

ALASKA LEGISLATURE SPECIAL COMMITTEE/SUBJECT FILE 8672 1227
1659 SCOMM 64: SEN. SPEC. COMM. ON INT'L TRADE AND TOURISM, 1989-90

GREGG ERICKSON
#3568

Unitary Tax

DEPARTMENT OF LAW

DRAFT

5 cb

DATE: 12/15/88

BOOKPROOFED: _____

APPROVED: _____

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

IN THE _____

_____ BILL NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA

SIXTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to required reporting methods for corporate income taxes owed by foreign parent corporations; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

* Section 1. It is the purpose of this Act to promote investment and trade opportunities in the state.

* Sec. 2. AS 43.20 is amended by adding a new section to read:

Sec. 43.20.073. FOREIGN PARENT CORPORATIONS. (a) A corporation which is a member of an affiliated group whose common parent is a corporation incorporated outside the United States shall file a return using the water's edge combined reporting method. A return under this section shall include the following corporations if they are a part of a unitary business:

(1) corporations included or includable in a consolidated return for federal corporate income tax purposes;

(2) corporations incorporated in or doing business in any state, United States possession or territory;

(3) domestic international sales corporations and foreign sales corporations; and

(4) tax haven corporations.

(b) The department may require a corporation filing under this section to file a worldwide combined report if:

(1) the corporation or any affiliate fails to comply with regulations adopted under this chapter, including domestic disclosure

DRAFT

DATE: _____

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APPROVED: _____

spreadsheet filing requirements; or

(2) the corporation does not provide information requested by the department on the operations of a foreign parent necessary for the department to audit the taxpayers corporation return within a reasonable period of time.

(c) This section does not apply to taxpayers subject to AS 43.20.072 engaged in the production of oil or gas from a lease or property in the state or engaged in the transportation of oil or gas by regulated pipeline in the state.

(d) As used in this section:

(1) An "affiliated group" is a group of two or more corporations, in which 50 percent or more of the voting stock of each member is directly or indirectly owned by a common owner or by common owners, either corporate or non-corporate, or by one or more of the member corporations of the group;

(2) A "tax haven corporation" means a corporation which is incorporated in or does business in a country that does not impose an income tax, or which imposes an income tax at a rate lower than 90 percent of the federal tax rate on the federally defined income tax base, and 50 percent or more of sales, purchases, or payments of income or expenses, exclusive of payments for intangible property, of the corporation are made directly or indirectly to one or more members of a waters' edge group and which conducts no significant economic activity.

* Sec. 3. This Act is retroactive to tax years beginning after December 31, 1988.

Resources Minerals 6(i) Action Begins

The House Resources Committee last week heard its first review of the mining 6(i) issue. Jerry Gallagher, director of the State Division of Mines, presented an overview and provided the committee briefing documents reviewing how the legal issue evolved. The 6(i) issue results from litigation determining that the state's mineral leasing system does not comply with section 6(i) of the federal Alaska Statehood Act.

The House Resources Committee will schedule a similar briefing in March and that point when the House and Senate Resources Committee will meet separately, or combine some work on the 6(i) issue.

Quines' By Japanese

Officials from the Japanese company developing the Wishbone Hill project in the Kuskokwim Valley were in Juneau last week conferring informally with administrative officials and legislators. The Japanese delegation, headed by company officials from Japan, came to Alaska to meet with state and federal officials. The company is planning to develop the Wishbone Hill project, which is located in the Kuskokwim Valley. The project is a large-scale mining operation that will involve the construction of a new mine and the processing of the ore. The company is currently in the planning stage and is seeking approval from the state and federal governments. The project is expected to create jobs and generate revenue for the state and federal governments.

The Japanese company is planning to develop the Wishbone Hill project, which is located in the Kuskokwim Valley. The project is a large-scale mining operation that will involve the construction of a new mine and the processing of the ore. The company is currently in the planning stage and is seeking approval from the state and federal governments. The project is expected to create jobs and generate revenue for the state and federal governments.

Deal Up With

Alaska's miners have agreed to a new deal with the state. The deal, which was negotiated by the Alaska Mining Industry Council, will allow the state to collect royalties on mineral production. The deal is expected to generate significant revenue for the state and will help to fund various public programs. The deal was reached after several months of negotiations between the miners and the state. The deal is a landmark agreement for the state and will help to ensure the long-term sustainability of the mining industry in Alaska.

Word on the street is there may be splits developing within the miners' group, with placer miners taking divergent positions from the much larger mineral

Coming Soon: Temporary Tax Bill

The administration is expected to be ready to go into the hopper this week change Alaska's corporate income tax to "water's edge" income apportionment, rather than the "world wide" income.

However, it would continue to be taxed using worldwide income as a base. The change to "water's edge" confines the income to U.S. only, and because it does not include oil producers, the revenue loss effect is marginal.

In Alaska, the Wishbone Hill project is particularly important for the state's development.

Groups Eye 'Investment Fund'

Gov. Campbell's suggestion of "name" of the \$257 million Railbelt Energy Fund to a railbelt "investment" fund, in his combined message and state-of-the-state speech, has generated hopes among business and interior Alaska economic utilities and development groups that the money can be used for regional projects. But the money has been given up on the fund, saying the money was for a special purpose, "gone" to the Railbelt Energy Fund.

Various groups are looking for projects are looking for projects. For example, the Alaska Industrial Development and Export Authority is looking for projects. The money has been given up on the fund, saying the money was for a special purpose, "gone" to the Railbelt Energy Fund.

House Speaker Sam Gallo has named a new House Special Committee on International Trade.

Members:

- Jacko (Chair), M. Davis, Cato Davidson, Hudson, Collins, Ellis

substance must inhere in the relevant transactions before loss deductions will be allowed.

Upon reviewing the record in this case, we find that the district court correctly concluded that there was no genuine, material factual issue in this case, and that the Government was entitled to judgment as a matter of law. Keats admits that the premiums which he paid the brokers were exactly offset by the premiums which the brokers paid him. In addition, he admits that the only out-of-pocket expenses that he incurred with respect to the straddle transactions were the commissions which he paid the brokers to effectuate the trades. Although Keats has produced affidavits which state that he possessed a profit motive for entering into the transactions, those affidavits do not explain the curious symmetry of the premium paid and received by Keats. Moreover, given the detailed countervailing evidence put forth by the Government, Keats simply has not produced sufficient evidence to carry his burden of production under Fed. R. Civ. P. 56(e). Therefore, we hold that the district court properly granted summary judgment in favor of the Government. See *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 249-50 (1986).

III.

For the foregoing reasons, the district court's judgment is hereby **FFIRMED**.

UNITARY TAXES—CALIFORNIA UNITARY TAX, DECLARED CONTRARY TO EXPRESSED NATIONAL POLICY, IS HELD UNCONSTITUTIONAL

• *California unitary tax is contrary to the national policy favoring water's-edge taxation, as expressed by the executive branch of the federal government, and therefore is unconstitutional.* (Cal SuperCt; Gardner, J.; *Colgate-Palmolive Co. v. Franchise Tax Board*, No. 319715, 12/12/88)

Facts: Plaintiff Colgate-Palmolive Co. is a Delaware corporation with New York headquarters. During the years 1970-1973, it maintained a sales organization, a warehouse, and a manufacturing plant in California. It also owned a controlling interest in 75 foreign subsidiaries. In assessing the California franchise tax during those years, the Franchise Tax Board used the worldwide unitary method of accounting.

Plaintiff challenged the unitary assessment on three grounds: (1) it was not a worldwide unitary organization; (2) the apportionment of income of plaintiff and its foreign subsidiaries so distorted the business activity of plaintiff in California that an alternative method should have been used; and (3) the board's unitary method was an impermissible interference with the federal government's power to conduct foreign affairs.

On the question of the unitary character of plaintiff and its subsidiaries, the court found that there was unity of ownership, unity of operation, and unity of use. Plaintiff controlled each of the foreign subsidiaries. Plaintiff had three vice-presidents, one for the Western Hemisphere, one for Europe, and for the Far East, and the general managers of the foreign subsidiaries reported to these divisional vice-presidents; plaintiff furnished its subsidiaries with raw material and equipment, technical assistance, and loan guarantees, and shifted general managers among the subsidiaries. Plaintiff's chief executive officer gave direction and maintained control in almost every major aspect of the local and overseas business.

Holding: (1) Plaintiff's foreign subsidiaries were part of a unitary business.

(2) The application of the "three-factor" apportionment formula (payroll, property, and sales) to the combined income of plaintiff and its foreign subsidiaries does not violate the "distortion doctrine." The U.S. Supreme Court's decision in *Container Corporation of America v. Franchise Tax Board*, 436 U.S. 159, disposed of the argument plaintiff made in this case that the three-factor formula failed to account for differences in profitability and thus distorted the true division of income between the foreign subsidiaries and the parent entity.

(3) However, for policy reasons involving the concept of free trade, the executive branch of the federal government has now clearly expressed a federal policy supporting the principle of water's-edge taxation of multinational corporations and disapproving the worldwide unitary method. This policy was expressed by the president of the United States, the secretary of state, the secretary of the treasury, and the attorney general. The executive branch can do so without legislative concurrence. Furthermore, the legislative branch has not expressed a contrary policy. The necessary corollary is that it is also the expressed policy of the executive branch of the federal government that states not use the worldwide unitary method of computing taxes of multinational corporations.

In *Container*, the U.S. Supreme Court avoided the "one-voice" standard of *Japan Lines v. County of Los Angeles*, 441 U.S. 434, by saying that the federal government had not made its position clear because it did not file a brief. Here, however, the position of the executive branch of the federal government is now crystal clear.

The question then boils down to whether the executive branch of the federal government can establish national policy by itself or whether it needs the concurrence of the legislative branch. The executive branch does have the power to establish national policy, even without the concurrence of the legislative branch. The policy expressed by the executive branch against the unitary method of state taxation is no less a national policy simply because Congress has not legislated on that matter. If Congress were to enact legislation to the contrary, that would end the matter, but it has not. No controlling policy regarding the unitary method can be read into Congress' inaction. In the field of international relations, the executive branch can constitutionally express national policy, even without the concurrence of the Senate, as indicated by the protocols, postal conventions and commerce agreements negotiated by the executive branch without senatorial consent. The court rejects the board's argument based on a history of legislative inaction. While the executive branch is monolithic and speaks with one voice, it is impossible to deduce a single reason, and hence a policy, from the fact that the majority of Congress have chosen not to act on the question.

Full Text of Intended Decision:

BACKGROUND

During the years 1970-1973, plaintiff, a Delaware Corporation with New York headquarters, maintained a sales organization, a warehouse and a manufacturing plant for its products in California. In addition to its other U.S. activities Plaintiff owned a controlling interest in 75 foreign subsidiaries. Therein lies the genesis of this controversy. In assessing the California franchise tax during those years, California used what is known as the world-wide unitary method of accounting. Plaintiff contends (1) that it was not a world-wide unitary organization; (2) that the apportionment

STEVE COWPER
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 17, 1989

The Honorable Tim Kelly
President of the Senate
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Senator Kelly:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the methods of corporate income tax reporting for certain taxpayers. This bill requires that corporations that are members of a group taxed by the "water's edge" method, instead of the "worldwide" method of tax accounting. The "water's edge" method is a taxing method that takes into consideration only the domestic activities of foreign corporations and does not consider income from their non-American operations.

The "worldwide" method of tax accounting has many virtues, but it is intensely disliked by most potential investors overseas. Virtually every other state that used the "worldwide" method has repealed it in recent years in order to increase investment and trade opportunities. There is simply no reason why Alaska should keep this barrier to investment on the books when other states have repealed it.

The next century, it is said, will be the era of the Pacific Rim. Alaska is strategically placed to participate fully in the booming economies of the region. I believe that we must take every step possible to encourage trade and investment in Alaska. This bill will remove a major psychological barrier to investment in the state while having only a minimal fiscal impact. I urge your prompt and favorable consideration of this bill.

Sincerely,

A handwritten signature in dark ink, appearing to read "Steve Cowper".

Steve Cowper
Governor

STATE OF ALASKA
1989 LEGISLATIVE SESSION

BILL VERSION: SB 119 (a)
PUBLISH DATE: 1/17/89

FISCAL NOTE

REQUEST:

Revision Date: January 9, 1989
Title: Alaskan Corporate Taxpayers with
Foreign Parent Corporations
Sponsor: Rules Committee
Requestor: Governor

Agency Affected: Revenue
BRU: Income and Excise Audit

Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
OPERATING						
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	-	-	-	-	-
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	-	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	0	(60.0)	(60.0)	(60.0)	(60.0)	(60.0)

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

POSITIONS:

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

ANALYSIS: See attached analysis.

Prepared By: Steven E. Kettel
Division: Income and Excise Audit

Phone: (907) 465-2320
Date: January 9, 1989

Approved by Commissioner: Hugh Malone
Agency: Department of Revenue

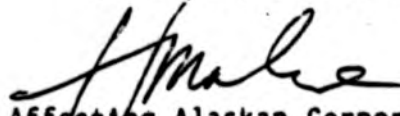
Date: January 9, 1989

Distribution (by preparer):

Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

SB 119 (a)
1/17/89

Prepared by: John Larson and
Steve Kettel
Alaska Department of Revenue



Fiscal Note Analysis: Legislation Affecting Alaskan Corporate Taxpayers
with Foreign Parent Corporations

The proposed legislation would require corporate income taxpayers with foreign parents to file on a water's edge combined basis beginning in calendar year 1989. The legislation would not affect taxpayers who currently file under AS 43.20.072 (Oil and Gas Producers and Pipelines). Nor would it affect Alaska corporations which do not have foreign operations. The total number of taxpayers affected and the total tax liability of these taxpayers are small.

In order to derive an estimate of the possible revenue impact of this proposed legislation the Department analyzed tax returns filed for the most recent tax year available - 1986. For tax year 1986 staff identified the tax returns of taxpayers with foreign parents. This methodology was designed to determine the potential revenue impact from only those taxpayers currently operating in Alaska. The Department did not estimate the potential revenue impact of incremental business activity in Alaska by corporations with foreign parents which may be induced by this proposed legislation.

Based on an analysis of the taxpayers which were identified as possibly being affected by the proposed legislation, [REDACTED]

[REDACTED] for tax year 1986 would have been no greater than [REDACTED]

No. 18

**STATE OF ALASKA
1989 LEGISLATIVE SESSION**

 119
BILL VERSION: SB 119 (b)
PUBLISH DATE: 1/17/89

FISCAL NOTE

REQUEST:
 Revision Date: _____
 Title: Unitary Tax
 Sponsor: Rules Committee
 Requestor: Governor

 Agency Affected: Commerce & Econ. Dev.
 BRU: Division of Banking, Securities and Corporations
 Components: _____
EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
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						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)
 Prepared by: Willis F. Kirkpatrick, Director
 Division: Banking, Securities and Corporations
 Approved by Commissioner: Larry Merculieff *SM*
 Agency: Dept. of Commerce & Economic Development

 Phone: 465-2521
 Date: 01/09/1989
 Date: 01/09/1989
Distribution (by preparer):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

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Governor Goes For A New "Water's Edge" Corporate Tax Designed To Aid Investment

Analysis
By
Tim Bradner

Gov. Steve Cowper introduced a "water's edge" state corporate income tax bill last week (January 17) to replace the current tax law that requires a "worldwide" method of accounting for firms owned by foreign parents. Oil and gas producers and pipelines are excluded from the bill, and would continue to pay state income tax based on worldwide income.

Alaska One Of 'Few States' Left

Alaska is one of the few states left who use worldwide income as a base for computing state income tax. Most other states have switched to the so-called 'water's edge' approach, which essentially restricts the pool of income on which state taxes are levied to that earned in the U.S. A world-wide income approach is considered a serious disincentive for U.S. investment by foreign companies, and U.S. states who have been working to attract new foreign investment have changed their laws in recent years.

"There is simply no reason why Alaska should keep this barrier to investment on the books when other states have repealed it," Gov. Steve Cowper said in his transmittal letter. "I believe we must take every step possible to encourage trade and investment in Alaska. This bill would remove a major psychological barrier to investment in the state while having only a minimal fiscal impact."

Wishbone Hill: Tax Objectionable?

In Alaska, Idemitsu-Kosan, the Japanese company developing the Wishbone Hill coal mine north of Palmer, finds the worldwide income accounting very objectionable. Part of this stems from problems in converting Japanese accounting systems to procedures acceptable for U.S. tax purposes, and partly because no credits are given for taxes paid elsewhere in the world, leading to a form of double taxation by a U.S. state.

Not only Japanese companies have voiced concerns to the current Alaska law, but also European-owned companies doing business or interested in investing in Alaska, the Department of Revenue says.

Because oil and gas producers and pipelines are excluded, the bill would only have a \$60,000 negative fiscal impact, the Department of Revenue says. In its fiscal impact analysis, the department said the bill, "would require corporate income taxpayers with foreign parents to file on a water's edge combined basis beginning in calendar year 1989. The legislation would not affect taxpayers who currently file under AS 43.20.072 (Oil and Gas Producers and Pipelines). Nor would it affect Alaska corporations who do not have foreign operations. The total number of taxpayers affected and total tax liability of these taxpayers is small.

Foregone Income: \$60,000/yr.

Based on an analysis of 1986 tax returns of companies with foreign parents, analysts say that had the change been in effect that year, it would have reduced state income tax by \$60,000. The department did not estimate the possible effect of new, incremental business induced by these companies under the change, however.

The administration says it will give a real push to the bill. Bob Poe, director of the International Trade Office, was in Juneau last week briefing members of House and Senate international trade committees on the bill.

Increased ANWR Funding ?

House and Senate leaders have dropped legislation into their respective Houses that would appropriate \$1.5-million to the Office of the Governor to assist in promoting the opening of the Arctic National Wildlife Refuge to oil and gas development. In the House HB-9 was sponsored by House Speaker Sam Cotten, Majority Leader Mike Navarre and Reps. H.A. (Red) Boucher and Max Gruenberg, and by minority members Reps. Barnes, Leman, and Hudson. In the Senate SB-107 was offered by Sen. Arliss Sturgulewski (former GOP nominee for governor) and Senate President Tim Kelly. The funds would go to beef up state advocacy efforts to get the ANWR issue approved by the Congress.

... Status Of Bills ...

Key House Resolutions

- HJR-12, Amend Const, Legis Confirmation Certain Bd members (By L&C) To Trans & L&C
- HJR-13, Constitutional Amend, Education Endowment (Gov) To HESS, JUD, FIN
- HJR-14, Solid Waste Management In The Arctic (Shultz) To RCS & FIN

Key House Bills Introduced

- HB-80, Increasing Excise Tax on Cigarettes (Ellis, Koponen) To HESS & FIN
- HB-81, Establishing The Marine Highway Authority (Cato) To Trans, SA, Fin
- HB-82, Materials, Supplies, State Procurement Code (By L&C) To L&C & FIN
- HB-83, Estab. Martin Luther King State Holiday (Gov) To SA & FIN
- HB-84, Assignment Permanent Fund Dividends (Pettyjohn) To SA, JUD, FIN
- HB-85, Financial Admin State Gov't, Charges Services (Gov) To SA & FIN
- HB-86, Employer Permit Employees Access Personnel Files (L&C) To LC, SA, JUD
- HB-87, Establish. State Long Term Financial Plan (Gov) To SA & FIN
- HB-89, Teacher Retirement Eligibility (SA) To SA & JUD

Key House Floor Action

- HB-44, Restablishing Mandatory Insurance (to Senate) Passed 44 to 3
- HR-1, Creating House Spl. Committee On Foreign Trade Passed 37 to 0

Senate Resolutions Introduced

- SJR-12, Re: Federal Constit Amend Abolish Electoral College (Kerttula) To SA & JUD
- SJR-13, Pacific Salmon Commission, Chinook Quotas (Eliason) To RCS
- SCR-5, Statewide Beach Clean-up, Anti-dumping (Duncan) To RCS
- SCR-6, Supporting the Wishbone Hill Coal Project (Kerttula) To RCS

Further 'Bill Status' Information can be obtained through the Legislature's network of Legislative Information offices in 15-locations across the state.

Key Senate Bills Introduced

- SB-108, Re: Public Finance, Lease Financing (Governor) To SA, JUD, FIN
- SB-109, Apprp. Ak Power Autor -GVEA Fairbanks Utility (Coghill) To L&C, FIN
- SB-110, Expand Juris. Ak Police Standards Council (Sturgulewski) To TRANS
- SB-111, Re: Boating Safety & Boating Accidents (Sturgulewski) To SA & FIN
- SB-112, Exempting Farming From Business License Taxes (Kerttula) To SA & FIN
- SB-113, Expanding Compensation Violent Crime Comp Act (Kerttula) To SA & FIN
- SB-114, Amending the Oil Properties Production Tax (Kerttula) To O&G, RCS, FIN
- SB-115, Creating Alaska Native Affairs Commission (Duncan) To SA & FIN
- SB-116, Payment Podiatrists Under State Medical Assistance (Faiks) To HESS & FIN
- SB-118, Extend Medical Assistance Coverage Adult Health Care (Uehling) To HESS & FIN
- SB-119, Unitary (Corporate) Tax (Gov) To Spl. Com Tourism/Trade, JUD, FIN
- SB-120, Extend termination Date Alaska Public utilities Commission (L&C) To L&C, FIN
- SB-121, Re: Certain Conditions Scholarships & Loans (Kerttula) To HESS & FIN
- SB-122, Arthor treatment Minors Misuse Hazardous Material (Sturgulewski) To HESS
- SB-123, Adopt Uniform Conservation Easement Act (Sturgulewski) To JUD & RCS
- SB-124, North Lynn Canal Highway-DOT/PF (Coghill) To Trans, JUD, FIN
- SB-125, Approp. For North Lynn Canal Highway (Coghill) To Trans & FIN
- SB-126, Dental License Credentials (Halford) To L&C

Committee Key

Resources Committee	RCS
Finance Committee	FIN
Judiciary Committee	JUD
State Affairs	SA
Labor & Commerce	L&C
Community & Regional Affairs	CRA
Health, Educ & Soc Services	HESS
Transportation	TRANS
Pules Committee	To RLS

Note: Other special committees also exist.

SCOMM

64:2

MEMORANDUM

TO: Mike Szymanski
Senator

DATE: March 12, 1990

THRU:

PHONE: 561-5585

SUBJECT: Comments on
SB402

FROM: Robert G. Poe, Jr. *RGP*
Director, OIT

This bill has been introduced by the Administration as a measure to better facilitate Alaska's wide-ranging involvement with the Soviet Union. The Alaska-Soviet Commission (ASC) has been proposed to represent the State in Alaska/Soviet relations and to serve as a central coordination point for contacts with the Soviet Union. The ASC is not intended to prevent any project from happening nor to exert control over citizen-diplomacy efforts. However, given the high level of activity between Alaska and the Soviet Union, a central point of contact and official representative in addition to the Governor is quite necessary. Since this commission is located within the Governor's Office and the commission members serve at the pleasure of the Governor, the ASC can represent Alaska to the Soviets when the Governor is unavailable.

Last week the International Trade Committee in the House reviewed a committee substitute for HB440. The Administration has some serious concerns about some of the changes included in the committee substitute which are described below.

1.0 Composition - The Administration generally supports the changes made here and we concur with the inclusion of the chairs of the House and Senate foreign trade committees as ex-officio members to the ASC. However, since the Office of International Trade and the Governor's Office will be expected to carry out much of the action taken by the ASC, we believe that at least 2 of the 3 suggested Administration members should have full voting rights on the ASC.

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Szymanski

March 12, 1990

1.1 The purpose and duties of ex-officio members is not described in the committee substitute.

2.0 **Powers and Duties** - The powers and duties as described in the committee substitute go significantly beyond those outlined in the original HB440. Our comments to these changes are listed below.

2.1 - 2.3 No comment.

2.4 Interaction between Alaska and the Soviet Union has been expanding rapidly. There exists no model or previous history to follow. Therefore, procedures for interaction have been developing as needed. This section implies that the ASC will develop the "correct" procedures for interacting with the Soviets and that all other ways will be incorrect. This is the type of control many citizen diplomacy groups are concerned about. We feel this power is not necessary and should be removed from the committee substitute.

2.5 It is presumptuous to believe that the ASC could be the sole group to determine and evaluate the potential for economic partnership between the Soviet Union and Alaska. This is exactly the type of power that concerns private businesses who are already identifying areas for potential economic partnership. We feel this power is not necessary and should be removed from the committee substitute.

2.6 It is quite appropriate for the ASC to identify trading problems which are unique to the Soviet Union. It is important though, not to otherwise duplicate services already provided by the Office of International Trade (OIT). We believe this power should either be eliminated or should be modified to read "(6) identify trade problems unique to the Soviet Union."

2.7 - 2.10 No comment.

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Szymanski

March 12, 1990

2.11 We agree that the ASC should have the legal ability to charge for its services. It is important that these services not compete with or displace private providers of translation or consulting services. Also, we feel that charging for letters of introduction will likely lead to complaints about favoritism etc. This duty should be changed to read "(11) charge for commission's services and products."

3.0 Meetings - Requiring three meetings each year to be held not by teleconference is adding unnecessary costs to the operation of the ASC. Alaskans are comfortable meeting by teleconference.

4.0 Staff - The requirement of 3 staff and the expanded composition of the commission will likely expand the costs of the ASC which was not the original intent.

cc: G. Peska
R. Evans

Alaska Governor's Office of International Trade

3601 C Street, Suite 798

Anchorage, Alaska 99503

Telephone: (907) 561-5585

Telefax: (907) 561-4577

TO: *Sen. Smyrnauki*

FROM: *Bob Poe*

DATE: *3/12*

Number of pages including transmittal sheet: *4*

EXPLANATION OF PROPOSED AMENDMENTS TO SENATE BILL 402, an act establishing the Alaska-Soviet Far East Commission.

AMENDMENT #1 - Deletes all references to "Far East" from the bill. The rationale for this change is to refer to the entire Soviet Union rather than to limit the language to the far eastern district of the Soviet Union. The far eastern district is the portion of the Soviet Union with which Alaska has had the greatest contact and yet our contacts should not necessarily be limited to this area.

AMENDMENT #2 - Change

This amendment would amend the composition of the Commission to add the Chair of the legislative committees on foreign trade to serve as ex officio members of the Commission. If there is no such committee, the presiding officer of the house will appoint a legislator from the body to serve as an ex officio member of the Commission.

The rationale for this amendment is to provide the Chair of the international trade committees with a closer and more direct association with what is happening in the field of foreign trade.

AMENDMENT #3

This amendment adds and amplifies the powers and duties of the Commission to correspond to the CS House Bill 440.

The rationale for this is to clarify the Commission's role and to strengthen their role.

A M E N D M E N T

①

OFFERED IN THE SENATE

BY SEN. SZYMANSKI

TO: SB 402

Page 1, line 6:

Delete "Far East"

Page 1, line 10:

Delete "FAR EAST"

Page 1, line 11:

Delete "FAR EAST"

Page 1, line 12:

Delete "Far East"

Page 1, line 18:

Delete "Far East"

Insert "Union"

Page 2, line 9:

Delete "Far East"

Page 2, line 11:

STATE OF ALASKA
1990 LEGISLATIVE SESSION

BILL VERSION: SB 402
PUBLISH DATE: 1/24/90

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An Act establishing the
Alaska-Soviet Far East Commission
Sponsor: Rules Committee
Requestor: Governor

Agency Affected: Office of the Governor
BRU: Commissions and Special Offices
Components: Alaska-Soviet Far East
Commission

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	50.1	52.2	53.8	55.5	57.2	59.1
TRAVEL	77.7	77.7	77.7	77.7	77.7	77.7
CONTRACTUAL	94.1	94.1	94.1	94.1	94.1	94.1
SUPPLIES	1.9	1.5	1.5	1.5	1.5	1.5
EQUIPMENT	14.8	.5	.5	.5	.5	.5
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS	50.0	60.0	70.0	80.0	90.0	100.0
TOTAL OPERATING	288.6	286.0	297.6	309.3	321.0	332.9

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND	238.6	226.0	227.6	229.3	231.0	232.9
FEDERAL FUNDS						
OTHER	50.0	60.0	70.0	80.0	90.0	100.0
TOTAL	288.6	286.0	297.6	309.3	321.0	332.9

POSITIONS:

FULL-TIME	1	1	1	1	1	1
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

See attached analysis

Estimate for program receipts, i.e., private sector donations, contributions. There would be a need to include expenditure/receipt authority within the powers of the Commission.

Prepared by: Michael A. Nizich, Director
Division: Administrative Services

Phone: 465-3616

Date: 1-12-90

Approved by Commissioner: Garrey Peska
Agency: Office of the Governor

Date: 1/12/90

Distribution (by preparer):

Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

PERSONAL SERVICES 50.1

Fiscal note assumes Anchorage location of commission staff consisting of one Program Coordinator, Range 18.

Request for New Position form is attached. Salary shown is step A for FY 91. Personal Services request for subsequent years includes a one-step merit increase.

TRAVEL 77.7

Travel has been averaged to incorporate the travel costs from statewide locations of the public members and assumes eight commission meetings.

Anchorage: 5 meetings

Public members

travel @ 450/person x 6 people	=	2,700	
per diem @ 80/day x 3 days x 7 people	=	1,680	
five meetings @		4,380	= 21,900

Juneau:

Public members

travel @ 450/person x 6 people	=	2,700	
per diem @ 80/day x 3 days x 7 people	=	1,680	

Administrative staff

travel @ 366/person x 1 person	=	366	
per diem @ 80/day x 3 days x 1 person	=	240	4,896

Fairbanks:

Public members

travel @ 450/person x 7 people	=	3,150	
per diem @ 80/day x 3 days x 7 people	=	1,680	

Administrative staff

travel @ 436/person x 1 person	=	436	
per diem @ 80/day x 3 days x 1 person	=	240	5,506

Commission on Alaska-Soviet Relations
Analysis:

Page 2

TRAVEL (continued)

Soviet Far East:

Public members

travel @ 2100/person x 7 people	=	14,700	
per diem @ 1050/person x 7 people	=	7,350	

Administrative staff

travel @ 2100/person x 1 person	=	2,100	
per diem @ 1050/person x 1 person	=	1,050	25,200

Additional public member travel:

Accompany delegations - assumes 2 public members
for three delegations

travel @ 2100/person x 2 people	=	12,600	
per deim @ 1050/person x 2 people	=	6,300	18,900

Additional administrative staff travel

Juneau:

travel @ 366/trip x 2 trips	=	732	
per diem @ 80/day for total 6 days	=	480	1,212

Total Travel:			77,704
---------------	--	--	--------

CONTRACTUAL 94.1

Professional Services.

Interpreter services, delegations hosting expenses, professional services contracts			60,000
--	--	--	--------

Communication:

Telephone (toll costs, base/local fixed costs, centrex network costs) 350/mo x 12 months		4,200	
Telecopier charges -- 25/mo x 12 months		300	
Teleconference charges -- 8 @ 450		3,600	
Postage -- 300/mo x 12		3,600	11,700

Commission on Alaska-Soviet Relations
Analysis:

Page 3

CONTRACTUAL (Continued)

Transportation:

Freight and express charges -- 75/mo x 12	900
---	-----

Advertising, Printing & Binding:

Subscriptions	75	
Advertising -- 8 meetings x 350	2,800	
Printing -- 4 newsletters x 800 each	3,200	
Annual report	13,500	
Forms, misc.	750	20,325

Minor Repair, Maintenance	1,200
---------------------------	-------

Rental for Space:

Fiscal note assumes availability of office space
within existing leased space in Anchorage.

Total Contractual:	94,125
--------------------	--------

SUPPLIES AND MATERIALS 1.9

Office and library supplies, 150/mo x 12 =	1,800	
Data processing supplies =	75	1,875

EQUIPMENT 14.8

Communication Equipment:

network hookup, 1 station	=	1,500	
1 position phone	=	500	2,000

Data Processing Equipment:

1 PC workstation	4,500
------------------	-------

Furniture/Office Equipment:

Desk, chair, etc.	=	5,000	
1 5-drawer lateral file cabinets	=	425	
Bookcases	=	175	
Photocopier	=	1,800	
1 calculator	=	75	
typewriter	=	800	8,275

Total Equipment:	14,775
------------------	--------

MISCELLANEOUS 50.0

Estimate for program receipts, i.e., private sector donations and contributions, for identified Commission projects.	50,000
--	--------

1.	POSITION TITLE Program Coordinator				RANGE/STEP 18/A	BARG. UNIT	PAGE/LINE	GOV.	APPROV.	DISAPP		
2.	TYPE OF POSITION PFT	STAFF MONTHS 12	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION Anchorage	ELECTION DISTRICT	LEG.				
3.	CONTINUATION LEVEL				JUSTIFICATION:							
4.	TYPE OF EXPENDITURE				Program Coordinator to staff Commission on Alaska-Soviet Relations. Position will provide full support to commission.							
	1		2								3	
	PERSONAL SERVICES											
5.	Salary		37,548.00									
6.	Benefits		12,957.03									
7.	Supplemental Benefits											
8.	Fixed Benefits											
9.	TOTAL PERSONAL SERVICES		01								50,505.03	
10.	Travel		02								3,504.00	
11.	Contractual		03									
12.	Commodities		04								1,875.00	
13.	Equipment		05								14,775.00	
14.	Other											
15.	TOTAL COST										70,659.03	
	RECEIPT CODE	FUNDING SOURCE										
16.		Federal Receipts 1002										
17.		G.F. Match 1003										
18.		General Funds 1004		70,659.03								
19.		I-A Receipts 1005										
20.		Program Receipts 1028										
21.		Other										
FOR B&M USE ONLY												
KEY NUMBER - - - - -												

REQUEST FOR NEW POSITION

AGENCY Office of the Governor

BRU Executive Operations

COMPONENT Executive Office

Page <u>1</u> of <u>1</u>
Revised Date _____

FY 91

A M E N D M E N T

2

OFFERED IN THE SENATE

BY SEN. SZYMANSKI

TO: SB 402

Page 1, line 20, following "COMPOSITION":

Insert "AND VOTING"

Page 1, following line 26:

Insert a new subsection to read:

"(c) If a house of the legislature has a committee on foreign trade, the chair of the committee shall be an ex officio member of the commission. If a house of the legislature does not have a committee on foreign trade, the presiding officer of that house shall appoint a member of that house to be an ex officio member of the commission. An ex officio member may not vote on a matter considered by the commission."

Page 2, line 19, following "members":

Insert "other than ex officio members"

Page 2, line 22, following "members":

Insert "other than ex officio members"

Page 2, line 23, following "members":

Insert "other than ex officio members"

A M E N D M E N T

3

OFFERED IN THE SENATE

BY SEN. SZYMANSKI

TO: SB 402

Page 2, line 11, following "East;"

Delete "and"

Page 2, line 16, following "commission":

Insert ";

(5) determine and evaluate the potential for an economic partnership between the Soviet Union and the state;

(6) coordinate with the director of the office of international trade in the Office of the Governor strategies, approaches, and methods to expand the state's trade with the Soviet Union; and

(7) develop and implement, as directed by the governor, state policy relating to interaction with the Soviet Union and act as a liaison with the United States Department of State to solve problems preventing or complicating interaction with the Soviet Union"

Delete "Far East"

Insert "Union"

BY THE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

1 IN THE SENATE

2

SENATE BILL NO. 402

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act establishing the Alaska-Soviet Far East
Commission; and providing for an effective date."

7

8

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9

* Section 1. AS 44.19 is amended by adding new sections to read:

10

ARTICLE 16. ALASKA-SOVIET FAR EAST COMMISSION.

11

Sec. 44.19.605. ALASKA-SOVIET FAR EAST COMMISSION. There is

12

created in the Office of the Governor the Alaska-Soviet Far East
Commission.

13

14

Sec. 44.19.615. PURPOSE. The purpose of the commission is to

15

represent the state in Alaska-Soviet issues and to serve as the point

16

of contact and official coordinator in the development of economic,

17

cultural, scientific, technical, and educational contacts between the

18

Soviet Far East and the State of Alaska, University of Alaska, and the

19

private sector.

20

Sec. 44.19.625. COMPOSITION. (a) The commission consists of

21

seven members appointed by the governor. At least two members must be

22

from the private sector, at least two members must be from higher

23

education, and at least one member must be from the Native community.

24

(b) The governor shall designate one member of the commission as

25

chairperson of the commission. This member shall serve as chairperson

26

for a term of one year, but may be reappointed for successive terms.

27

Sec. 44.19.635. TERM OF OFFICE. The term of office of each

28

member is three years. Terms shall be staggered. The governor shall

29

designate who among the initial appointees shall serve one-, two-, and

1 three-year terms in accordance with AS 39.05.055(5). A vacancy shall
2 be filled for the remainder of the term in the same manner as the
3 original appointment.

4 Sec. 44.19.645. POWERS AND DUTIES. The commission shall

5 (1) serve as the official coordinator and representative of
6 the State of Alaska for all Alaska-Soviet exchanges;

7 (2) serve as a forum for the exchange of information between
8 the state, the University of Alaska, and the private sector about
9 current developments and contacts in Alaska-Soviet Far East relations;

10 (3) host and coordinate official delegations visiting Alaska
11 and the Soviet Far East; and

12 (4) accept monetary gifts or grants from the federal govern-
13 ment or an agency of it, from any charitable foundation or professiona
14 association, or from any other sources for implementation of any
15 program or project necessary or desirable for carrying out the general
16 purposes of the commission.

17 Sec. 44.19.655. MEETINGS. Within 60 days after the appointment
18 of all the members of the commission, the governor shall call the
19 first meeting. A majority of the members constitutes a quorum for
20 conducting business and exercising the powers of the commission. The
21 commission shall meet at the call of the chairperson, at the request
22 of a majority of the members, or at a regularly scheduled time as
23 determined by a majority of the members.

24 Sec. 44.19.665. COMPENSATION. Members of the commission serve
25 without compensation but are entitled to per diem and travel allow-
26 ances as authorized by AS 39.20.180 and AS 39.20.185.

27 Sec. 44.19.675. ANNUAL REPORT AND RECOMMENDATIONS. Each year
28 the commission shall submit to the legislature and the governor a
29 report of its activities during the previous calendar year and any

1 three-year terms in accordance with AS 39.05.055(5). A vacancy shall
2 be filled for the remainder of the term in the same manner as the
3 original appointment.

4 Sec. 44.19.645. POWERS AND DUTIES. The commission shall

5 (1) serve as the official coordinator and representative of
6 the State of Alaska for all Alaska-Soviet exchanges;

7 (2) serve as a forum for the exchange of information between
8 the state, the University of Alaska, and the private sector about
9 current developments and contacts in Alaska-Soviet Far East relations;

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23 determined by a majority of the members.

24 Sec. 44.19.665. COMPENSATION. Members of the commission serve
25 without compensation but are entitled to per diem and travel allow-
26 ances as authorized by AS 39.20.180 and AS 39.20.185.

27 Sec. 44.19.675. ANNUAL REPORT AND RECOMMENDATIONS. Each year
28 the commission shall submit to the legislature and the governor a
29 report of its activities during the previous calendar year and any

1 recommendations the commission considers appropriate. The report and
2 any recommendations shall be submitted no later than the 10th day of
3 each regular legislative session.

4 * Sec. 2. This Act takes effect immediately under AS 01.10.070(c).
5
6
7
8

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An Act establishing the
Alaska-Soviet Far East Commission
Sponsor: Rules Committee
Requestor: Governor

Agency Affected: Office of the Governor
BRU: Commissions and Special Offices
Components: Alaska-Soviet Far East
Commission

EXPENDITURES/REVENUES: (Thousands of Dollars)

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TRAVEL	77.7	77.7	77.7	77.7	77.7	77.7
CONTRACTUAL	94.1	94.1	94.1	94.1	94.1	94.1
SUPPLIES	1.9	1.5	1.5	1.5	1.5	1.5
EQUIPMENT	14.8	.5	.5	.5	.5	.5
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS	50.0	60.0	70.0	80.0	90.0	100.0
TOTAL OPERATING	288.6	286.0	297.6	309.3	321.0	332.9

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND	238.6	226.0	227.6	229.3	231.0	232.9
FEDERAL FUNDS						
OTHER	50.0	60.0	70.0	80.0	90.0	100.0
TOTAL	288.6	286.0	297.6	309.3	321.0	332.9

POSITIONS:

FULL-TIME	1	1	1	1	1	1
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

See attached analysis

Estimate for program receipts, i.e., private sector donations, contributions. There would be a need to include expenditure/receipt authority within the powers of the Commission.

Prepared by: Michael A. Nizich, Director
Division: Administrative Services

Phone: 465-3616

Date: 1-13-90

Approved by Commissioner: Garrey Peska
Agency: Office of the Governor

Date: 1/12/90

Distribution (by preparer):

Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

PERSONAL SERVICES 50.1

Fiscal note assumes Anchorage location of commission staff consisting of one Program Coordinator, Range 18.

Request for New Position form is attached. Salary shown is step A for FY 91. Personal Services request for subsequent years includes a one-step merit increase.

TRAVEL 77.7

Travel has been averaged to incorporate the travel costs from statewide locations of the public members and assumes eight commission meetings.

Anchorage: 5 meetings

Public members

travel @ 450/person x 6 people	=	2,700	
per diem @ 80/day x 3 days x 7 people	=	<u>1,680</u>	
five meetings @		4,380	= 21,900

Juneau:

Public members

travel @ 450/person x 6 people	=	2,700	
per diem @ 80/day x 3 days x 7 people	=	1,680	

Administrative staff

travel @ 366/person x 1 person	=	366	
per diem @ 80/day x 3 days x 1 person	=	240	4,896

Fairbanks:

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travel @ 450/person x 7 people	=	3,150	
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travel @ 436/person x 1 person	=	436	
per diem @ 80/day x 3 days x 1 person	=	240	5,506

Commission on Alaska-Soviet Relations
Analysis:

Page 2

TRAVEL (continued)

Soviet Far East:

Public members

travel @ 2100/person x 7 people	=	14,700	
per diem @ 1050/person x 7 people	=	7,350	

Administrative staff

travel @ 2100/person x 1 person	=	2,100	
per diem @ 1050/person x 1 person	=	1,050	25,200

Additional public member travel:

Accompany delegations - assumes 2 public members
for three delegations

travel @ 2100/person x 2 people	=	12,600	
per diem @ 1050/person x 2 people	=	6,300	18,900

Additional administrative staff travel

Juneau:

travel @ 366/trip x 2 trips	=	732	
per diem @ 80/day for total 6 days	=	480	1,212

Total Travel:			77,704
---------------	--	--	--------

CONTRACTUAL 94.1

Professional Services:

Interpreter services, delegations hosting expenses, professional services contracts			60,000
--	--	--	--------

Communication:

Telephone (toll costs, base/local fixed costs, centrex network costs) 350/mo x 12 months		4,200	
Telecopier charges -- 25/mo x 12 months		300	
Teleconference charges -- 8 @ 450		3,600	
Postage -- 300/mo x 12		3,600	11,700

Commission on Alaska-Soviet Relations
Analysis:

Page 3

CONTRACTUAL (Continued)

Transportation:

Freight and express charges -- 75/mo x 12 900

Advertising, Printing & Binding:

Subscriptions	75	
Advertising -- 8 meetings x 350	2,800	
Printing -- 4 newsletters x 800 each	3,200	
Annual report	13,500	
Forms, misc.	750	20,325

Minor Repair, Maintenance 1,200

Rental for Space:

Fiscal note assumes availability of office space
within existing leased space in Anchorage.

Total Contractual: 94,125

SUPPLIES AND MATERIALS 1.9

Office and library supplies, 150/mo x 12 =	1,800	
Data processing supplies =	75	1,875

EQUIPMENT 14.8

Communication Equipment:

network hookup, 1 station	=	1,500	
1 position phone	=	500	2,000

Data Processing Equipment:

1 PC workstation			4,500
------------------	--	--	-------

Furniture/Office Equipment:

Desk, chair, etc.	=	5,000	
1 5-drawer lateral file cabinets	=	425	
Bookcases	=	175	
Photocopier	=	1,800	
1 calculator	=	75	
typewriter	=	800	8,275

Total Equipment: 14,775

MISCELLANEOUS 50.0

Estimate for program receipts, i.e., private sector
donations and contributions, for identified
Commission projects. 50,000

1.	POSITION TITLE Program Coordinator				RANGE/STEP 18/A	BARG. UNIT	PAGE/LINE	GOV.	APPROV.	DISAPP		
2.	TYPE OF POSITION PFT	STAFF MONTHS 12	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION Anchorage	ELECTION DISTRICT	LEG.				
3.	CONTINUATION LEVEL				JUSTIFICATION:							
4.	TYPE OF EXPENDITURE				Program Coordinator to staff Commission on Alaska-Soviet Relations. Position will provide full support to commission.							
	1		2								3	
	PERSONAL SERVICES											
5.	Salary		37,548.00									
6.	Benefits		12,957.03									
7.	Supplemental Benefits											
8.	Fixed Benefits											
9.	TOTAL PERSONAL SERVICES		01	50,505.03								
10.	Travel		02	3,504.00								
11.	Contractual		03									
12.	Commodities		04	1,875.00								
13.	Equipment		05	14,775.00								
14.	Other											
15.	TOTAL COST			70,659.03								
	RECEIPT CODE										FUNDING SOURCE	
16.					Federal Receipts 1002							
17.					G.F. Match 1003							
18.					General Funds 1004		70,659.03					
19.					I-A Receipts 1005							
20.					Program Receipts 1028							
21.					Other							
FOR B&M USE ONLY												
KEY NUMBER - - - - -												

REQUEST FOR NEW POSITION

AGENCY Office of the Governor

BRU Executive Operations

COMPONENT Executive Office

Page 1 of 1
Revised Date

FY 91

STEVE COWPER
GOVERNOR



102

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 24, 1990

The Honorable Tim Kelly
President of the Senate
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Mr. President:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill establishing the Alaska-Soviet Far East Commission.

Since the Alaska Performing Artists For Peace (now known as Camai) broke the ice curtain with their triumphal tour of the Soviet Union in 1986, glasnost and perestroika have literally opened the door to a wide variety of economic, cultural, scientific, technical, and educational contacts between the Soviet Far East and Alaska. As our second-closest neighbor, and one with which we have substantial historic ties, I believe that the state should actively support and encourage the growing relationship between Alaska and the Soviet Far East by establishing a commission to serve as a point of contact and an official coordinator of these exchanges. The seven members of the Alaska-Soviet Far East Commission would include representatives from the private sector, from higher education, and from the Native community; this broad representation would enable the commission to cover the full spectrum of contacts between Alaska and the Soviet Far East.

Through establishment of this commission, the state would both recognize the tremendous strides which have been taken to date in Alaska-Soviet Far East relations and lay the groundwork for continued growth of the relationship between Alaska and our second-closest neighbor. I urge your prompt and favorable action on this measure.

Sincerely,

A handwritten signature of Steve Cowper in dark ink.

Steve Cowper
Governor

Governors Letter

STEVE COWPER
GOVERNOR



102

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 24, 1990

The Honorable Tim Kelly
President of the Senate
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Mr. President:

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Through establishment of this commission, the state would both recognize the tremendous strides which have been taken to date in Alaska-Soviet Far East relations and lay the groundwork for continued growth of the relationship between Alaska and our second-closest neighbor. I urge your prompt and favorable action on this measure.

Sincerely,

A large, stylized handwritten signature of Steve Cowper in dark ink.

Steve Cowper
Governor

Governors Letter

REAGAN-GORBACHEV JOINT STATEMENT

THE WASHINGTON POST

December 11, 1987

IV. Bilateral Affairs

The president and the general secretary reviewed in detail the state of U.S.-Soviet bilateral relations. They recognized the utility of further expanding and strengthening bilateral contacts, exchanges and cooperation.

Bilateral Negotiations. Having reviewed the state of ongoing U.S.-Soviet negotiations on a number of specific bilateral issues, the two leaders called for intensified efforts by their representatives, aimed at reaching mutually advantageous agreements on: commercial maritime issues, fishing, marine search and rescue, radio navigational systems, the U.S.-U.S.S.R. maritime boundary and cooperation in the field of transportation and other areas.

They noted with satisfaction agreement on the expansion, within the framework of the U.S.-Soviet Air Transport Agreement, of direct air passenger service, including joint operation of the New York-Moscow route by Pan American Airways and Aeroflot, and on the renewal of the U.S.-Soviet World Ocean Agreement.

People-to-People Contacts and Exchanges. The two leaders took note of progress in implementing the U.S.-Soviet General Exchanges Agreement in the areas of education, science, culture and sports, signed at their November 1985 Geneva meeting, and agreed to continue efforts to eliminate obstacles to further progress in these areas. They expressed satisfaction with plans to celebrate jointly the 30th anniversary of the first Exchanges Agreement in January 1988

Global Climate and Environmental Change Initiative. With reference to their November 1985 agree-

ment in Geneva to cooperate in the preservation of the environment, the two leaders approved a bilateral initiative to pursue joint studies in global climate and environmental change through cooperation in areas of mutual concern, such as protection and conservation of stratospheric ozone, and through increased data exchanges pursuant to the U.S.-Soviet Environmental Protection Agreement and the Agreement Between the United States of America and the Union of Soviet Socialist Republics Concerning Cooperation in the Exploration and Use of Outer Space for Peaceful Purposes. In this context, there will be a detailed study on the climate of the future. The two sides will continue to promote broad international and bilateral cooperation in the increasingly important area of global climate and environmental change.

Cooperative Activities. The president and general secretary supported further cooperation among scientists of the United States, the Soviet Union and other countries in utilizing controlled thermonuclear U.S. fusion for peaceful purposes. They affirmed the intention of the U.S. and the U.S.S.R. to cooperate with the European Atomic Energy Community (EURATOM) and Japan, under the auspices of the International Atomic Energy Agency, in the quadripartite conceptual design of a fusion test reactor.

The two leaders noted with satisfaction progress under the bilateral agreement on peaceful uses of atomic energy toward establishing a permanent working group in the field of nuclear reactor safety and expressed their readiness to develop cooperation in this area.

The president and the general secretary agreed to develop bilateral cooperation in combatting international narcotics trafficking. They agreed that appropriate initial consultations would be held for these purposes in early 1988.

They also agreed to build on recent contacts to develop more effective cooperation in ensuring the security of air and maritime transportation.

The two leaders exchanged views on means of encouraging expanded contacts and cooperation on issues relating to the Arctic. They expressed support for the development of bilateral and regional cooperation among the Arctic countries on these matters, including coordination of scientific research and protection of the region's environment.

The two leaders welcomed the conclusion of negotiations to institutionalize the COSPAS/SARSAT space-based global search and rescue system, operated jointly by the United States, the Soviet Union, France and Canada.

Trade. The two sides stated their strong support for the expansion of mutually beneficial trade and economic relations. They instructed their trade ministers to convene the U.S.-U.S.S.R. Joint Commercial Commission in order to develop concrete proposals to achieve that objective, including within the framework of the Long-Term Agreement between the United States of America and the Union of Soviet Socialist Republics to Facilitate Economic, Industrial and Technical Cooperation. They agreed that commercially viable joint ventures complying with the laws and regulations of both countries could play a role in the further development of commercial relations.

Diplomatic Missions. Both sides agreed on the importance of adequate, secure facilities for their respective diplomatic and consular establishments and emphasized the need to approach problems relating to the functioning of embassies and consulates general constructively and on the basis of reciprocity.

Arctic
States

...day before the tanker that spilled an estimated 400,000 gallons of oil would be docked.

Plans called for moving the 811-foot American Trader, anchored two miles offshore, into an Arco dock in Long Beach harbor to deliver the remainder of the cargo and make permanent repairs, Coast Guard Capt. Jim Card said Sunday.

The vessel that spewed the oil last week, apparently after it was pierced by its own anchor, passed "watertight integrity" tests after the patching job Sunday, Coast Guard Petty Officer 3rd Class Kristine Johnson said today.

But it cannot be docked until it passes inspection for cleanliness and other pollution standards, she said, adding that the tanker probably would be moved early in the week, but not today.

Cleanup crews reported that the oil slick that coated 14 miles of shore with goeey muck was shrinking but the National Weather Service today predicted increasing winds to 25 knots by Tuesday, which could spread the spill.

Nine miles of beaches remained closed as one-third of the slick still

...is in pretty good shape," Card said. Chief Warrant Officer Rick Meidt said the cleanup was impressive, but cautioned, "It's too soon to declare a victory - there's 131,000 gallons of oil in the water."

On Sunday morning, divers temporarily repaired the hull of the tanker using prefabricated steel, plywood and water-resistant foam, said Tony Kozlowski of British Petroleum, which chartered the ship.

An estimated 400,000 gallons of oil leaked from the vessel Wednesday after it apparently punctured itself twice on its own anchor while mooring in shallow water at an offshore oil pipeline.

The accident remained under investigation. The Coast Guard said drug and alcohol tests on the ship's officers, including Capt. Robert Laware, were negative.

National Oceanographic and Atmospheric Administration data showed 23 percent of the spilled crude had been skimmed or picked up at sea as an oil-water mixture while 43 percent had evaporated or naturally dissipated.

The unrecovered 34 percent had spread out on the water as a thin sheen and was nearly impossible to retrieve, Meidt said.



ASSOCIATED PRESS

Cleaning up: Veco spill workers use brooms to sweep away oil.

...was recaptured in Chicago late break, state prison spokesman Ni. The inmates apparently cut a window, cut through bars outside, get away - all without being dete.

Students and one of two sit-in students ended a five-day sit-in then joined a demonstration at that shut down all schools in the movement.

The protesters paraded about "Keep The Dream Alive," to the ridors. A few adults took part also.

Before their arrival, all City handful of protesters in sight. Wh ever, all offices closed, except remained, with several police guard.

Polindexter trial off; Reagan day delayed the start of John P. weeks but said he will proceed Reagan's videotaped deposition I U.S. District Judge Harold Gr testimony can be taken in a cou Los Angeles.

U.S.-Soviet trade normalization talks open

By MARTIN CRUTSINGER

THE ASSOCIATED PRESS

WASHINGTON - Top American and Soviet trade officials today launched wide-ranging negotiations aimed at normalizing trade between the two superpowers for the first time in nearly a half-century.

Asked if the talks could be accomplished in time for President Bush and Soviet President Mikhail S. Gorbachev to sign a new trade treaty at their summit in June, U.S. Trade Representative Carla Hills said, "We are a very efficient team."

She and Deputy Trade Representative Julius Katz led the American negotiating team, while the Soviet

delegation was headed by Yuriy N. Chumakov, deputy minister of foreign economic relations.

The agenda for just the first day of consultations listed 15 areas of discussions. The complexity of the negotiations was demonstrated by the fact that the U.S. delegation included 19 officials from six separate government agencies.

Officials said the first round of discussions were scheduled to last through Tuesday, with more talks expected at the end of February, possibly in Moscow.

U.S. officials are hoping to wrap up the negotiations in April, giving plenty of time for drafting the final

document that will be signed by Bush and Gorbachev at the Washington summit in June.

Bush has said he hopes that normalizing trade relations between the two nations will boost the Soviet economy and lend support to the political reforms being undertaken by Gorbachev.

Under a U.S.-Soviet trade agreement, U.S. consumers would see lower prices for such popular items as Soviet vodka, which by one estimate could drop in price by \$1.25 a bottle, and for luxury items such as Russian furs.

As part of a trade agreement, the United States would grant the Soviet Union "most favored nation" status.

Currently, the Soviets are blocked from that status because of the 1974 Jackson-Vanik amendment, which penalized the Soviets for their ban against emigration by Soviet Jews and other dissidents.

The Soviets have liberalized that policy since Gorbachev came to power, and Bush has said he will propose to Congress a waiver of the Jackson-Vanik tariffs once the Soviet parliament passes legislation that would put the liberalized policies into law.

massive increase in the sale of clean Alaska coal to Asian nations.

As Alaska jobs increase, the value of real property in the Railbelt will increase as well. The real solution to vacancies in residential housing is more people. In that respect, some recent figures provide reason for optimism. During calendar year 1989, Anchorage gained at least 3,000 in population. While 3,000 people may not sound like a lot, it does represent almost one and a half percent of the total number of people in Anchorage.

These events are not random. Collectively, they represent a growing confidence in the new Alaska. Many of the new economic ventures were launched through cooperative efforts of both the private and the public sector. All of them depend on the workings of the global marketplace. As full participants in the global economy, we're beginning to get the attention we deserve, as evidenced by the November visit of Korean President Roh Tae Woo to Anchorage. We hope President Roh's interest will help us put an Alaska natural gas pipeline in place within the next decade.

SOVIET - ALASKA RELATIONS

As our economic prospects improve, we have not neglected our opportunities to contribute

to world stability. The Friendship Flight to the Soviet Union in June 1988 unleashed a flood of visitors back and forth across the Bering Sea. Many of our various Alaska initiatives in the Soviet Far East were started by private citizens. To help with this process I am submitting to you legislation to establish the Alaska-Soviet Far East Commission. The Commission will provide up-to-date information, coordinate visits back and forth, and assist when necessary with funding for our Soviet guests.

What will we get out of this growing friendship with the Soviets? The enthusiasm of individual Alaskans in melting the ice curtain suggests that we are really more interested in what we contribute than in what we get. Most of us believe that we are doing something of historic importance, and we are. The Soviets are a people who have no tradition of democratic government or free markets. If we can help them make this transition, we will make our world better.

Most of us believe we are doing something of historic importance...

In September of this year, Alaska will once again play a leading role in world affairs when we host a Northern Regions Conference in Anchorage. Every northern nation will participate: Canada, the Soviet Union, Japan, Korea, China, Norway, Denmark, Sweden, Finland, Greenland, and

But that era of neverending bountiful harvest is gone. The highly-efficient fish traps, banned by the state legislature as one of its first acts, have been replaced by a network of fish hatcheries. These operations augment natural runs and also work to bolster the naturally-returning populations in rivers along thousands of miles of the state's coastline.

Macauley threw his hat in the pond

Anchorage sculptor Joe Hamilton poses with his creation, "Industrial Setting." The work is actually a set built for the film and video production company Mark Brinster & Co. Brinster used it in a Charlie Chaplinesque sequence that will lead into a longer training film about Alaska's permit system for Alyeska Pipeline. A/C PHOTO BY NINE NORTH

in the early 1970s. With the help of user groups, he oversaw the founding of Juneau's first hatchery on

See DIPAC page 2

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USSR could pose threat Unless Alaska can locate opportunities

By PAUL FUHS

Alaskans, along with the rest of the world have watched intently as breathtaking changes have taken place in Eastern Europe and the Soviet Union. One can't help but cheer as courageous social movements for human rights have prevailed against seemingly unsurmountable odds.

We also cannot help but admire the leader of perestroika in the Soviet Union; the man who encouraged and did not intervene in the East European freedom movements, the man who Time Magazine calls the Man of The Decade: President Mikhail Gorbachev.

Yet, while we are swept up in the euphoria of the moment, we must not fail to consider in very sober economic terms what these changes, especially in the USSR, will mean for the future of Alaska.

Trade potential with the Soviet Union must be considered in terms of restructuring Alaska's economy away from overdependence on oil revenues

and government spending.

For in addition to reductions in State spending, the reductions in military spending due to the easing of tensions will certainly eventually reach Alaska. The trend is already clear: the Army will be cut the most, then the Air Force. The Navy will be cut the least, but the Navy's installations in Alaska are remote, self contained units which have little impact on Alaska's economy.

On the private side of the coin, the potential trade impacts on Alaska from changes in the Soviet Union can be summarized in two possible scenarios. One scene would see Alaska diversifying its economy and benefiting mutually from economic joint ventures and scientific cooperation with the Soviet Far East.

The second possible scenario would be the realization of a tremendous threat from Soviet production and Pacific Rim marketing of fish, timber, minerals and petroleum; the exact

See OPPORTUNITY page 6

OPPORTUNITY: Alaska depends on it

Continued from page 1

same resources Alaska's economy depends on.

The strict regulations on Soviet enterprises which kept them from being a major player in Pacific Rim Markets will be reduced or eliminated by perestroika. Although this makes it easier for them to establish joint ventures with Alaskans, it also opens the door for Japan, Korea, Western Europe, etc.

In other words, the two clear choices are between the Soviet Union as a major partner of Alaska, or as a major competitor. If we allow our markets to play us off against each other, it will be to the economic detriment of both of us.

The opportunity option

Alaska must have a well organized strategy to realize the economic benefits that changes in the Soviet Union have made possible. What are the specific opportunities for economic/scientific cooperation with the Soviet Union and what are the necessary steps to achieving them?

Although Alaska is not one of the strongest players in international trade in the Pacific, we enjoy certain advantages in the case of the Soviet Union. One factor working in our favor is the fact that Alaska and the Soviet Far East are remarkably alike. Because of this there are instant warm feelings when our people meet.

To hear Far East Soviets describe their economic situation is like hearing a broken record about Alaska's similar colonial economic status.

Minimally processed raw materials are exported from the region; the economic benefits of value added processing which is often much more profitable, go elsewhere; economic multipliers for new money entering the regional economy are much lower than national averages; transporta-

be expanded with the opening of Soviet waters to Alaskan fishermen and processors. Other economic opportunities exist in the areas of joint marketing of tourism, communications and publishing ventures, joint mining and petroleum ventures, joint mariculture projects and the husbandry, processing and use of reindeer.

The area of transportation through the establishment of regular jet service and especially the use of Soviet icebreakers offers some particularly exciting opportunities for economic development in Alaska.

The group Ports Alaska, along with the Port of Tacoma have proposed an Arctic Great Circle Route which would carry US West Coast and Alaskan products directly over the North Pole



to the European Market. This could dramatically improve the marketability of Alaskan forest, mineral and fisheries products.

Soviet icebreakers could supply and ship minerals out of the Red Dog mine on a year round basis. They could supply icebound Northern Alaskan ports with crucial fuel and other supplies.

Financial considerations

Many of these joint ventures will

has estimated Soviet gold reserves to be \$30 billion.

Soviet economist Nikolai Shmelev is now proposing that this estimate of gold reserves be used to establish a \$30 billion line of international credit to finance perestroika. Even a small portion of these funds would be a substantial Soviet contribution to the establishment of an Alaska/Soviet Far East Economic Development Bank.

Strategic considerations

Besides getting our own act together in an integrated approach to cooperative economic development with the Soviet Far East, Alaskans must get the ear of our national government to make certain regulatory/diplomatic changes to allow this trade to occur.

Of special importance to Alaska/Soviet Far East trade are the granting of Most Favored Nation Status which would reduce the current heavy tariffs (almost 100 percent on Soviet imports; renegotiating the Bilateral Maritime Treaty which would facilitate the Arctic Great Circle Route; elimination of Coast Guard requirements that Soviet vessels must request entry to an American port 14 days in advance; improvements in the handling of visas and travel documents for Soviet Far East and Alaskan travellers, designation of regular air routes between Anchorage or Fairbanks and major Soviet Far East cities; and a waiver to the Jones Act granting Soviet icebreakers the right

to carry cargo between Alaskan ports until commercial American icebreaker capacity is available.

I have proposed to the U.S. State Department and the Soviet Foreign Ministry that these issues be taken up as confidence building measures by Presidents Bush and Gorbachev during their next summit meeting. In addition to these specific proposals, Alaska should push for a U.S./Soviet economic summit in Alaska.

To succeed, these proposals must be pursued in a unified effort by the Alaska Congressional delegation, local governments, the Alaska Legislature and the Governor.

Now is the time for Alaska to move forward on the opportunities for Soviet trade. Unless we do, we will certainly be faced with the threat of serious competition from the other Arctic resource storehouse of the North Pacific: the Soviet Far East.

Gorbachev left us with some good advice during his speech on the role of the Pacific on July 28, 1986 in Vladivostok: "The present generations have inherited many difficult and painful problems. In order to reach a solution to these problems it is necessary to get rid of the burden of the past, to seek new approaches, guiding oneself by one's responsibility for the present and the future."

Realizing the potential of Alaska/Soviet Far East trade is a very practical way to achieve this.

—Fuhs is mayor of Unalakleet.

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similar colonial economic status.

Minimally processed raw materials are exported from the region; the economic benefits of value added processing which is often much more profitable, go elsewhere; economic multipliers for new money entering the regional economy are much lower than national averages; transportation costs on incoming consumer goods are high; political decisions concerning resource development are made far away from the region in the national center of power.

As a result, Far East Soviets are very interested in joint ventures in the areas of resource production. And these joint ventures can be quite large. The joint venture fishery based out of Dutch Harbor along with associated local retail sales totalled more than \$24 million in 1988.

These fisheries joint ventures can

fisheries products.

Soviet icebreakers could supply and ship minerals out of the Red Dog mine on a year round basis. They could supply icebound Northern Alaskan ports with crucial fuel and other supplies.

Financial considerations

Many of these joint ventures will require substantial financing. A regional economic development bank could be organized utilizing the Alaska Industrial Development and Export Authority, Alaskan, domestic and international institutions operating in the area and Soviet development funds.

Where will the Soviet funds come from? It is interesting that the Soviet Union is stepping onto the international economic stage from a zero international debt basis. In addition, the US Central Intelligence Agency

WETLANDS: Regulations

Continued from page 4

ment is inconsistent with these agencies existing regulations.

For example, existing regulations call for offsite mitigation only where losses are "specifically identifiable, reasonably likely to occur and of importance to the human or aquatic environment." In contrast, the agreement potentially calls for across-the-board compensatory mitigation. As another example, the existing regulations require the agencies to conduct a "public interest" review that takes into account economic and social factors surrounding a proposed project as well as the environmental factors. The agreement rejects factors such as need, societal value or investment and focuses instead on the value and functions of wetlands. The agreement seems to assume that all wetlands have high value to the ecosystem, but this assumption is inconsistent with a previous United States Fish and Wildlife Service policy recognizing that some wetlands

When an agency chooses to depart from its past practice and previously issued regulations, it must generally issue new regulations in conformity with the federal Administrative Procedure Act. That means there must be public notice and an opportunity for the public to comment on the new rules. In the lawsuits that have been filed, developers have argued that the Corps and EPA have violated the Administrative Procedure Act by effecting a substantive change in their operations by means of an agreement.

Developers can also be expected to argue that the agreement violates an executive order issued by President Reagan in 1988. The executive order, as applied to the compensatory mitigation requirement, requires not only that compensatory mitigation must substantially advance the public interest in preserving wetlands but that it must also be proportionate to the extent to which a project contributes to the overall loss of wetlands.

The public interest in preserving wetlands is defined, in part, by look-

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MEMORANDUM OF CONSULTATIONS

Delegations representing the Government of the United States of America and the Government of the Union of Soviet Socialist Republics met in London, February 27 - 28, 1990, to discuss the expansion of air services between the two countries. Delegation lists are attached. During these discussions, the delegations focused their attention on designations, routes, commencement of new services, frequencies, and charters. The delegations understood that matters relating to financial arrangements and other "doing business" issues would be addressed at a subsequent round of discussions.

The delegations agreed in principle, on an ad referendum basis, and subject to later agreement on all remaining issues, to the following provisions:

1. Routes:

For the U.S. - Designated Airlines

From a point or points in the U.S. via intermediate points on a North Atlantic routing to Moscow, Leningrad, Kiev, Riga, Minsk, and Tbilisi.

From a point or points in the U.S. on a North Pacific routing to Magadan and Khabarovsk.

Note: Not more than two combination and one all cargo carriers may operate the route New York/Washington to Moscow/Leningrad. Not more than two U.S. designated carriers may operate between any other U.S./U.S.S.R. city pair.

For the Soviet - Designated Airlines

From a point or points in the U.S.S.R. via intermediate points on a North Atlantic routing to (1) New York and Washington; (2) Chicago; and, (3) Miami with beyond rights to two points in South America to be mutually agreed later.

From a point or points in the U.S.S.R. on a North Pacific routing to Anchorage (mandatory stop) and San Francisco.

Note (1): The mandatory stop at Anchorage shall cease to be required on March 31, 1993.

Memo of Consultations

-2-

Note (2): Not more than two combination and one all cargo carriers may operate the route Moscow/Leningrad and New York/Washington. Not more than two U.S.S.R. designated carriers may operate between any other U.S.S.R./U.S. city pair.

2. Designations:

Prior to April 1, 1991, the Government of the United States of America designates Pan American World Airways, Inc., to operate the agreed services on the routes specified in this agreement. On and after April 1, 1991, the Government of the United States of America may designate an additional four combination carriers and two all-cargo carriers to operate the agreed services on the routes specified in this agreement.

Prior to April 1, 1991, the Government of the Union of Soviet Socialist Republics designates Aeroflot (Soviet Airlines) to operate the agreed services on the routes specified in this agreement. On and after April 1, 1991, the Government of the Union of Soviet Socialist Republics may designate an additional six other airlines to operate the agreed services on the routes specified in this agreement.

3. Frequencies:

- A. Until March 31, 1991, the U.S. designated airline may operate fifteen point one (15.1) round trip equivalent flights per week between the United States and Moscow/Leningrad. Until March 31, 1991, the Soviet designate airline may operate up to fifteen point one (15.1) round trip equivalent flights per week between the U.S.S.R. and New York/Washington.

-3-

The round trip equivalent flights are based on the following aircraft equivalent capacity conversion factors:

- | | |
|---|-------|
| 1 B-737/B-727/IL-62M | = 1 |
| 1 A-310/Stretch DC-8/
B-767/IL-86 with 220 seats | = 1.3 |
| 1 L-1011/A-300/IL-86 with 250 seats | = 1.5 |
| 1 B-747 | = 2 |

New or other types of aircraft may be operated based on a conversion factor which most closely approximates the seating capacity for the listed aircraft.

- B. From April 1, 1991 until March 31, 1992, the U.S. designated airlines may operate up to twenty-two (22) round trip equivalent flights per week between the U.S. and Moscow/Leningrad. Beginning on April 1, 1992, the U.S. designated airlines may operate up to thirty-seven (37) round trip equivalent flights per week between the U.S. and Moscow/Leningrad.

From April 1, 1991 until March 31, 1992, the Soviet designated airlines may operate up to twenty-two (22) round trip equivalent flights per week between the U.S.S.R. and New York/Washington. Beginning on April 1, 1992, the Soviet designated airlines may operate up to thirty-seven (37) round trip equivalent flights per week between the U.S.S.R. and New York/Washington.

- C. From April 1, 1991 to March 31, 1993, the U.S. designated passenger/combo airlines may operate up to ten (10) round trip equivalent flights per week between the United States and Kiev, Riga, Minsk, Tbilisi, Magadan, and Khabarovsk, with none of these cities receiving more than seven (7) weekly equivalent frequencies.

-4-

From April 1, 1991, to March 31, 1992, the U.S. designated all-cargo airlines may operate up to ten (10) round trip equivalent flights per week between the United States and Moscow, Leningrad, Kiev, Riga, Minsk, Tbilisi, Magadan, and Khabarovsk, with none of these cities receiving more than ~~fourteen~~ (7) weekly equivalent frequencies. From April 1, 1992, to March 31, 1993, the U.S. designated all-cargo airlines may operate up to eleven (11) round trip equivalent flights per week between the United States and Moscow, Leningrad, Kiev, Riga, Minsk, Tbilisi, Magadan, and Khabarovsk, with none of these cities receiving more than seven (7) weekly equivalent frequencies. A schedule for the introduction of these frequencies will be discussed at the next round of talks in the context of commercial and financial questions.

- D. From April 1, 1991, to March 31, 1992, the Soviet designated airlines may operate up to twenty (20) round trip equivalent flights per week between the U.S.S.R. and New York/Washington, Chicago, Anchorage, Miami, and San Francisco of which not more than ten (10) may operate to New York/Washington, and not more than seven (7) may operate to any one of the other cities specified. From April 1, 1992, to March 31, 1993, the Soviet designated airlines may operate up to twenty-one (21) round trip equivalent flights between the U.S.S.R. and New York/Washington, Chicago, Anchorage, Miami, and San Francisco of which not more than eleven (11) may operate to New York/Washington, and not more than seven (7) may operate to any one of the other cities specified. A schedule for the introduction of these frequencies will be discussed at the next round of talks in the context of commercial and financial questions.

4. Personnel:

For airlines of the Soviet Union, total staff at New York and Washington may: increase to twelve (12) upon signature of the final agreement; and, increase to a total of sixteen (16) after January 1, 1991. On and after January 1, 1991, total staff of the designated airlines of the Soviet Union outside of New York and Washington may not exceed six (6) with not more than three (3) assigned to any one point.

-5-

For airlines of the United States, total staff at Moscow and Leningrad may: increase to twelve (12) upon signature of the final agreement; and, increase to a total of sixteen (16) after January 1, 1991. On and after January 1, 1991, total staff of the designated airlines of the United States outside of Moscow and Leningrad may not exceed six (6) with not more than three (3) assigned to any one point.

5. Charters:

The airlines of each Contracting Party may operate commercial charter flights into points in the territory of the other Contracting Party. The total number of such round-trip flights for the airlines of each Contracting Party on the North Atlantic route shall not exceed one hundred (100) charter flights per year. Charter flights over the number mentioned above shall receive positive consideration of the Aeronautical authorities of the respective Contracting Party on the basis of comity and reciprocity. The above quotas may be changed subject to agreement between the respective authorities of the Contracting Parties.

Temporarily, on the North Pacific route, charter flights shall not be subject to a quota but shall be given positive consideration on the basis of comity and reciprocity.

Subject to advance approval of routings and points in compliance with entry, transit, customs and immigration and in accordance with the safety and national security requirements of the receiving Contracting Party, decisions on charter applications shall be made within 20 days of receipt of the application; in the event of denial, the denial shall specify the reason therefore: 1) reciprocity, 2) safety, or 3) national security considerations. Applications filed on short notice shall receive sympathetic consideration.

All charter applications shall receive positive, sympathetic consideration by the aeronautical authorities of the Contracting Parties. Such applications shall be subject to advance approval of routings and points in accordance with the safety and national security requirements of the Contracting Party receiving the application.

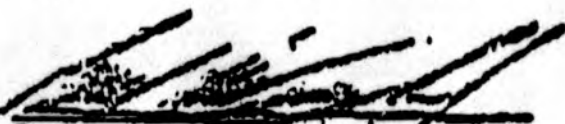
-6-

All flights not "engaged in the carriage of passengers, cargo, or mail for remuneration or hire", within the meaning of Article 5, paragraph 2, of the Convention on International Civil Aviation, are governed by that Article, and are not subject to quota under this Agreement.

Charter flights shall be operated in accordance with the charter rules of the country in which the charter traffic originates.

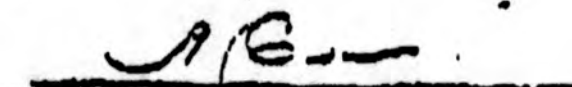
The Delegations agreed to resume consultations in London during the last week of April 1990.

For the U.S. Delegation:



Paul R. Wisgerhof
Chairman

For the U.S.S.R. Delegation:



Leonid S. Seliverstov
Chairman

London
March 1, 1990

U.S. DELEGATION

Paul Wiegnerhof, Chairman
Director, Office of Aviation Negotiations
Department of State

Paul Gretch
Director, Office of International Aviation
Department of Transportation

Victoria Muland
Office of Soviet Union Affairs
Department of State

Peter Bloch
Office of the General Counsel
Department of Transportation

Donald Conlisk
Air Transport Association

Ralph Ditzel
National Air Carrier Association

SOVIET DELEGATION

Leonid S. Seliverstov, Chairman
Director, International Affairs Department
Ministry of Civil Aviation

Gennadi G. Maslov
Director, Europe and America Division
International Affairs Department
Ministry of Civil Aviation

Yuri E. Kuranov
Director, Legal Division
International Affairs Department
Ministry of Civil Aviation

Vasily Vorobiev
Director, U.S.A. Division
International Commercial Department
Aeroflot Soviet Airlines

Vladimir L. Pionomiy
Regional Manager for U.S.A. and Canada
Aeroflot Soviet Airlines



**ALASKA STATE LEGISLATURE
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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.

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)
 Dec. 14, 1970, Pub. L. 91-547, §§ 2-22, 84 Stat. 1413-1430 (Title 15, §§ 80a-2, 80a-3, 80a-8, 80a-13, 80a-15, 80a-17, 80a-19, 80a-22, 80a-24, 80a-28, 80a-31, 80a-32, 80a-35, 80a-42, 80a-43)
 Nov. 3, 1971, Pub. L. 92-165, 85 Stat. 487 (Title 15, § 80a-27)
 Oct. 27, 1972, Pub. L. 92-595, § 2(g), 86 Stat. 1316 (Title 15, § 80a-18)
 June 4, 1975, Pub. L. 94-29, § 27(e), 89 Stat. 163 (Title 15, § 80a-48)
 Feb. 5, 1976, Pub. L. 94-210, title III, § 308(c), 90 Stat. 57 (Title 15, § 80a-3)
 Nov. 6, 1978, Pub. L. 95-598, title III, § 310, 92 Stat. 2676 (Title 15, §§ 80a-2, 80a-6, 80a-25)
 Oct. 21, 1980, Pub. L. 96-477, title I, title VII, § 703, 94 Stat. 2275, 2295 (Title 15, §§ 80a-2, 80a-3, 80a-6, 80a-46, 80a-53 to 80a-64)
 Oct. 13, 1982, Pub. L. 97-303, § 5, 96 Stat. 1409 (Title 15, § 80a-2)
 Dec. 4, 1987, Pub. L. 100-181, Title VI, §§ 601 to 627, 101 Stat. 1260 to 1263 (Title 15, §§ 80a-2, 80a-3, 80a-5, 80a-6, 80a-9, 80a-12, 80a-15, 80a-17, 80a-18, 80a-20, 80a-21, 80a-22, 80a-24, 80a-26, 80a-28, 80a-35, 80a-41, 80a-52, 80a-53, 80a-54, 80a-56)

Investment Company Amendments Act of 1970

- Pub. L. 91-547, Dec. 14, 1970, 84 Stat. 1413 (Title 15, §§ 77b, 77c, 78c, 78d, 80a-2, 80a-3, 80a-8, 80a-13, 80a-15, 80a-17, 80a-19, 80a-22, 80a-24, 80a-28, 80a-31, 80a-32, 80a-35, 80a-42, 80a-43, 80b-2, 80b-3, 80b-5, 80b-6a)

Irish Wilderness Act of 1984

- Pub. L. 98-289, May 21, 1984, 98 Stat. 199 (Title 16, § 1132 note)

Irrigation Acts

- Mar. 3, 1891, ch. 561, 26 Stat. 1095 (Title 16, §§ 471, 607, 611, 611a, 613; Title 25, § 426; Title 43, §§ 161, 162, 165, 173, 174, 185, 212, 262, 321, 323, 325, 327-329, 663, 671, 718, 728, 893, 946-949, 989, 1165, 1166, 1181, 1197)
 June 17, 1902, ch. 1093, 32 Stat. 388 (Title 43, §§ 372, 373, 381, 383, 391, 392, 411, 414, 416, 419, 421, 431, 432, 434, 439, 461, 476, 491, 498)

Irrigation Investigation Act

See Arid Land Act

Isolated Tract Act

- Mar. 28, 1912, ch. 67, 37 Stat. 77 (Title 43, § 1171)

Isthmian Canal Act

See Panama Canal Acts

Jackson-Vanik Amendment

See, also, Trade Act of 1974

- Pub. L. 93-618, Title I, §§ 152, 153, Title IV, §§ 402, 407, 409, Jan. 3, 1975, 88 Stat. 2004, 2006, 2056, 2063, 2064, (Title 19, §§ 2192, 2193, 2432, 2437, 2439)

Jedwin Act

See Mississippi River Flood Control Act

James Madison Memorial Fellowship Act

- 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)
 Pub. L. 99-591, Title I, § 101(b) [Title VIII, §§ 801 to 818], Oct. 30, 1986, 100 Stat. 3341-76 (Title 20, §§ 4501, 4501 note, 4502 to 4517)

Japan-United States Friendship Act

- Pub. L. 94-118, Oct. 20, 1975, 89 Stat. 603 (Title 22, §§ 2901-2906)
 Pub. L. 94-350, title IV, § 401, July 12, 1976, 90 Stat. 833 (Title 22, §§ 2902, 2905, 2906)
 Pub. L. 95-426, title VII, § 703(a), Oct. 7, 1978, 92 Stat. 992 (Title 22, § 2905)
 Pub. L. 97-241, title V, § 503, Aug. 24, 1982, 96 Stat. 298 (Title 22, §§ 2905, 2906)

*Sections of act affected
by JV amendments*

CORRECTION

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**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)
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 Dec. 14, 1970, Pub. L. 91-547, §§ 2-22, 84 Stat. 1413-1430 (Title 15, §§ 80a-2, 80a-3, 80a-8, 80a-13, 80a-15, 80a-17, 80a-19, 80a-22, 80a-24, 80a-28, 80a-31, 80a-32, 80a-35, 80a-42, 80a-43)
 Nov. 3, 1971, Pub. L. 92-165, 85 Stat. 487 (Title 15, § 80a-27)
 Oct. 27, 1972, Pub. L. 92-595, § 2(g), 86 Stat. 1316 (Title 15, § 80a-18)
 June 4, 1975, Pub. L. 94-29, § 27(e), 89 Stat. 163 (Title 15, § 80a-48)
 Feb. 5, 1976, Pub. L. 94-210, title III, § 308(c), 90 Stat. 57 (Title 15, § 80a-3)
 Nov. 6, 1978, Pub. L. 95-598, title III, § 310, 92 Stat. 2676 (Title 15, §§ 80a-2, 80a-6, 80a-25)
 Oct. 21, 1980, Pub. L. 96-477, title I, title VII, § 703, 94 Stat. 2275, 2295 (Title 15, §§ 80a-2, 80a-3, 80a-6, 80a-46, 80a-53 to 80a-64)
 Oct. 13, 1982, Pub. L. 97-303, § 5, 96 Stat. 1409 (Title 15, § 80a-2)
 Dec. 4, 1987, Pub. L. 100-181, Title VI, §§ 601 to 627, 101 Stat. 1260 to 1263 (Title 15, §§ 80a-2, 80a-3, 80a-5, 80a-6, 80a-9, 80a-12, 80a-15, 80a-17, 80a-18, 80a-20, 80a-21, 80a-22, 80a-24, 80a-26, 80a-28, 80a-35, 80a-41, 80a-52, 80a-53, 80a-54, 80a-56)

Investment Company Amendments Act of 1970

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Irish Wilderness Act of 1984

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Irrigation Acts

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 June 17, 1902, ch. 1093, 32 Stat. 388 (Title 43, §§ 372, 373, 381, 383, 391, 392, 411, 414, 416, 419, 421, 431, 432, 434, 439, 461, 476, 491, 498)

Irrigation Investigation Act

See Arid Land Act

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 Pub. L. 99-591, Title I, § 101(b) [Title VIII, §§ 801 to 118], Oct. 30, 1986, 100 Stat. 3341-76 (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. 95-426, title VII, § 703(a), Oct. 7, 1978, 92 Stat. 992 (Title 22, § 2905)
 Pub. L. 97-241, title V, § 503, Aug. 24, 1982, 96 Stat. 298 (Title 22, §§ 2905, 2906)

*Sections of act affected
by JV amendments*

POPULAR NAME TABLE

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Townsite Acts—Continued

July 1, 1870, ch. 193, 16 Stat. 183

Toxic Substances Control Act

Pub. L. 94-469, Oct. 11, 1976, 90 Stat. 2003 (Title 15, §§ 2601-2629)

Pub. L. 97-129, § 1, Dec. 29, 1981, 95 Stat. 1686 (Title 15, §§ 2627, 2628)

Pub. L. 98-80, § 2(c)(2)(A), Aug. 23, 1983, 97 Stat. 485 (Title 15, § 2625)

Pub. L. 98-620, Title IV, § 402(19), Nov. 8, 1984, 98 Stat. 3358 (Title 15, § 2622)

Pub. L. 99-419, §§ 2, 3(b)(c), Oct. 22, 1986, 100 Stat. 954 (Title 15, §§ 2614, 2618, 2619, 2641 to 2154)

Toy Safety Act of 1984

Pub. L. 98-491, Oct. 17, 1984, 98 Stat. 2269 (Title 15, §§ 1261 note, 1274)

Trade Act of 1974

Pub. L. 93-618, Jan. 3, 1975, 88 Stat. 1978 (Title 5, §§ 5312, 5314, 5315, 5316; Title 19, §§ 160, 162-164, 170a, 1202, 1303, 1315, 1321, 1330, 1332, 1333, 1337, 1352, 1484, 1515 note, 1516, 1862, 1863, 1872, 1981, 2101, 2102, 2111-2119, 2131, 2137, 2151-2155, 2171, 2191-2194, 2211-2213, 2231, 2232, 2251-2253, 2271-2274, 2291-2298, 2311-2322, 2341-2354, 2371-2374, 2391-2394, 2411, 2412, 2431-2441, 2461-2465, 2481-2487, 2631, 2632; Title 26, § 3302; See Title 31, §§ 1513, 1514)

Pub. L. 96-39, § 3(e), title I, § 106(b)(3), title II, §§ 202(e)(1), 224, title V, §§ 302(b), (c), 303, 307, title VI, § 601(b), title IX, §§ 901, 902, title XII, §§ 1101, 1103, 1104, 1106(c), 1111(a), July 26, 1979, 93 Stat. 150, 193, 202, 235, 251, 253, 268, 295, 299, 307, 308, 310, 311, 315 (Title 19, §§ 1315, 1352, 2101 note, 2111 note, 2112, 2119, 2131, 2135 note, 2155, 2192, 2194, 2211, 2251, 2253, 2411-2416, 2432, 2434, 2462, 2463, 2464, 2481, 2486)

Pub. L. 96-417, title VI, § 612, Oct. 10, 1980, 94 Stat. 1746 (Title 19, § 2322)

Pub. L. 97-35, title XXV, §§ 2501-2504(a), 2505(a), 2506(2), 2507-2511, 2513(a)-(e), (d)(6), 2521-2527, Aug. 13, 1981, 95 Stat. 881-893 (Title 19, §§ 2272, 2274, 2275, 2291-2293, 2296-2298, 2311, 2313, 2315, 2317-2319, 2343-2347, 2353, 2355)

Pub. L. 97-164, title 2, § 163(a)(5), Apr. 2, 1982, 96 Stat. 49 (Title 19, § 2395)

Pub. L. 97-456, § 3(a)-(d)(4), Jan. 12, 1983, 96 Stat. 2504 (Title 5, §§ 5312, 5314; Title 19, § 2171)

Pub. L. 98-120, §§ 2, 3, 4, Oct. 12, 1983, 97 Stat. 809 (Title 19, §§ 2272, 2317, 2345)

Pub. L. 98-369, Title VI, §§ 2671 to 2673, 98 Stat. 1172 (Title 19, §§ 2293, 2297, 2298, 2355)

Pub. L. 98-373, Title II, §§ 248, 249, Title V, §§ 502 to 505, 507, Title VII, § 703, Oct. 30, 1984, 98 Stat. 2988, 3018 to 3020, 3023, 3043 (Title 19, §§ 1330, 2171, 2192, 2251, 2253, 2461, 2462, 2464 to 2466)

Pub. L. 99-47, § 8(b), June 11, 1985, 99 Stat. 84 (Title 19, §§ 2112, 2462, 2463, 2464)

Pub. L. 99-107, § 3, Sept. 30, 1985, 99 Stat. 479 (Title 19, § prec. 2271 note)

Pub. L. 99-155, § 2(b), Nov. 14, 1985, 99 Stat. 814 (Title 19, § prec. 2271 note)

Pub. L. 99-181, § 2, Dec. 13, 1985, 99 Stat. 1172 (Title 19, § prec. 2271 note)

Pub. L. 99-189, § 2, Dec. 18, 1985, 99 Stat. 1184 (Title 19, § prec. 2271 note)

Pub. L. 99-272, Title XIII, §§ 13002 to 13008, 13023, Apr. 7, 1986, 100 Stat. 300 to 305, 307 (Title 19, §§ 2171, prec. 2271 note, 2271, 2272, 2291, 2292, 2293, 2296, 2297, 2311, 2317, 2319, 2341 to 2344, 2346)

Pub. L. 99-514, § 1887, Oct. 22, 1986, 100 Stat. 2923 (Title 19, §§ 2112, 2138, 2155, 2171, 2462, 2464)

Pub. L. 99-570, Title IX, §§ 9001, 9002, Oct. 27, 1986, 100 Stat. 3207-164, 3207-166 (Title 19, §§ 2462, 2491 to 2495, 2702)

Pub. L. 100-203, Title IX, § 9504, Dec. 22, 1987, 101 Stat. 1330-382 (Title 19, § 2171)

Pub. L. 100-204, Title VIII, § 806(a), (b), Dec. 22, 1987, 101 Stat. 1398 (Title 19, § 2492)

Trade Adjustment Assistance Reform and Extension Act of 1986

Pub. L. 99-272, Title XIII, §§ 13001 to 13009, Apr. 7, 1986, 100 Stat. 300 (Title 19, §§ 2101 note, prec. 2271 note, 2271, 2272, 2291, 2291 note, 2292, 2293, 2296, 2297, 2311, 2317, 2319, 2341 to 2344, 2346)

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).

^{25a}. So in original

(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

Amend- ment	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 38 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 35,000 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 his 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**

LEGISLATIVE HISTORY
P.L. 93-618

**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	96
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