shall not be in order to move to reconsider the vote by which a resolution is agreed to or disagreed to.

(3) Motions to postpone, made in the House of Representatives with respect to the consideration of a resolution, and motions to proceed to the consideration of other business, shall be decided without debate.

(4) All appeals from the decisions of the Chair relating to the application of the Rules of the House of Representatives

to the procedure relating to a resolution shall be decided without debate.

(5) Except to the extent specifically provided in the preceding provisions of this subsection, consideration of a resolution in the House of Representatives shall be governed by the Rules of the House of Representatives applicable to other resolutions in similar circumstances.

(e) Floor Consideration in the Senate.—

(1) A motion in the Senate to proceed to the consideration of a resolution shall be privileged. An amendment to the motion shall not be in order, nor shall it be in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(2) Debate in the Senate on a resolution, and all debatable motions and appeals in connection therewith, shall be limited to not more than 20 hours, to be equally divided between, and controlled by, the majority leader and the minority leader or their designees.

(3) Debate in the Senate on any debatable motion or appeal in connection with a resolution shall be limited to not more than 1 hour, to be equally divided between, and controlled by, the mover and the manager of the resolution, except that in the event the manager of the resolution is in favor of any such motion or appeal, the time in opposition thereto, shall be controlled by the minority leader or his designee. Such leaders, or either of them, may, from time under their control on the passage of a resolution, allot additional time to any Senator during the consideration of any debatable motion or appeal.

(4) A motion in the Senate to further limit debate on a resolution, debatable motion, or appeal is not debatable. No amendment to, or motion to recommit, a resolution is in order in the Senate.

(f) Special Rule for Concurrent Resolutions.—In the case of a resolution described in subsection (a)(1), if prior to the passage by one House of a resolution of that House, that House receives a resolution with respect to the same matter from the other House, then—

(1) the procedure in that House shall be the same as if no resolution had been received from the other House; but

(2) the vote on final passage shall be on the resolution of the other House.

SEC. 153. RESOLUTIONS RELATING TO EXTENSION OF WAIVER AUTHORITY UNDER SECTION 402.

(a) Contents of Resolutions.—For purposes of this section, the term "resolution" means only—

(1) a concurrent resolution of the two Houses of the Congress, the matter after the resolving clause of which is as follows: "That the Congress approves the extension of the authority contained in section 402(c)(1) of the Trade Act of 1974 recommended by the President to the Congress on _____, except with respect to _____", with the first blank space being

filled with the appropriate date and the second blank space being filled with the names of those countries, if any, with respect to which such extension of authority is not approved, and with the except clause being omitted if there is no such country; and

(2) a resolution of either House of the Congress, the matter after the resolving clause of which is as follows: "That the _____ does not approve the extension of the authority contained in section 402(c) of the Trade Act of 1974 recommended by the President to the Congress on _____ with respect to _____", with the first blank space being filled with the name of the resolving House, the second blank space being filled with the appropriate date, and the third blank space being filled with the names of those countries, if any, with respect to which such extension of authority is not approved, and with the with-respect-to clause being omitted if the extension of the authority is not approved with respect to any country.

(b) Application of Rules of Section 152; Exceptions.—

(1) Except as provided in this section, the provisions of section 152 shall apply to resolutions described in subsection (a).

(2) In applying section 152(c)(1), all calendar days shall be counted, and, in the case of a resolution related to section 402(d)(4), 20 calendar days shall be substituted for 30 days.

(3) That part of section 152(d)(2) which provides that no amendment is in order shall not apply to any amendment to a resolution which is limited to striking out or inserting the names of one or more countries or to striking out or inserting an except clause, in the case of a resolution described in subsection (a)(1), or a with-respect-to clause, in the case of a resolution described in subsection (a)(2). Debate in the House of Representatives on any amendment to a resolution shall be limited to not more than 1 hour which shall be equally divided between those favoring and those opposing the amendment. A motion in the House to further limit debate on an amendment to a resolution is not debatable.

(4) That part of section 152(e)(4) which provides that no amendment is in order shall not apply to any amendment to a resolution which is limited to striking out or inserting the names of one or more countries or to striking out or inserting an except clause, in the case of a resolution described in subsection (a)(1), or a with-respect-to clause, in the case of a resolution described in subsection (a)(2). The time limit on a debate on a resolution in the Senate under section 152(e)(2) shall include all amendments to a resolution. Debate in the Senate on any amendment to a resolution shall be limited to not more than 1 hour, to be equally divided between, and controlled by, the mover and the manager of the resolution, except that in the event the manager of the resolution is in favor of any such amendment, the time in opposition thereto shall be controlled by the minority leader or his designee. The majority leader and minor-

ity leader may, from time under their control on the passage of a resolution, allot additional time to any Senator during the consideration of any amendment. A motion in the Senate to further limit debate on an amendment to a resolution is not debatable.

(c) Consideration of Second Resolution Not in Order.—It shall not be in order in either the House of Representatives or the Senate to consider a resolution with respect to a recommendation of the President under section 402(d) (other than a resolution described in subsection (a)(1) received from the other House), if that House has adopted a resolution with respect to the same recommendation.

SEC. 154. SPECIAL RULES RELATING TO CONGRESSIONAL PROCEDURES.

(a) Whenever, pursuant to section 102(e), 203(b), 302(a), 402(d), or 407(a) or (b), or section 303(e), of the Tariff Act of 1930, a document is required to be transmitted to the Congress, copies of such document shall be delivered to both Houses of Congress on the same day and shall be delivered to the Clerk of the House of Representatives if the House is not in session and to the Secretary of the Senate if the Senate is not in session.

(b) For purposes of sections 203(c), 302(b), 407(c)(2), and 407(c)(3), the 90-day period referred to in such sections shall be computed by excluding—

- (1) the days on which either House is not in session because of an adjournment of more than 3 days to a day certain or an adjournment of the Congress sine die, and
- (2) any Saturday and Sunday, not excluded under paragraph (1), when either House is not in session.

CHAPTER 6—CONGRESSIONAL LIAISON AND REPORTS

SEC. 161. CONGRESSIONAL DELEGATES TO NEGOTIATIONS.

(a) At the beginning of each regular session of Congress, the Speaker of the House of Representatives, upon the recommendation of the chairman of the Committee on Ways and Means, shall select five members (not more than three of whom are members of the same political party) of such committee, and the President pro tempore of the Senate, upon the recommendation of the chairman of the Committee on Finance, shall select five members (not more than three of whom are members of the same political party) of such committee, who shall be accredited by the President as official advisers to the United States delegations to international conferences, meetings, and negotiation sessions relating to trade agreements.

(b)(1) The Special Representative for Trade Negotiation shall keep each official adviser currently informed on United States negotiating objectives, the status of negotiations in progress, and the nature of any changes in domestic law or the administration thereof

and entire compensation in an action before the Court of Claims pursuant to the procedures of section 1498 of title 28, United States Code.

"(j) **Definition of United States.**—For purposes of this section and sections 338 and 340, the term 'United States' means the customs territory of the United States as defined in general headnote 2 of the Tariff Schedules of the United States."

(b) Section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)) is amended by adding at the end thereof the following new sentence: "Each such annual report shall include a list of all complaints filed under section 337 during the year for which such report is being made, the date on which each such complaint was filed, and the action taken thereon, and the status of all investigations conducted by the commission under such section during such year and the date on which each such investigation was commenced."

(c) The amendments made by this section shall take effect on the 90th day after the date of the enactment of this Act, except that, for purposes of issuing regulations under section 337 of the Tariff Act of 1930, such amendments shall take effect on the date of the enactment of this Act. For purposes of applying section 337(b) of the Tariff Act of 1930 (as amended by subsection (a)) with respect to investigations being conducted by the International Trade Commission under section 337 of the Tariff Act on the day prior to the 90th day after the date of the enactment of this Act, such investigations shall be considered as having been commenced on such 90th day.

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

SEC. 401. EXCEPTION OF THE PRODUCTS OF CERTAIN COUNTRIES OR AREAS.

Except as otherwise provided in this title, the President shall continue to deny nondiscriminatory treatment to the products of any country, the products of which were not eligible for the rates set forth in rate column numbered 1 of the Tariff Schedules of the United States on the date of the enactment of this Act.

SEC. 402. FREEDOM OF EMIGRATION IN EAST-WEST TRADE.

(a) To assure the continued dedication of the United States to fundamental human rights, and notwithstanding any other provision of law, on or after the date of the enactment of this Act products from any nonmarket economy country shall not be eligible to receive nondiscriminatory treatment (most-favored-nation treatment), such country shall not participate in any program of the Government of the United States which extends credits or credit guarantees or investment guarantees, directly or indirectly, and the President of the United States shall not conclude any commercial agreement with any

such country, during the period beginning with the date on which the President determines that such country—

- (1) denies its citizens the right or opportunity to emigrate;
- (2) imposes more than a nominal tax on emigration or on the visas or other documents required for emigration, for any purpose or cause whatsoever; or
- (3) imposes more than a nominal tax, levy, fine, fee, or other charge on any citizen as a consequence of the desire of such citizen to emigrate to the country of his choice,

and ending on the date on which the President determines that such country is no longer in violation of paragraph (1), (2), or (3).

(b) After the date of the enactment of this Act, (A) products of a nonmarket economy country may be eligible to receive nondiscriminatory treatment (most-favored-nation treatment), (B) such country may participate in any program of the Government of the United States which extends credits or credit guarantees or investment guarantees, and (C) the President may conclude a commercial agreement with such country, only after the President has submitted to the Congress a report indicating that such country is not in violation of paragraph (1), (2), or (3) of subsection (a). Such report with respect to such country shall include information as to the nature and implementation of emigration laws and policies and restrictions or discrimination applied to or against persons wishing to emigrate. The report required by this subsection shall be submitted initially as provided herein and, with current information, on or before each June 30 and December 31 thereafter so long as such treatment is received, such credits or guarantees are extended, or such agreement is in effect.

(c)(1) During the 18-month period beginning on the date of the enactment of this Act, the President is authorized to waive by Executive order the application of subsection (a) and (b) with respect to any country, if he reports to the Congress that—

- (A) he has determined that such waiver will substantially promote the objectives of this section; and
- (B) he has received assurances that the emigration practices of that country will henceforth lead substantially to the achievement of the objectives of this section.

(2) During any period subsequent to the 18-month period referred to in paragraph (1), the President is authorized to waive by Executive order the application of subsections (a) and (b) with respect to any country, if the waiver authority granted by this subsection continues to apply to such country pursuant to subsection (d), and if he reports to the Congress that—

- (A) he has determined that such waiver will substantially promote the objectives of this section; and
- (B) he has received assurances that the emigration practices of that country will henceforth lead substantially to the achievement of the objectives of this section.

(3) A waiver with respect to any country shall terminate on the day after the waiver authority granted by this subsection ceases to be effective with respect to such country pursuant to subsection (d). The President may, at any time, terminate by Executive order any waiver granted under this subsection.

(d)(1) If the President determines that the extension of the waiver authority granted by subsection (c)(1) will substantially promote the objectives of this section, he may recommend to the Congress that such authority be extended for a period of 12 months. Any such recommendation shall—

(A) be made not later than 30 days before the expiration of such authority;

(B) be made in a document transmitted to the House of Representatives and the Senate setting forth his reasons for recommending the extension of such authority; and

(C) include, for each country with respect to which a waiver granted under subsection (c)(1) is in effect, a determination that continuation of the waiver applicable to that country will substantially promote the objectives of this section, and a statement setting forth his reasons for such determination.

(2) If the President recommends under paragraph (1) the extension of the waiver authority granted by subsection (c)(1), such authority shall continue in effect with respect to any country for a period of 12 months following the end of the 18-month period referred to in subsection (c)(1), if, before the end of such 18-month period, the House of Representatives and the Senate adopt, by an affirmative vote of a majority of the Members present and voting in each House and under the procedures set forth in section 153, a concurrent resolution approving the extension of such authority, and such resolution does not name such country as being excluded from such authority. Such authority shall cease to be effective with respect to any country named in such concurrent resolution on the date of the adoption of such concurrent resolution. If before the end of such 18-month period, a concurrent resolution approving the extension of such authority is not adopted by the House and the Senate, but both the House and Senate vote on the question of final passage of such a concurrent resolution and—

(A) both the House and the Senate fail to pass such a concurrent resolution, the authority granted by subsection (c)(1) shall cease to be effective with respect to all countries at the end of such 18-month period;

(B) both the House and the Senate pass such a concurrent resolution which names such country as being excluded from such authority, such authority shall cease to be effective with respect to such country at the end of such 18-month period; or

(C) one House fails to pass such a concurrent resolution and the other House passes such a concurrent resolution which names such country as being excluded from such authority, such

authority shall cease to be effective with respect to such country at the end of such 18-month period.

(3) If the President recommends under paragraph (1) the extension of the waiver authority granted by subsection (c)(1), and at the end of the 18-month period referred to in subsection (c)(1) the House of Representatives and the Senate have not adopted a concurrent resolution approving the extension of such authority and subparagraph (A) of paragraph (2) does not apply, such authority shall continue in effect for a period of 60 days following the end of such 18-month period with respect to any country (except for any country with respect to which such authority was not extended by reason of the application of subparagraph (B) or (C) of paragraph (2)), and shall continue in effect for a period of 12 months following the end of such 18-month period with respect to any such country if, before the end of such 60-day period, the House of Representatives and the Senate adopt, by an affirmative vote of a majority of the Members present and voting in each House and under the procedures set forth in section 153, a concurrent resolution approving the extension of such authority, and such resolution does not name such country as being excluded from such authority. Such authority shall cease to be effective with respect to any country named in such concurrent resolution on the date of the adoption of such concurrent resolution. If before the end of such 60-day period, a concurrent resolution approving the extension of such authority is not adopted by the House and Senate, but both the House and Senate vote on the question of final passage of such a concurrent resolution and—

(A) both the House and the Senate fail to pass such a concurrent resolution, the authority granted by subsection (c)(1) shall cease to be effective with respect to all countries on the date of the vote on the question of final passage by the House which votes last;

(B) both the House and the Senate pass such a concurrent resolution which names such country as being excluded from such authority, such authority shall cease to be effective with respect to such country at the end of such 60-day period; or

(C) one House fails to pass such a concurrent resolution and the other House passes such a concurrent resolution which names such country as being excluded from such authority, such authority shall cease to be effective with respect to such country at the end of such 60-day period.

(4) If the President recommends under paragraph (1) the extension of the waiver authority granted by subsection (c)(1), and at the end of the 60-day period referred to in paragraph (3) the House of Representatives and the Senate have not adopted a concurrent resolution approving the extension of such authority and subparagraph (A) of paragraph (3) does not apply, such authority shall continue in effect until the end of the 12-month period following the end of the 18-month period referred to in subsection (c)(1) with respect to

any country (except for any country with respect to which such authority was not extended by reason of the application of subparagraph (B) or (C) of paragraph (2) or subparagraph (B) or (C) of paragraph (3)), unless before the end of the 45-day period following such 60-day period either the House of Representatives or the Senate adopts, by an affirmative vote of a majority of the Members present and voting in that House and under the procedures set forth in section 153, a resolution disapproving the extension of such authority generally or with respect to such country specifically. Such authority shall cease to be effective with respect to all countries on the date of the adoption by either House before the end of such 45-day period of a resolution disapproving the extension of such authority, and shall cease to be effective with respect to any country on the date of the adoption by either House before the end of such 45-day period of a resolution disapproving the extension of such authority with respect to such country.

(5) If the waiver authority granted by subsection (c) has been extended under paragraph (3) or (4) for any country for the 12-month period referred to in such paragraphs, and the President determines that the further extension of such authority will substantially promote the objectives of this section, he may recommend further extensions of such authority for successive 12-month periods. Any such recommendations shall—

(A) be made not later than 30 days before the expiration of such authority;

(B) be made in a document transmitted to the House of Representatives and the Senate setting forth his reasons for recommending the extension of such authority; and

(C) include, for each country with respect to which a waiver granted under subsection (c) is in effect, a determination that continuation of the waiver applicable to that country will substantially promote the objectives of this section, and a statement setting forth his reasons for such determination.

If the President recommends the further extension of such authority, such authority shall continue in effect until the end of the 12-month period following the end of the previous 12-month extension with respect to any country (except for any country with respect to which such authority has not been extended under this subsection), unless before the end of the 60-day period following such previous 12-month extension, either the House of Representatives or the Senate adopts, by an affirmative vote of a majority of the Members present and voting in that House and under the procedures set forth in section 153, a resolution disapproving the extension of such authority generally or with respect to such country specifically. Such authority shall cease to be effective with respect to all countries on the date of the adoption by either House before the end of such 60-day period of a resolution disapproving the extension of such authority, and shall cease to be effective with respect to any country on the date of the adoption by either House before the end of such 60-day period of a resolution

disapproving the extension of such authority with respect to such country.

(e) This section shall not apply to any country the products of which are eligible for the rates set forth in rate column numbered 1 of the Tariff Schedules of the United States on the date of the enactment of this Act.

SEC. 403. UNITED STATES PERSONNEL MISSING IN ACTION IN SOUTHEAST ASIA.

(a) Notwithstanding any other provision of law, if the President determines that a nonmarket economy country is not cooperating with the United States—

(1) to achieve a complete accounting of all United States military and civilian personnel who are missing in action in Southeast Asia,

(2) to repatriate such personnel who are alive, and

(3) to return the remains of such personnel who are dead to the United States,

then, during the period beginning with the date of such determination and ending on the date on which the President determines such country is cooperating with the United States, he may provide that—

(A) the products of such country may not receive nondiscriminatory treatment,

(B) such country may not participate, directly or indirectly, in any program under which the United States extends credit, credit guarantees, or investment guarantees, and

(C) no commercial agreement entered into under this title between such country and the United States will take effect.

(b) This section shall not apply to any country the products of which are eligible for the rates set forth in rate column numbered 1 of the Tariff Schedules of the United States on the date of the enactment of this Act.

SEC. 404. EXTENSION OF NONDISCRIMINATORY TREATMENT.

(a) Subject to the provisions of section 405(c), the President may by proclamation extend nondiscriminatory treatment to the products of a foreign country which has entered into a bilateral commercial agreement referred to in section 405.

(b) The application of nondiscriminatory treatment shall be limited to the period of effectiveness of the obligations of the United States to such country under such bilateral commercial agreement. In addition, in the case of any foreign country receiving nondiscriminatory treatment pursuant to this title which has entered into an agreement with the United States regarding the settlement of lend-lease reciprocal aid and claims, the application of such nondiscriminatory treatment shall be limited to periods during which such country is not in arrears on its obligations under such agreement.

(c) The President may at any time suspend or withdraw any extension of nondiscriminatory treatment to any country pursuant to subsection (a), and thereby cause all products of such country to be

rapidly, either absolutely or relatively, so as to be a significant cause of material injury, or threat thereof, to such domestic industry.

SEC. 407. PROCEDURE FOR CONGRESSIONAL APPROVAL OR DISAPPROVAL OF EXTENSION OF NONDISCRIMINATORY TREATMENT AND PRESIDENTIAL REPORTS.

(a) Whenever the President issues a proclamation under section 404 extending nondiscriminatory treatment to the products of any foreign country, he shall promptly transmit to the House of Representatives and to the Senate a document setting forth the proclamation and the agreement the proclamation proposes to implement, together with his reasons therefor.

(b) The President shall transmit to the House of Representatives and the Senate a document containing the initial report submitted by him under section 402(b) or 409(b) with respect to a nonmarket economy country. On or before December 31 of each year, the President shall transmit to the House of Representatives and the Senate, a document containing the report required by section 402(b) or 409(b) as the case may be, to be submitted on or before such December 31.

(c)(1) In the case of a document referred to in subsection (a) (other than a document to which paragraph (2) applies), the proclamation set forth therein may become effective and the agreement set forth therein may enter into force and effect only if the House of Representatives and the Senate adopt, by an affirmative vote of a majority of those present and voting in each House, a concurrent resolution of approval (under the procedures set forth in section 151) of the extension of nondiscriminatory treatment to the products of the country concerned.

(2) In the case of a document referred to in subsection (a) which sets forth an agreement entered into before the date of the enactment of this Act and a proclamation implementing such agreement, such proclamation may become effective and such agreement may enter into force and effect after the close of the 90-day period beginning on the day on which such document is delivered to the House of Representatives and to the Senate, unless during such 90-day period either the House of Representatives or the Senate adopts, by an affirmative vote of a majority of those present and voting in that House, a resolution of disapproval (under the procedures set forth in section 152) of the extension of nondiscriminatory treatment to the products of the country concerned.

(3) In the case of a document referred to in subsection (b) which contains a report submitted by the President under section 402(b) or 409(b) with respect to a nonmarket economy country, if, before the close of the 90-day period beginning on the day on which such document is delivered to the House of Representatives and to the Senate, either the House of Representatives or the Senate adopts, by an affirmative vote of a majority of those present and voting in that

House, a resolution of disapproval (under the procedures set forth in section 152) of the report submitted by the President with respect to such country, then, beginning with the day after the date of the adoption of such resolution of disapproval, (A) nondiscriminatory treatment shall not be in force with respect to the products of such country, and the products of such country shall be dutiable at the rates set forth in rate column numbered 2 of the Tariff Schedules of the United States, (B) such country may not participate in any program of the Government of the United States which extends credits or credit guarantees or investment guarantees, and (C) no commercial agreement may thereafter be concluded with such country under this title.

SEC. 408. PAYMENT BY CZECHOSLOVAKIA OF AMOUNTS OWED UNITED STATES CITIZENS AND NATIONALS.

(a) The arrangement initialed on July 5, 1974, with respect to the settlement of the claims of citizens and nationals of the United States against the Government of Czechoslovakia shall be renegotiated and shall be submitted to the Congress as part of any agreement entered into under this title with Czechoslovakia.

(b) The United States shall not release any gold belonging to Czechoslovakia and controlled directly or indirectly by the United States pursuant to the provisions of the Paris Reparations Agreement of January 24, 1946, or otherwise, until such agreement has been approved by the Congress.

SEC. 409. FREEDOM TO EMIGRATE TO JOIN A VERY CLOSE RELATIVE IN THE UNITED STATES.

(a) To assure the continued dedication of the United States to the fundamental human rights and welfare of its own citizens, and notwithstanding any other provision of law, on or after the date of the enactment of this Act, no nonmarket economy country shall participate in any program of the Government of the United States which extends credits or credit guarantees or investment guarantees, directly or indirectly, and the President of the United States shall not conclude any commercial agreement with any such country, during the period beginning with the date on which the President determines that such country—

(1) denies its citizens the right or opportunity to join permanently through emigration, a very close relative in the United State,^{25a} such as a spouse, parent, child, brother, or sister;

(2) imposes more than a nominal tax on the visas or other documents required for emigration described in paragraph (1); or

(3) imposes more than a nominal tax, levy, fine, fee, or other charge on any citizen as a consequence of the desire of such citizen to emigrate as described in paragraph (1),

and ending on the date on which the President determines that such country is no longer in violation of paragraph (1), (2), or (3).

(b) After the date of the enactment of this Act, (A) a nonmarket economy country may participate in any program of the Government of the United States which extends credits or credit guarantees or investment guarantees, and (B) the President may conclude a commercial agreement with such country, only after the President has submitted to the Congress a report indicating that such country is not in violation of paragraph (1), (2), or (3) of subsection (a). Such report with respect to such country shall include information as to the nature and implementation of its laws and policies and restrictions or discrimination applied to or against persons wishing to emigrate to the United States to join close relatives. The report required by this subsection shall be submitted initially as provided herein and, with current information, on or before each June 30 and December 31 thereafter, so long as such credits or guarantees are extended or such agreement is in effect.

(c) This section shall not apply to any country the products of which are eligible for the rates set forth in rate column numbered 1 of the Tariff Schedules of the United States on the date of enactment of this Act.

(d) During any period that a waiver is in effect with respect to any nonmarket economy country under section 402(c), the provisions of subsections (a) and (b) shall not apply with respect to such country.

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

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

SEC. 411. EAST-WEST FOREIGN TRADE BOARD.

(a) The President shall establish an East-West Foreign Trade Board (hereinafter referred to as the "Board") to monitor trade between persons and agencies of the United States Government and nonmarket economy countries or instrumentalities of such countries to insure that such trade will be in the national interest of the United States.

ATTACHMENT B
Summary Description of Amendment, Summary of Senate
Action with Respect to Jackson Amendment, Summary of Vanik
Testimony and Proposed Jackson-Vanik Amendment

Amendment	Bill page No.	Description of amendment
370— Con.		(9) Amends Section 337(c) of the Tariff Act to require the Commission to notify the Secretary of the Treasury promptly whenever it has reason to believe during its investigation that there may be a violation of the countervailing duty law or antidumping act. (10) Amends the Tariff Act to require that each annual report by the Commission to the Congress include a list of all Section 337 complaints filed during the year, their dates, action taken and the status of investigations and the dates they began.
TITLE IV.—TRADE RELATIONS WITH COUNTRIES NOT CURRENTLY RECEIVING NONDISCRIMINATORY TREATMENT		
371-374		Replaces "Enjoying" in title with "Currently Receiving."
375		Authorizes the President to waive, under certain circumstances, the freedom of emigration requirements of Section 402 for Communist countries not currently receiving MFN treatment. The President could waive the freedom of emigration requirements for 18 months from the date of enactment of the bill for any such country after receiving assurances that the emigration practices of that country will lead substantially to the achievement of the objectives of Section 402. The President may extend the waiver at the end of the 18-month period and every year thereafter, subject to a Congressional veto by a majority of either House. (Jackson floor amendment 3000 adopted by a vote of 88 to 6.)
376-377 378		Technical, conforming, or clerical. Adds a condition to the extension of nondiscriminatory treatment, participation in U.S. Government credit or credit or investment guarantee programs, and implementation of a bilateral commercial agreement on the President submitting a report to the Congress indicating that the country is cooperating with the United States to account for all U.S. personnel missing in action in Southeast Asia, to repatriate alive personnel, and to return the remains of the dead. The report must include information on the nature

country was eligible for MFN status. Additionally, any country denying its citizens the right to emigrate would be prohibited from receiving U.S. government credits and credit or investment guarantees from the Export-Import Bank and the Commodity Credit Corp., and prohibited from signing a bilateral trade agreement with the United States. That agreement was necessary to receive MFN; membership in GATT was not enough.

After the president reported to Congress, either house could veto the extension of government credits and guarantees to a country by a majority vote within 90 days. Ex-Im Bank credits had been a major issue blocking final passage of a conference version of HR 15977, extending the bank's authorization. (*Export-Import Bank, Economic Policy Chapter*)

All future bilateral agreements between the United States and a Communist country would be subject to approval by both houses of Congress before the president could proclaim most-favored-nation status, and would be limited initially to three years, subject to renewal thereafter. The committee also included safeguards to prevent disruption of U.S. markets by imports from Communist countries.

The committee barred Czechoslovakia from receiving MFN until it paid all claims for damages awarded to U.S. citizens by the U.S. Foreign Claims Settlement Commission.

The committee also conditioned MFN treatment on a presidential determination that the country had cooperated in locating U.S. personnel missing in action in Southeast Asia.

Senate Floor Action

The Senate Dec. 13 passed HR 10710 by a 77-4 vote. (*Vote 511, p. 78-S*)

Senate passage was eased by innovative use of the Senate cloture rule to forestall potentially crippling unrelated amendments. Under Rule 22 of the Senate's Standing Rules, non-germane amendments may be ruled out of order after cloture has been invoked. In addition, each senator is limited to one hour of debate on the bill and all pending motions and amendments affecting it. While the cloture procedure is normally used to cut off debate on a bill, there had been no filibuster on HR 10710.

Before the vote on passage, the Senate added a host of amendments, including the one offered by Henry M. Jackson (D Wash.) embodying the compromise on most-favored-nation trade status for the Soviet Union and on its emigration practices. It was adopted 88-0. The Senate rejected 35-49 an amendment by Thomas J. McIntyre (D N.H.) that was protectionist in its thrust—narrowing the president's authority to reduce tariffs and duties.

Voting against HR 10710 were three Democrats—James Abourezk (S.D.), Vance Hartke (Ind.) and Lee Metcalf (Mont.)—and one Republican, James A. McClure (Idaho). Hartke said the bill "endorses the same type of unchanged policies which have been a failure in the past," he listed nine shortcomings, including the continued "export" of American jobs, capital and technology. "It is my belief that the present trade bill continues worn-out economic philosophy, and it is an element which is driving us fast down the highway toward the destruction of the western economic system," he argued.

Both the White House and Finance Committee Chairman Russell B. Long (D La.) denied press reports that Ford had agreed to sign an oil cargo preference bill (HR 8193) supported by Long in exchange for trade bill cooperation by cargo preference backers. Ford pocket vetoed HR 8193 Dec. 30. (*Story, Energy and Environment Chapter*)

Cloture Vote

The key vote on the bill came on the morning of Dec. 13 when the Senate voted 71-19 to invoke cloture on the bill. The vote, on the motion offered by acting majority leader Robert C. Byrd (D W.Va.), was 11 more than the necessary two-thirds majority. The White House's desire for passage of the bill in 1974 was evident in the cloture vote, with 34 Republicans and 37 Democrats voting to limit debate and only 4 Republicans and 15 Democrats voting against. (*Vote 505, p. 78-S*)

Before the vote, Byrd said his intent was not to limit debate but to prevent consideration of complicated but popular non-germane amendments. Some members had said they intended to offer amendments dealing with natural gas deregulation, income tax changes and the taxation of U.S. firms operating overseas. Long told the Senate that opening up the bill to even one non-germane amendment would have meant its death.

Hartke, who had planned a series of amendments on multinational taxation, objected to limiting debate before any had taken place. He said his amendments, as well as those proposed by others, while not strictly germane, were relevant to the trade bill and should be considered.

Jackson Amendment

The most significant of the provisions added on the floor was the Jackson amendment on Soviet trade status, adopted 88-0. (*Vote 509, p. 78-S*)

As reported by the Senate and as passed by the House, the bill denied most-favored-nation (MFN) trade status and credits to non-market (Communist) countries that did not permit free emigration.

Under the Jackson amendment, the president would be authorized for 18 months after the bill's enactment to waive this restriction after he received assurances from a non-market country that its emigration practices would henceforth lead substantially to free emigration, and informed Congress of his expectations on emigration. At the end of 18 months, the waiver could be renewed if Congress adopted a concurrent resolution extending the president's authority for a year. The president must request such an extension at least 30 days before the end of the 18 months. If both houses rejected the resolution, the waiver authority would expire.

If Congress did not approve or disapprove the resolution within 60 days of the expiration of the 18-month period, the waiver authority would continue unless either house, within 45 days, passed a resolution of disapproval. After the original 18-month period, the waiver could be extended at one-year intervals if the president reported to Congress that it would promote free emigration and if neither house adopted within 60 days a resolution of disapproval. If Congress did not act, the waiver would automatically be extended for another year.

Behind the Jackson amendment was the compromise announced Oct. 18 between the White House and Jackson and other members of Congress who worked with him on the emigration issue. An exchange of letters between

Jackson and Secretary of State Henry A. Kissinger released that day outlined the conditions the Soviets would have to meet in their emigration policies in order for the president to certify to Congress that their practices were leading substantially to a free emigration policy, as provided for in the waiver. Jackson said the agreement, based on assurances of Soviet leaders, assumed that the annual rate of emigration from the Soviet Union would rise from the 1973 level of about 85,000 and would in the future correspond to the number of applicants, which Jackson said exceeded 130,000. A benchmark of 60,000 annually would be considered a "minimum standard" of compliance, he said.

[On Dec. 18, the day House-Senate conferees reached agreement on the bill, the Soviet Union issued a statement denying that it had given any specific assurances that emigration policies would be eased in return for American trade concessions and refuting in particular Jackson's claim that emigration would increase. It also released the text of an Oct. 26 letter to Kissinger from Soviet Foreign Minister Andrei A. Gromyko, criticizing the Jackson-Kissinger letters as a "distorted picture of our position as well as of what we told the American side on that matter." Gromyko called the issue a wholly domestic one and said the Soviet Union expected a decrease, rather than an increase, in the number of persons wishing to emigrate.]

In Dec. 3 testimony before the Senate Finance Committee on the agreement, Kissinger had said there had been no commitments "either in form or substance" made by the Soviet Union on the issue of emigration. "...If I were to assert here that a formal agreement on emigration from the USSR exists between our governments, that statement would immediately be repudiated by the Soviet government," he said. Kissinger explained that his letter to Jackson was based on "clarifications" of Soviet emigration practices given him and President Ford by Soviet leaders. The answering letter from Jackson contained interpretations and elaborations "which were never stated to us by Soviet officials," Kissinger continued. "I cannot give you any assurance concerning the precise emigration rate that may result..." he said. He added, however, that he expected the emigration rate to correspond to the number of applications. Kissinger said the Soviet Union was the only country for which such clarifications had been received, but that discussions had been held with Romania on emigration.

McIntyre Amendment

In the only other roll-call vote on an amendment, the Senate rejected 35-49 the amendment offered by McIntyre that restricted the president's authority to reduce tariffs, duties or import restrictions. It provided that if imports of an article that is also produced in the United States exceeded 33-1/3 per cent of the domestic consumption of that item for three of the past five years, the president could not lower import restrictions on that article unless he determined the reduction would not hurt the domestic industry. (Vote 510, p. 78-S)

McIntyre said the amendment would help to provide "minimal protection" for industries suffering from high levels of imports. He and other New England senators mentioned specifically the footwear industry; he said imports had risen from 5 to 40 per cent of the domestic market since 1960, with a loss of more than 43,000 jobs.

Opponents said the amendment went too far in its impact, that it imposed too much rigidity and that the

footwear industry was adequately protected by other provisions of the bill.

Communist Nations

In actions affecting Communist countries, the Senate adopted by voice vote amendments:

• By Jesse A. Helms (R N.C.), preventing U.S. credits, investment guarantees and trade agreements with any non-market country that denied its citizens the right to emigrate to join permanently a very close relative in the United States or imposed more than nominal taxes on exit visas and procedures. Jackson said the amendment was unnecessary, that his amendment covered such situations. Helms responded that he's included Poland, which the Jackson amendment did not because it applied only to Communist countries without most-favored-nation status, and that his amendment provided executive branch accountability of a country's practices through the submission of semi-annual reports to Congress. He had modified his amendment by dropping its application to citizens wishing to visit close relatives in the United States.

• By Harry F. Byrd Jr. (Ind Va.), placing a \$300-million limitation on the aggregate amount of government loans, guarantees and insurance to Russia without prior congressional approval. A similar limitation was included in the conference report on the Export-Import Bank bill (HR 15977).

• By Pete V. Domenici (R N.M.), prohibiting any non-market country from receiving most-favored-nation status or U.S. credits and trade agreements if it failed to agree to provide regular statistics, including future estimates, on production, consumption, demand and trade of agricultural commodities or failed to live up to such agreements. It would not apply to Communist countries which already had MFN status (Poland and Yugoslavia). While the Soviet Union had signed such an agreement in 1973, Domenici said it had not fulfilled it. "...We would simply be demanding that they comply with an agreement which they have already entered into," he said, adding that U.S. ability to contend with food shortages in cooperation with other governments depended upon accurate crop and food information.

• By Walter F. Mondale (D Minn.), permitting special preference on tariffs to Communist countries that were parties to the General Agreement on Tariffs and Trade (GATT), were members of the International Monetary Fund, were eligible for MFN status and were not dominated or controlled by international communism. Mondale said the blanket prohibition on generalized preferences to Communist nations contained in the bill as reported in effect applied only to Yugoslavia and Romania and that denying preferences to them would adversely affect their economic development and U.S. relations with them.

• By Russell B. Long (D La.), to establish a 12-member East-West Foreign Trade Board, chaired by the Special Representative for Trade Negotiations, to review and control trade agreements made with non-market countries. Its decisions on agreements of more than \$5-million to one country or \$50-million to all Communist nations would be subject to congressional disapproval by concurrent resolution by either house.

Industry Protection

In actions to protect various industries from being adversely affected by imports, the Senate adopted by voice vote the following amendments:

personnel missing in Southeast Asia.

- Requiring a renegotiation of the gold issue with Czechoslovakia before MFN or a bilateral treaty could be signed and dropping an amendment giving the U.S. District Court authority to adjudicate the gold dispute.

- Permitting the president to deny MFN to countries not providing information on agricultural products, rather than the mandatory denial approved by the Senate.

Conferees also approved the establishment of an East-West Foreign Trade Board to monitor trade with Communist countries. Transactions involving more than \$50-million would be subject to congressional veto. Conferees accepted a Senate amendment limiting U.S. loans, guarantees and insurance to Communist countries to an aggregate total of \$300-million without prior congressional approval and exempting the Commodity Credit Corporation.

Conferees dropped a Senate amendment providing for the gathering of information on the overseas operations of U.S. firms.

Final Action

The House approved the conference report on HR 10710 Dec. 20 by a vote of 323-36. (*Vote 532, p. 162-H*)

Al Ullman (D Ore.), prospective chairman of the Ways and Means Committee, said the bill was a monumental piece of legislation affecting "not only the economy of the United States but of the whole world, the free world, the developing countries and the Communist world."

Charles A. Vanik (D Ohio), who had sponsored the amendment denying preferential trade to Communist nations restricting emigration, called the bill "unprecedented," saying it was the first time economic legislation took into account "some regard for the liberty and happiness of people."

Opponents of the bill argued that the conference report was being considered too hastily on the final day of the session, that it would not adequately protect American industry and workers and that the Soviet Union should not be eligible to receive preferential trading status, credits and loans.

The Senate approved the conference report the same day by a vote of 72-4, thus clearing the measure for the President. (*Vote 544, p. 83-S*)

Before final passage, it defeated by voice vote a motion by Helms to table the conference report. He objected to the conference version of his amendment on the emigration of persons joining relatives in America.

TURKISH OPIUM

Fears of a renewed flow of heroin into the United States in the wake of Turkey's July 1, 1974, announcement that it was lifting a ban on opium poppy production prompted a variety of congressional responses in 1974:

- The House Aug. 5 passed H Con Res 507, expressing the concern of Congress over the Turkish decision and directing the President to suspend all assistance to Turkey if negotiations failed to protect the United States from the importation of illegal drugs.

- The Senate July 11 adopted an amendment to the Drug Enforcement Administration authorization bill (S 3355) to bar U.S. aid to any country that permitted the production

and diversion of opium and its derivatives into illicit markets. (*Story, Crime and Judiciary Chapter*)

- The House included in its version of the Export-Import Bank bill (HR 15977), passed Aug. 21, a provision to prohibit Export-Import Bank financing for Turkey until the President reported to Congress that the Turkish government was cooperating with the United States in efforts to curtail traffic in heroin, derived from poppies grown in Turkey. (*Story, Economic Policy Chapter*)

Action on the proposals was sidetracked, however, after U.S. negotiations with Turkey produced an agreement that certain production methods would be followed that would decrease the possibility of illicit heroin entering the United States. The Senate did not act on H Con Res 507, and Senate-House conferees dropped the opium provisions from the other two bills. Proponents of an aid ban agreed to wait to see if the production controls were effective before pressing for legislation.

Meanwhile, Congress enacted other legislation to cut off U.S. military aid to Turkey in reaction to Turkey's July invasion of Cyprus with American arms supplied through the foreign aid program. (*Turkish aid restrictions, this chapter*)

Action on H Con Res 507

H Con Res 507 was reported (H Rept 93-1258) by the House Foreign Affairs Committee Aug. 2 and passed by voice vote of the House Aug. 5.

Turkey had agreed in 1971 to halt opium poppy cultivation after pressure from the United States, including its promise of \$35.7-million to help offset the foreign exchange losses resulting from the ban, develop alternate crops and provide assistance to Turkish farmers. Drug enforcement officials had estimated that as much as 80 per cent of the heroin entering the country illegally before the ban had originated in Turkey. The committee said in its report that since the ban began in the fall of 1972, the quality and quantity of heroin in the United States had decreased and that the number of heroin addicts had fallen from between 500,000 and 700,000 to about 200,000.

As amended by the committee and passed by the House, H Con Res 507 directed the President to begin negotiations with Turkish officials to prevent the resumption of production or to assure that adequate controls were implemented to prevent an illicit flow of opium and its derivatives into the United States. If negotiations failed, the President was directed to use his authority under the Foreign Assistance Act Amendments of 1971 (PL 92-226) to suspend all assistance to Turkey.

Administration officials, including Secretary of State Henry A. Kissinger, had opposed a cutoff, citing Turkey's strategic importance as a member of the North Atlantic Treaty Organization and expressing confidence that adequate safeguards would be possible.

In the House Aug. 5 members representing urban districts with a history of high heroin addiction expressed doubts that Turkey could institute adequate controls, particularly since it had increased from four to seven the number of provinces in which poppy cultivation would be permitted and had such a dismal record in the past in controlling heroin traffic.

"I can only believe that Turkey's promise of strict control is diplomatic subterfuge in an attempt to pacify the U.S. outrage," said Charles B. Rangel (D N.Y.), whose district included Harlem.

ATTACHMENT C
Proposed Jackson-Vanik Amendment and Secretary of
State Kissinger and Senator Jackson Letter Exchange

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**FREE WORLD TRADE WITH THE U.S.S.R. AND
EASTERN EUROPE**

[In U.S. dollars]

	Free World (billions) ¹		United States (millions) ²	
	Exports	Imports	Exports	Imports
1950.....	1.1	1.3	27	80
1951.....	1.2	1.4	3	64
1952.....	1.2	1.3	1	40
1953.....	1.1	1.2	2	36
1954.....	1.5	1.5	6	42
1955.....	1.8	1.9	7	56
1956.....	2.1	2.3	11	65
1957.....	2.6	2.6	86	61
1958.....	2.6	2.7	113	62
1959.....	3.0	3.0	89	81
1960.....	3.6	3.6	194	81
1961.....	3.8	3.9	134	81
1962.....	4.1	4.1	125	79
1963.....	4.5	4.6	167	81
1964.....	5.4	5.3	340	98
1965.....	5.8	6.0	140	137
1966.....	6.6	6.7	198	179
1967.....	6.8	7.0	195	177
1968.....	7.3	7.7	215	198
1969.....	8.3	8.4	249	195
1970.....	9.7	9.3	354	226
1971.....	10.1	9.9	384	223
1972.....	13.1	11.1	819	321
1973.....	18.2	15.5	1,797	519
1974 (Jan.-Sept.)	N.A.	N.A.	1,011	662

¹ Exports are f.o.b. and imports, in general, are c.i.f.

² Exports and imports are f.o.b.

N.A. Not Available.

Note: East European countries include East Germany, Czechoslovakia, Poland, Hungary, Estonia, Latvia, Lithuania, Albania, Romania, and Bulgaria.

Source: U.S. Department of Commerce.

FREEDOM OF EMIGRATION IN EAST-WEST TRADE

(Section 402)

Section 402 would make the products of a nonmarket economy country not now receiving nondiscriminatory treatment (i.e. all communist countries except Poland and Yugoslavia) ineligible to receive such treatment during any period in which the President determines

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that it denies its citizens the right or opportunity to emigrate, or imposes more than nominal charges on emigration (or on related documents) or on its citizens as a consequence of their desire to emigrate. Such countries would be barred from participating in any program of the U.S. Government that extends credits or credit guarantees or investment guarantees, directly or indirectly, for example, under programs of the Export-Import Bank and Commodity Credit Corporation. Conclusion of commercial agreements by the U.S. Government with such countries would also be barred.

After the President submits to Congress a report indicating that emigration practices of a country not now receiving nondiscriminatory treatment satisfy these criteria, its products would become eligible for such treatment, and the President would no longer be enjoined from concluding a commercial agreement with it. Nondiscriminatory treatment could not be extended, and such a commercial agreement could not take effect until the Congress has approved a bilateral commercial agreement with such country. In the case of countries with existing bilateral agreements with the United States, nondiscriminatory treatment may be provided the products of such country unless the Congress vetoes the extension of such benefits to such country. The President's report should include information on the nature and implementation of the country's emigration laws and policies, and restrictions or discrimination applied to or against persons wishing to emigrate. The report would be required biannually as long as nondiscriminatory treatment, credits, or guarantees are extended, or a commercial agreement remains in effect.

The Committee anticipates that an amendment will be offered during the Senate's consideration of the bill which would allow a temporary, conditional waiver of this provision under circumstances to be specified in the amendment. This amendment was not available by the time the Committee ordered the bill favorably reported, and the Committee has therefore not had an opportunity to study or take a position on the amendment. The Committee will hold a hearing on the amendment before the bill is taken up on the floor.

The Committee reserves the right to recommend to the Senate such amendment as may be necessary to clarify the procedures relating to the determination of freedom of emigration after conducting public hearings on the subject and before consideration of the bill on the Floor of the Senate.

In the case of freedom of emigration from the Soviet Union, the following exchange of letters between Secretary of State Henry A. Kissinger and Senator Henry M. Jackson (D. Wash.) sets forth certain understandings with respect to persons wishing to emigrate from the Soviet Union.

EXCHANGE OF LETTERS BETWEEN SECRETARY KISSINGER AND SENATOR JACKSON

OCTOBER 18, 1974.

DEAR SENATOR JACKSON: I am writing to you, as the sponsor of the Jackson Amendment, in regard to the Trade Bill (H.R. 10710) which is currently before the Senate and in whose early passage the administration is deeply interested. As you know, Title IV of that bill, as it emerged from the House, is not acceptable to the administration. At the same time, the administration respects the objectives with regard to emigration from the U.S.S.R. that are sought by means of the

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stipulations in Title IV, even if it cannot accept the means employed. It respects in particular your own leadership in this field.

To advance the purposes we share both with regard to passage of the trade bill and to emigration from the U.S.S.R., and on the basis of discussions that have been conducted with Soviet representatives, I should like on behalf of the administration to inform you that we have been assured that the following criteria and practices will henceforth govern emigration from the U.S.S.R.

First, punitive actions against individuals seeking to emigrate from the U.S.S.R. would be violations of Soviet laws and regulations and will therefore not be permitted by the government of the U.S.S.R. In particular, this applies to various kinds of intimidation or reprisal, such as, for example, the firing of a person from his job, his demotion to tasks beneath his professional qualifications, and his subjection to public or other kinds of recrimination.

Second, no unreasonable or unlawful impediments will be placed in the way of persons desiring to make application for emigration, such as interference with travel or communications necessary to complete an application, the withholding of necessary documentation and other obstacles including kinds frequently employed in the past.

Third, applications for emigration will be processed in order of receipt, including those previously filed, and on a nondiscriminatory basis as regards the place of residence, race, religion, national origin and professional status of the applicant. Concerning professional status, we are informed that there are limitations on emigration under Soviet law in the case of individuals holding certain security clearances, but that such individuals who desire to emigrate will be informed of the date on which they may expect to become eligible for emigration.

Fourth, hardship cases will be processed sympathetically and expeditiously; persons imprisoned who, prior to imprisonment, expressed an interest in emigrating, will be given prompt consideration for emigration upon their release; and sympathetic consideration may be given to the early release of such persons.

Fifth, the collection of the so-called emigration tax on emigrants which was suspended last year will remain suspended.

Sixth, with respect to all the foregoing points, we will be in a position to bring to the attention of the Soviet leadership indications that we may have that these criteria and practices are not being applied. Our representations, which would include but not necessarily be limited to the precise matters enumerated in the foregoing points, will receive sympathetic consideration and response.

Finally, it will be our assumption that with the application of the criteria, practices, and procedures set forth in this letter, the rate of emigration from the U.S.S.R. would begin to rise promptly from the 1973 level and would continue to rise to correspond to the number of applicants.

I understand that you and your associates have, in addition, certain understandings incorporated in a letter dated today respecting the foregoing criteria and practices which will henceforth govern emigration from the U.S.S.R. which you wish the President to accept as appropriate guidelines to determine whether the purposes sought through Title IV of the trade bill and further specified in our exchange of correspondence in regard to the emigration practices of non-market economy countries are being fulfilled. You have submitted this letter to me and I wish to advise you on behalf of the President that the under-

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standings in your letter will be among the considerations to be applied by the President in exercising the authority provided for in Sec. 402¹ of Title IV of the trade bill.

I believe that the contents of this letter represent a good basis, consistent with our shared purposes, for proceeding with an acceptable formulation of Title IV of the trade bill, including procedures for periodic review, so that normal trading relations may go forward for the mutual benefit of the U.S. and the U.S.S.R.

Best regards,

HENRY A. KISSINGER.

OCTOBER 18, 1974.

DEAR MR. SECRETARY: Thank you for your letter of Oct. 18 which I have now had an opportunity to review. Subject to the further understandings and interpretations outlined in this letter, I agree that we have achieved a suitable basis upon which to modify Title IV by incorporating within it a provision that would enable the President to waive subsections designated (a) and (b) in Sec. 402 of Title IV as passed by the House in circumstances that would substantially promote the objectives of Title IV.

It is our understanding that the punitive actions, intimidation or reprisals that will not be permitted by the government of the U.S.S.R. include the use of punitive conscription against persons seeking to emigrate, or members of their families; and the bringing of criminal actions against persons in circumstances that suggest a relationship between their desire to emigrate and the criminal prosecution against them.

Second, we understand that among the unreasonable impediments that will no longer be placed in the way of persons seeking to emigrate is the requirement that adult applicants receive the permission of their parents or other relatives.

Third, we understand that the special regulations to be applied to persons who have had access to genuinely sensitive classified information will not constitute an unreasonable impediment to emigration. In this connection we would expect such persons to become eligible for emigration within three years of the date on which they last were exposed to sensitive and classified information.

Fourth, we understand that the actual number of emigrants would rise promptly from the 1973 level and would continue to rise to correspond to the number of applicants, and may therefore exceed 60,000 per annum. We would consider a benchmark—a minimum standard of initial compliance—to be the issuance of visas at the rate of 60,000 per annum; and we understand that the President proposes to use the same benchmark as the minimum standard of initial compliance. Until such time as the actual number of emigrants corresponds to the number of applicants the benchmark figure will not include categories of persons whose emigration has been the subject of discussion between Soviet officials and other European governments.

In agreeing to provide discretionary authority to waive the provisions of subsections designated (a) and (b) in Sec. 402 of Title IV as passed by the House, we share your anticipation of good faith in the implementation of the assurances contained in your letter of Oct. 18 and the understandings conveyed by this letter. In particular, with

¹ Statutory language authorizing the President to waive the restrictions in Title IV of the Trade Bill under certain conditions will be added as a new (and as yet undesignated) subsection.

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respect to paragraphs three and four of your letter we wish it to be understood that the enumeration of types of punitive action and unreasonable impediments is not and cannot be considered comprehensive or complete, and that nothing in this exchange of correspondence shall be construed as permitting types of punitive action or unreasonable impediments not enumerated therein.

Finally, in order adequately to verify compliance with the standard set forth in these letters, we understand that communication by telephone, telegraph and post will be permitted.

Sincerely yours,

HENRY M. JACKSON.

It is the Committee's understanding that the "Freedom of Emigration" amendment in the bill is intended to encourage free emigration of all peoples from all communist countries (and not be restricted to any particular ethnic, racial, or religious group from any one country). Accordingly, each communist country which enters into a bilateral commercial agreement with the United States will be expected to provide reasonable assurances that freedom of emigration will be a realizable goal.

The Committee hopes that this section will provide an incentive to the Soviet Union and other countries to discontinue restrictive emigration practices in the interest of developing economic relations with the United States. The Committee recognizes that segments of the private sector wish the U.S. Government to provide credits, investment guarantees, protection of private property rights, and other conditions before private capital investments are ventured. The Committee believes that it is equally reasonable to establish conditions on all basic human rights, including the right to emigrate as well as basic property rights, before extending broad concessions to communist countries.

U.S. PERSONNEL MISSING IN ACTION IN SOUTHEAST ASIA

(Section 403)

The purpose of the section is to insure that the communist countries, to which nondiscriminatory treatment and U.S. credit, credit guarantee and investment guarantee programs may be extended, appreciate the importance which the United States attaches to the accounting of U.S. personnel missing in action in Southeast Asia and to secure their cooperation to that end.

Subsection (a) would prohibit the President from extending or continuing nondiscriminatory treatment, government credits, credit guarantees or investment guarantees, or from entering into bilateral commercial agreements with any affected communist country during any period in which he determined that such country was refusing to cooperate with the United States in its efforts to account for U.S. personnel missing in Southeast Asia, to repatriate such personnel who are alive and to obtain the remains of such personnel who are dead. The inclusion of this subsection should enhance the negotiating leverage of the President not only before, but after nondiscriminatory treatment is extended, to insure continued cooperation from the affected communist countries.

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Commerce & Economic Dev.
Title: Encouraging the President of the BRU: Division of Tourism
U.S. to temporarily reinstate most-favored-nation trading status for the U.S.S.R.
Sponsor: House Spec. Comm. on Foreign Trade Components: _____
Requestor: House Spec. Comm. on Foreign Trade

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary) No fiscal impact for FY 90.

This resolution will have no fiscal impact on the programs of the department.

Prepared by: Linda Wild, Special Assistant Phone: 465-2500
Division: Commissioner's Office Date: January 24, 1990
Approved by Commissioner: Larry Mercurieff Date: 24/1
Agency: Department of Commerce & Economic Development

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