

Calendar No. 214

106TH CONGRESS
1ST Session
S. 1389

A BILL

To provide additional trade benefits to certain
beneficiary countries in the Caribbean.

JULY 16, 1999

Read twice and placed on the calendar

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1ST SESSION**S. 1389**

To provide additional trade benefits to certain beneficiary countries in the Caribbean.

IN THE SENATE OF THE UNITED STATES

JULY 16, 1999

Mr. ROTH, from the Committee on Finance, reported the following original bill; which was read twice and placed on the calendar

A BILL

To provide additional trade benefits to certain beneficiary countries in the Caribbean.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “United States-Caribbean Basin Trade Enhancement
6 Act”.

7 (b) TABLE OF CONTENTS.—The table of contents for
8 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Findings and policy.

Sec. 3. Definitions.

TITLE I—TRADE BENEFITS FOR CARIBBEAN BASIN COUNTRIES

Sec. 101. Temporary provisions to provide additional trade benefits to certain beneficiary countries.

Sec. 102. Adequate and effective protection for intellectual property rights.

TITLE II—REVENUE PROVISIONS

Sec. 201. Suspension of limitation on cover over of tax on distilled spirits.

Sec. 202. Modification of installment method and repeal of installment method for accrual method taxpayers.

1 **SEC. 2. FINDINGS AND POLICY.**

2 (a) FINDINGS.—Congress makes the following find-
3 ings:

4 (1) The Caribbean Basin Economic Recovery
5 Act (referred to in this Act as “CBERA”) rep-
6 resents a permanent commitment by the United
7 States to encourage the development of strong demo-
8 cratic governments and revitalized economies in
9 neighboring countries in the Caribbean Basin.

10 (2) Thirty-four democratically elected leaders
11 agreed at the 1994 Summit of the Americas to con-
12 clude negotiation of a Free Trade Area of the Amer-
13 icas (referred to in this Act as “FTAA”) by the year
14 2005.

15 (3) The economic security of the countries in
16 the Caribbean Basin will be enhanced by the comple-
17 tion of the FTAA.

18 (4) Offering temporary benefits to Caribbean
19 Basin countries will enhance trade between the
20 United States and the Caribbean Basin, encourage

1 development of trade and investment policies that
2 will facilitate participation of Caribbean Basin coun-
3 tries in the FTAA, preserve the United States com-
4 mitment to Caribbean Basin beneficiary countries,
5 help further economic development in the Caribbean
6 Basin region, and accelerate the trend toward more
7 open economies in the region.

8 (5) Promotion of the growth of free enterprise
9 and economic opportunity in the Caribbean Basin
10 will enhance the national security interests of the
11 United States.

12 (6) Increased trade and economic activity be-
13 tween the United States and Caribbean Basin bene-
14 ficiary countries will create expanding export oppor-
15 tunities for United States businesses and workers.

16 (b) POLICY.—It is the policy of the United States
17 to—

18 (1) offer Caribbean Basin beneficiary countries
19 willing to prepare to become a party to the FTAA
20 or a comparable trade agreement, tariff treatment
21 essentially equivalent to that accorded to products of
22 NAFTA countries for certain products not currently
23 eligible for duty-free treatment under the CBERA;
24 and

1 (2) seek the participation of Caribbean Basin
2 beneficiary countries in the FTAA or a trade agree-
3 ment comparable to the FTAA at the earliest pos-
4 sible date, with the goal of achieving full participa-
5 tion in such agreement not later than 2005.

6 **SEC. 3. DEFINITIONS.**

7 In this Act:

8 (1) BENEFICIARY COUNTRY.—The term “bene-
9 ficiary country” has the meaning given the term in
10 section 212(a)(1)(A) of the Caribbean Basin Eco-
11 nomic Recovery Act (19 U.S.C. 2702(a)(1)(A)).

12 (2) CBTEA.—The term “CBTEA” means the
13 United States-Caribbean Basin Trade Enhancement
14 Act.

15 (3) NAFTA.—The term “NAFTA” means the
16 North American Free Trade Agreement entered into
17 between the United States, Mexico, and Canada on
18 December 17, 1992.

19 (4) NAFTA COUNTRY.—The term “NAFTA
20 country” means any country with respect to which
21 the NAFTA is in force.

22 (5) WTO AND WTO MEMBER.—The terms
23 “WTO” and “WTO member” have the meanings
24 given those terms in section 2 of the Uruguay
25 Round Agreements Act (19 U.S.C. 3501).

1 **TITLE I—TRADE BENEFITS FOR**
2 **CARIBBEAN BASIN COUNTRIES**

3 **SEC. 101. TEMPORARY PROVISIONS TO PROVIDE ADDI-**
4 **TIONAL TRADE BENEFITS TO CERTAIN BENE-**
5 **FICIARY COUNTRIES.**

6 (a) TEMPORARY PROVISIONS.—Section 213(b) of the
7 Caribbean Basin Economic Recovery Act (19 U.S.C.
8 2703(b)) is amended to read as follows:

9 “(b) IMPORT-SENSITIVE ARTICLES.—

10 “(1) IN GENERAL.—Subject to paragraphs (2)
11 through (5), the duty-free treatment provided under
12 this title does not apply to—

13 “(A) textile and apparel articles which
14 were not eligible articles for purposes of this
15 title on January 1, 1994, as this title was in ef-
16 fect on that date;

17 “(B) footwear not designated at the time
18 of the effective date of this title as eligible arti-
19 cles for the purpose of the generalized system
20 of preferences under title V of the Trade Act of
21 1974;

22 “(C) tuna, prepared or preserved in any
23 manner, in airtight containers;

1 “(D) petroleum, or any product derived
 2 from petroleum, provided for in headings 2709
 3 and 2710 of the HTS;

4 “(E) watches and watch parts (including
 5 cases, bracelets, and straps), of whatever type
 6 including, but not limited to, mechanical, quartz
 7 digital or quartz analog, if such watches or
 8 watch parts contain any material which is the
 9 product of any country with respect to which
 10 HTS column 2 rates of duty apply; or

11 “(F) articles to which reduced rates of
 12 duty apply under subsection (h).

13 “(2) TRANSITION PERIOD TREATMENT OF CER-
 14 TAIN TEXTILE AND APPAREL ARTICLES.—

15 “(A) PRODUCTS COVERED.—During the
 16 transition period, the preferential treatment de-
 17 scribed in subparagraph (B) shall apply to the
 18 following products:

19 “(i) APPAREL ARTICLES ASSEMBLED
 20 IN A CBTEA BENEFICIARY COUNTRY.—Ap-
 21 parel articles assembled in a CBTEA bene-
 22 ficiary country from fabrics wholly formed
 23 and cut in the United States, from yarns
 24 wholly formed in the United States that
 25 are—

1 “(I) entered under subheading
2 9802.00.80 of the HTS; or

3 “(II) entered under chapter 61
4 or 62 of the HTS, if, after such as-
5 sembly, the articles would have quali-
6 fied for entry under subheading
7 9802.00.80 of the HTS but for the
8 fact that the articles were subjected to
9 stone-washing, enzyme-washing, acid
10 washing, perma-pressing, oven-baking,
11 bleaching, garment-dyeing, or other
12 similar processes.

13 “(ii) APPAREL ARTICLES CUT AND AS-
14 SEMBLED IN A CBTEA BENEFICIARY COUN-
15 TRY.—Apparel articles cut in a CBTEA
16 beneficiary country from fabric wholly
17 formed in the United States from yarns
18 wholly formed in the United States, if such
19 articles are assembled in such country with
20 thread formed in the United States.

21 “(iii) HANDLOOMED, HANDMADE, AND
22 FOLKLORE ARTICLES.—A handloomed,
23 handmade, or folklore article of a CBTEA
24 beneficiary country identified under sub-
25 paragraph (C) that is certified as such by

1 the competent authority of such beneficiary
2 country.

3 “(iv) TEXTILE LUGGAGE.—Textile
4 luggage—

5 “(I) assembled in a CBTEA ben-
6 eficiary country from fabric wholly
7 formed and cut in the United States,
8 from yarns wholly formed in the
9 United States, that is entered under
10 subheading 9802.00.80 of the HTS;
11 or

12 “(II) assembled from fabric cut
13 in a CBTEA beneficiary country from
14 fabric wholly formed in the United
15 States from yarns wholly formed in
16 the United States, if such luggage is
17 assembled in such country with thread
18 formed in the United States.

19 “(B) PREFERENTIAL TREATMENT.—Ex-
20 cept as provided in subparagraph (E), during
21 the transition period, the articles described in
22 subparagraph (A) shall enter the United States
23 free of duty and free of any quantitative limita-
24 tions.

1 “(C) HANDLOOMED, HANDMADE, AND
2 FOLKLORE ARTICLES DEFINED.—For purposes
3 of subparagraph (A)(iii), the President, after
4 consultation with the CBTEA beneficiary coun-
5 try concerned, shall determine which, if any,
6 particular textile and apparel goods of the coun-
7 try shall be treated as being handloomed, hand-
8 made, or folklore goods of a kind described in
9 section 2.3 (a), (b), or (c) or Appendix 3.1.B.11
10 of the Annex.

11 “(D) PENALTIES FOR TRANS-
12 SHIPMENTS.—

13 “(i) PENALTIES FOR EXPORTERS.—If
14 the President determines, based on suffi-
15 cient evidence, that an exporter has en-
16 gaged in transshipment with respect to
17 textile or apparel products from a CBTEA
18 beneficiary country, then the President
19 shall deny all benefits under this title to
20 such exporter, and any successor of such
21 exporter, for a period of 2 years.

22 “(ii) PENALTIES FOR COUNTRIES.—
23 Whenever the President finds, based on
24 sufficient evidence, that transshipment has
25 occurred, the President shall request that

1 the CBTEA beneficiary country or coun-
2 tries through whose territory the trans-
3 shipment has occurred take all necessary
4 and appropriate actions to prevent such
5 transshipment. If the President determines
6 that a country is not taking such actions,
7 the President shall reduce the quantities of
8 textile and apparel articles that may be im-
9 ported into the United States from such
10 country by the quantity of the trans-
11 shipped articles multiplied by 3.

12 “(iii) TRANSSHIPMENT DESCRIBED.—
13 Transshipment within the meaning of this
14 subparagraph has occurred when pref-
15 erential treatment for a textile or apparel
16 article under subparagraph (B) has been
17 claimed on the basis of material false in-
18 formation concerning the country of origin,
19 manufacture, processing, or assembly of
20 the article or any of its components. For
21 purposes of this clause, false information is
22 material if disclosure of the true informa-
23 tion would mean or would have meant that
24 the article is or was ineligible for pref-

1 erential treatment under subparagraph
2 (B).

3 “(E) BILATERAL EMERGENCY ACTIONS.—

4 “(i) IN GENERAL.—The President
5 may take bilateral emergency tariff actions
6 of a kind described in section 4 of the
7 Annex with respect to any apparel article
8 imported from a CBTEA beneficiary coun-
9 try if the application of tariff treatment
10 under subparagraph (B) to such article re-
11 sults in conditions that would be cause for
12 the taking of such actions under such sec-
13 tion 4 with respect to a like article de-
14 scribed in the same 8-digit subheading of
15 the HTS that is imported from Mexico.

16 “(ii) RULES RELATING TO BILATERAL
17 EMERGENCY ACTION.—For purposes of ap-
18 plying bilateral emergency action under
19 this subparagraph—

20 “(I) the requirements of para-
21 graph (5) of section 4 of the Annex
22 (relating to providing compensation)
23 shall not apply;

24 “(II) the term ‘transition period’
25 in section 4 of the Annex shall have

1 the meaning given that term in para-
 2 graph (5)(D) of this subsection; and

3 “(III) the requirements to con-
 4 sult specified in section 4 of the
 5 Annex shall be treated as satisfied if
 6 the President requests consultations
 7 with the beneficiary country in ques-
 8 tion and the country does not agree to
 9 consult within the time period speci-
 10 fied under section 4.

11 “(3) TRANSITION PERIOD TREATMENT OF CER-
 12 TAIN OTHER ARTICLES ORIGINATING IN BENE-
 13 FICIARY COUNTRIES.—

14 “(A) EQUIVALENT TARIFF TREATMENT.—

15 “(i) IN GENERAL.—Subject to clause
 16 (ii), the tariff treatment accorded at any
 17 time during the transition period to any
 18 article referred to in any of subparagraphs
 19 (B) through (F) of paragraph (1) that
 20 originates in the territory of a CBTEA
 21 beneficiary country shall be identical to the
 22 tariff treatment that is accorded at such
 23 time under Annex 302.2 of the NAFTA to
 24 an article described in the same 8-digit
 25 subheading of the HTS that is a good of

1 Mexico and is imported into the United
2 States.

3 “(ii) EXCEPTION.—Clause (i) does not
4 apply to any article accorded duty-free
5 treatment under U.S. Note 2(b) to sub-
6 chapter II of chapter 98 of the HTS.

7 “(B) RELATIONSHIP TO SUBSECTION (h)
8 DUTY REDUCTIONS.—If at any time during the
9 transition period the rate of duty that would
10 (but for action taken under subparagraph (A)(i)
11 in regard to such period) apply with respect to
12 any article under subsection (h) is a rate of
13 duty that is lower than the rate of duty result-
14 ing from such action, then such lower rate of
15 duty shall be applied for the purposes of imple-
16 menting such action.

17 “(4) CUSTOMS PROCEDURES.—

18 “(A) IN GENERAL.—

19 “(i) REGULATIONS.—Any importer
20 that claims preferential treatment under
21 paragraph (2) or (3) shall comply with
22 customs procedures similar in all material
23 respects to the requirements of Article
24 502(1) of the NAFTA as implemented
25 pursuant to United States law, in accord-

1 ance with regulations promulgated by the
2 Secretary of the Treasury.

3 “(ii) DETERMINATION.—

4 “(I) IN GENERAL.—In order to
5 qualify for the preferential treatment
6 under paragraph (2) or (3) and for a
7 Certificate of Origin to be valid with
8 respect to any article for which such
9 treatment is claimed, there shall be in
10 effect a determination by the Presi-
11 dent that each country described in
12 subclause (II)—

13 “(aa) has implemented and
14 follows, or

15 “(bb) is making substantial
16 progress toward implementing
17 and following,

18 procedures and requirements similar
19 in all material respects to the relevant
20 procedures and requirements under
21 chapter 5 of the NAFTA.

22 “(II) COUNTRY DESCRIBED.—A
23 country is described in this subclause
24 if it is a CBTEA beneficiary
25 country—

1 “(aa) from which the article
2 is exported, or

3 “(bb) in which materials
4 used in the production of the ar-
5 ticle originate or in which the ar-
6 ticle or such materials undergo
7 production that contributes to a
8 claim that the article is eligible
9 for preferential treatment.

10 “(B) CERTIFICATE OF ORIGIN.—The Cer-
11 tificate of Origin that otherwise would be re-
12 quired pursuant to the provisions of subpara-
13 graph (A) shall not be required in the case of
14 an article imported under paragraph (2) or (3)
15 if such Certificate of Origin would not be re-
16 quired under Article 503 of the NAFTA (as im-
17 plemented pursuant to United States law), if
18 the article were imported from Mexico.

19 “(5) DEFINITIONS AND SPECIAL RULES.—For
20 purposes of this subsection—

21 “(A) ANNEX.—The term ‘the Annex’
22 means Annex 300–B of the NAFTA.

23 “(B) CBTEA BENEFICIARY COUNTRY.—

24 “(i) IN GENERAL.—The term
25 ‘CBTEA beneficiary country’ means any

1 ‘beneficiary country’, as defined by section
 2 212(a)(1)(A) of this title, which the Presi-
 3 dent determines has demonstrated a com-
 4 mitment to—

5 “(I) undertake its obligations
 6 under the WTO on or ahead of sched-
 7 ule;

8 “(II) participate in negotiations
 9 toward the completion of the FTAA
 10 or a comparable trade agreement; and

11 “(III) undertake other steps nec-
 12 essary for that country to become a
 13 party to the FTAA or a comparable
 14 trade agreement.

15 “(ii) CRITERIA FOR DETERMINA-
 16 TION.—In making the determination under
 17 clause (i), the President may consider the
 18 criteria in sections 212 (b) and (c) and
 19 other appropriate criteria, including—

20 “(I) the extent to which the
 21 country follows accepted rules of
 22 international trade provided for under
 23 the agreements listed in section
 24 101(d) of the Uruguay Round Agree-
 25 ments Act;

1 “(II) the extent to which the
2 country provides protection of intellec-
3 tual property rights—

4 “(aa) in accordance with
5 standards established in the
6 Agreement on Trade-Related As-
7 pects of Intellectual Property
8 Rights described in section
9 101(d)(15) of the Uruguay
10 Round Agreements Act;

11 “(bb) in accordance with
12 standards established in chapter
13 17 of the NAFTA; and

14 “(cc) by granting the hold-
15 ers of copyrights the ability to
16 control the importation and sale
17 of products that embody copy-
18 righted works, extending the pe-
19 riod set forth in Article 1711(6)
20 of NAFTA for protecting test
21 data for agricultural chemicals to
22 10 years, protecting trademarks
23 regardless of their subsequent
24 designation as geographic indica-
25 tions, and providing enforcement

1 against the importation of in-
2 fringing products at the border;

3 “(III) the extent to which the country
4 provides protections to investors and in-
5 vestments of the United States substan-
6 tially equivalent to those set forth in chap-
7 ter 11 of the NAFTA;

8 “(IV) the extent to which the country
9 provides the United States and other WTO
10 members nondiscriminatory, equitable, and
11 reasonable market access with respect to
12 the products for which benefits are pro-
13 vided under paragraphs (2) and (3), and in
14 other relevant product sectors as deter-
15 mined by the President;

16 “(V) the extent to which the country
17 provides internationally recognized worker
18 rights, including—

19 “(aa) the right of associa-
20 tion,

21 “(bb) the right to organize
22 and bargain collectively,

23 “(cc) prohibition on the use
24 of any form of coerced or com-
25 pulsory labor,

1 “(dd) a minimum age for
2 the employment of children, and

3 “(ee) acceptable conditions
4 of work with respect to minimum
5 wages, hours of work, and occu-
6 pational safety and health;

7 “(VI) whether the country has
8 met the counter-narcotics certification
9 criteria set forth in section 490 of the
10 Foreign Assistance Act of 1961 (22
11 U.S.C. 2291j) for eligibility for
12 United States assistance;

13 “(VII) the extent to which the
14 country becomes a party to and imple-
15 ments the Inter-American Convention
16 Against Corruption, and becomes
17 party to a convention regarding the
18 extradition of its nationals;

19 “(VIII) the extent to which the
20 country—

21 “(aa) supports the multilat-
22 eral and regional objectives of the
23 United States with respect to
24 government procurement, includ-
25 ing the negotiation of government

1 procurement provisions as part of
2 the FTAA and conclusion of a
3 WTO transparency agreement as
4 provided in the declaration of the
5 WTO Ministerial Conference held
6 in Singapore on December 9
7 through 13, 1996, and

8 “(bb) applies transparent
9 and competitive procedures in
10 government procurement equiva-
11 lent to those contained in the
12 WTO Agreement on Government
13 Procurement (described in sec-
14 tion 101(d)(17) of the Uruguay
15 Round Agreements Act);

16 “(IX) the extent to which the
17 country follows the rules on customs
18 valuation set forth in the WTO Agree-
19 ment on Implementation of Article
20 VII of the GATT 1994 (described in
21 section 101(d)(8) of the Uruguay
22 Round Agreements Act);

23 “(X) the extent to which the
24 country affords to products of the
25 United States which the President de-

1 termines to be of commercial impor-
2 tance to the United States with re-
3 spect to such country, and on a non-
4 discriminatory basis to like products
5 of other WTO members, tariff treat-
6 ment that is no less favorable than
7 the most favorable tariff treatment
8 provided by the country to any other
9 country pursuant to any free trade
10 agreement to which such country is a
11 party, other than the Central Amer-
12 ican Common Market or the Carib-
13 bean Community and Common Mar-
14 ket.

15 “(C) CBTEA ORIGINATING GOOD.—

16 “(i) IN GENERAL.—The term
17 ‘CBTEA originating good’ means a good
18 that meets the rules of origin for a good
19 set forth in chapter 4 of the NAFTA as
20 implemented pursuant to United States
21 law.

22 “(ii) APPLICATION OF CHAPTER 4.—
23 In applying chapter 4 with respect to a
24 CBTEA beneficiary country for purposes
25 of this subsection—

1 “(I) no country other than the
2 United States and a CBTEA bene-
3 ficiary country may be treated as
4 being a party to the NAFTA;

5 “(II) any reference to trade be-
6 tween the United States and Mexico
7 shall be deemed to refer to trade be-
8 tween the United States and a
9 CBTEA beneficiary country;

10 “(III) any reference to a party
11 shall be deemed to refer to a CBTEA
12 beneficiary country or the United
13 States; and

14 “(IV) any reference to parties
15 shall be deemed to refer to any com-
16 bination of CBTEA beneficiary coun-
17 tries or to the United States and a
18 CBTEA beneficiary country (or any
19 combination thereof).

20 “(D) TRANSITION PERIOD.—The term
21 ‘transition period’ means, with respect to a
22 CBTEA beneficiary country, the period that be-
23 gins on October 1, 1999, and ends on the ear-
24 lier of—

25 “(i) December 31, 2004, or

1 “(ii) the date on which the FTAA or
 2 a comparable trade agreement enters into
 3 force with respect to the United States and
 4 the CBTEA beneficiary country.

5 “(E) CBTEA.—The term ‘CBTEA’ means
 6 the United States-Caribbean Basin Trade En-
 7 hancement Act.

8 “(F) FTAA.—The term ‘FTAA’ means
 9 the Free Trade Area of the Americas.”.

10 (b) DETERMINATION REGARDING RETENTION OF
 11 DESIGNATION.—Section 212(e) of the Caribbean Basin
 12 Economic Recovery Act (19 U.S.C. 2702(e)) is amended—

13 (1) in paragraph (1)—

14 (A) by redesignating subparagraphs (A)
 15 and (B) as clauses (i) and (ii), respectively;

16 (B) by inserting “(A)” after “(1)”;

17 (C) by striking “would be barred” and all
 18 that follows through the end period and insert-
 19 ing: “no longer satisfies one or more of the con-
 20 ditions for designation as a beneficiary country
 21 set forth in subsection (b) or such country fails
 22 adequately to meet one or more of the criteria
 23 set forth in subsection (c).”; and

24 (D) by adding at the end the following:

1 “(B) The President may, after the require-
 2 ments of subsection (a)(2) and paragraph (2)
 3 have been met—

4 “(i) withdraw or suspend the designa-
 5 tion of any country as a CBTEA bene-
 6 ficiary country, or

7 “(ii) withdraw, suspend, or limit the
 8 application of preferential treatment under
 9 section 213(b) (2) and (3) to any article of
 10 any country, if, after such designation, the
 11 President determines that as a result of
 12 changed circumstances, the performance of
 13 such country is not satisfactory under the
 14 criteria set forth in section 213(b)(5)(B).”;
 15 and

16 (2) by adding after paragraph (2) the following
 17 new paragraph:

18 “(3) If preferential treatment under section
 19 213(b) (2) and (3) is withdrawn, suspended, or lim-
 20 ited with respect to a CBTEA beneficiary country,
 21 such country shall not be deemed to be a ‘party’ for
 22 the purposes of applying section 213(b)(5)(C) to im-
 23 ports of articles for which preferential treatment has
 24 been withdrawn, suspended, or limited with respect
 25 to such country.”.

1 (c) REPORTING REQUIREMENTS.—

2 (1) Section 212(f) of the Caribbean Basin Eco-
3 nomic Recovery Act (19 U.S.C. 2702(f)) is amended
4 to read as follows:

5 “(f) REPORTING REQUIREMENTS.—

6 “(1) IN GENERAL.—Not later than December
7 31, 2001, and every 2 years thereafter during the
8 period this title is in effect, the United States Trade
9 Representative shall submit to Congress a report re-
10 garding the operation of this title, including—

11 “(A) with respect to subsections (b) and
12 (c), the results of a general review of bene-
13 ficiary countries based on the considerations de-
14 scribed in such subsections; and

15 “(B) the performance of each beneficiary
16 country or CBTEA beneficiary country, as the
17 case may be, under the criteria set forth in sec-
18 tion 213(b)(5)(B)(ii).

19 “(2) PUBLIC COMMENT.—Before submitting the
20 report described in paragraph (1), the United States
21 Trade Representative shall publish a notice in the
22 Federal Register requesting public comments on
23 whether beneficiary countries are meeting the cri-
24 teria listed in section 213(b)(5)(B)(i), and on the
25 performance of each beneficiary country or CBTEA

1 beneficiary country, as the case may be, with respect
 2 to the criteria listed in section 213(b)(5)(B)(ii).”.

3 (2) Section 203(f) of the Andean Trade Pref-
 4 erence Act (19 U.S.C. 3202(f)) is amended—

5 (A) by striking “TRIENNIAL REPORT” in
 6 the heading and inserting “REPORT”; and

7 (B) by striking “On or before” and all that
 8 follows through “enactment of this title” and
 9 inserting “Not later than March 31, 2000 and
 10 annually thereafter”.

11 (d) INTERNATIONAL TRADE COMMISSION RE-
 12 PORTS.—

13 (1) Section 215(a) of the Caribbean Basin Eco-
 14 nomic Recovery Act (19 U.S.C. 2704(a)) is amended
 15 to read as follows:

16 “(a) REPORTING REQUIREMENT.—

17 “(1) IN GENERAL.—The United States Inter-
 18 national Trade Commission (in this section referred
 19 to as the ‘Commission’) shall submit to Congress
 20 and the President biennial reports regarding the eco-
 21 nomic impact of this title on United States indus-
 22 tries and consumers and on the economy of the ben-
 23 eficiary countries.

24 “(2) FIRST REPORT.—The first report shall be
 25 submitted not later than September 30, 2001.

1 “(3) TREATMENT OF PUERTO RICO, ETC.—For
 2 purposes of this section, industries in the Common-
 3 wealth of Puerto Rico and the insular possessions of
 4 the United States are considered to be United States
 5 industries.”.

6 (2) Section 206(a) of the Andean Trade Pref-
 7 erence Act (19 U.S.C. 3204(a)) is amended to read
 8 as follows:

9 “(a) REPORTING REQUIREMENTS.—

10 “(1) IN GENERAL.—The United States Inter-
 11 national Trade Commission (in this section referred
 12 to as the ‘Commission’) shall submit to Congress
 13 and the President biennial reports regarding the eco-
 14 nomic impact of this title on United States indus-
 15 tries and consumers, and, in conjunction with other
 16 agencies, the effectiveness of this title in promoting
 17 drug-related crop eradication and crop substitution
 18 efforts of the beneficiary countries.

19 “(2) SUBMISSION.—During the period that this
 20 title is in effect, the report required by paragraph
 21 (1) shall be submitted on December 31 of each year
 22 that the report required by section 215 of the Carib-
 23 bean Basin Economic Recovery Act is not submitted.

24 “(3) TREATMENT OF PUERTO RICO, ETC.—For
 25 purposes of this section, industries in the Common-

1 wealth of Puerto Rico and the insular possessions of
 2 the United States are considered to be United States
 3 industries.”.

4 (e) TECHNICAL AND CONFORMING AMENDMENTS.—

5 (1) IN GENERAL.—

6 (A) Section 211 of the Caribbean Basin
 7 Economic Recovery Act (19 U.S.C. 2701) is
 8 amended by inserting “(or other preferential
 9 treatment)” after “treatment”.

10 (B) Section 213(a)(1) of the Caribbean
 11 Basin Economic Recovery Act (19 U.S.C.
 12 2703(a)(1)) is amended by inserting “and ex-
 13 cept as provided in subsection (b) (2) and (3),”
 14 after “Tax Reform Act of 1986,”.

15 (2) DEFINITIONS.—Section 212(a)(1) of the
 16 Caribbean Basin Economic Recovery Act (19 U.S.C.
 17 2702(a)(1)) is amended by adding at the end the
 18 following new subparagraphs:

19 “(D) The term ‘NAFTA’ means the North
 20 American Free Trade Agreement entered into
 21 between the United States, Mexico, and Canada
 22 on December 17, 1992.

23 “(E) The terms ‘WTO’ and ‘WTO mem-
 24 ber’ have the meanings given those terms in

1 section 2 of the Uruguay Round Agreements
2 Act (19 U.S.C. 3501).”.

3 **SEC. 102. ADEQUATE AND EFFECTIVE PROTECTION FOR IN-**
4 **TELLECTUAL PROPERTY RIGHTS.**

5 Section 212(c) of the Caribbean Basin Economic Re-
6 covery Act (19 U.S.C. 2702(c)) is amended by adding at
7 the end the following flush sentence:

8 “Notwithstanding any other provision of law, the Presi-
9 dent may determine that a country is not providing ade-
10 quate and effective protection of intellectual property
11 rights under paragraph (9), even if the country is in com-
12 pliance with the country’s obligations under the Agree-
13 ment on Trade-Related Aspects of Intellectual Property
14 Rights described in section 101(d)(15) of the Uruguay
15 Round Agreements Act (19 U.S.C. 3511(d)(15)).”.

16 **TITLE II—REVENUE PROVISIONS**

17 **SEC. 201. SUSPENSION OF LIMITATION ON COVER OVER OF**
18 **TAX ON DISTILLED SPIRITS.**

19 (a) IN GENERAL.—Section 7652(f) of the Internal
20 Revenue Code of 1986 (relating to limitation on cover over
21 of tax on distilled spirits) is amended by adding at the
22 end the following new sentence:

23 “The preceding sentence shall not apply to articles that
24 are tax-determined after June 30, 1999, and before Octo-
25 ber 1, 1999.”

1 (b) EFFECTIVE DATE.—

2 (1) IN GENERAL.—The amendment made by
3 this section shall apply to articles that are tax-deter-
4 mined after June 30, 1999.

5 (2) SPECIAL RULE.—

6 (A) IN GENERAL.—The treasury of Puerto
7 Rico shall make a Conservation Trust Fund
8 transfer within 30 days after the date of each
9 cover over payment (made to such treasury
10 under section 7652(e) of the Internal Revenue
11 Code of 1986) to which section 7652(f) of such
12 Code does not apply by reason of the last sen-
13 tence thereof.

14 (B) CONSERVATION TRUST FUND TRANS-
15 FER.—

16 (i) IN GENERAL.—For purposes of
17 this paragraph, the term “Conservation
18 Trust Fund transfer” means a transfer to
19 the Puerto Rico Conservation Trust Fund
20 of an amount equal to 50 cents per proof
21 gallon of the taxes imposed under section
22 5001 or section 7652 of such Code on dis-
23 tilled spirits that are covered over to the
24 treasury of Puerto Rico under section
25 7652(e) of such Code.

1 (ii) TREATMENT OF TRANSFER.—

2 Each Conservation Trust Fund transfer
 3 shall be treated as principal for an endow-
 4 ment, the income from which to be avail-
 5 able for use by the Puerto Rico Conserva-
 6 tion Trust Fund for the purposes for
 7 which the Trust Fund was established.

8 (iii) RESULT OF NONTRANSFER.—

9 (I) IN GENERAL.—Upon notifica-
 10 tion by the Secretary of the Interior
 11 that a Conservation Trust Fund
 12 transfer has not been made by the
 13 treasury of Puerto Rico as required by
 14 subparagraph (A), the Secretary of
 15 the Treasury shall, except as provided
 16 in subclause (II), deduct and withhold
 17 from the next cover over payment to
 18 be made to the treasury of Puerto
 19 Rico under section 7652(e) of such
 20 Code an amount equal to the appro-
 21 priate Conservation Trust Fund
 22 transfer and interest thereon at the
 23 underpayment rate established under
 24 section 6621 of such Code as of the
 25 due date of such transfer. The Sec-

retary of the Treasury shall transfer such amount deducted and withheld, and the interest thereon, directly to the Puerto Rico Conservation Trust Fund.

(II) GOOD CAUSE EXCEPTION.—

If the Secretary of the Interior finds, after consultation with the Governor of Puerto Rico, that the failure by the treasury of Puerto Rico to make a required transfer was for good cause, and notifies the Secretary of the Treasury of the finding of such good cause before the due date of the next cover over payment following the notification of nontransfer, then the Secretary of the Treasury shall not deduct the amount of such nontransfer from any cover over payment.

(C) PUERTO RICO CONSERVATION TRUST FUND.—For purposes of this paragraph, the term “Puerto Rico Conservation Trust Fund” means the fund established pursuant to a Memorandum of Understanding between the United States Department of the Interior and

1 the Commonwealth of Puerto Rico, dated De-
 2 cember 24, 1968.

3 **SEC. 202. MODIFICATION OF INSTALLMENT METHOD AND**
 4 **REPEAL OF INSTALLMENT METHOD FOR AC-**
 5 **CRUAL METHOD TAXPAYERS.**

6 (a) REPEAL OF INSTALLMENT METHOD FOR AC-
 7 CRUAL BASIS TAXPAYERS.—

8 (1) IN GENERAL.—Subsection (a) of section
 9 453 of the Internal Revenue Code of 1986 (relating
 10 to installment method) is amended to read as fol-
 11 lows:

12 “(a) USE OF INSTALLMENT METHOD.—

13 “(1) IN GENERAL.—Except as otherwise pro-
 14 vided in this section, income from an installment
 15 sale shall be taken into account for purposes of this
 16 title under the installment method.

17 “(2) ACCRUAL METHOD TAXPAYER.—The in-
 18 stallment method shall not apply to income from an
 19 installment sale if such income would be reported
 20 under an accrual method of accounting without re-
 21 gard to this section. The preceding sentence shall
 22 not apply to a disposition described in subparagraph
 23 (A) or (B) of subsection (l)(2).”

24 (2) CONFORMING AMENDMENTS.—Sections
 25 453(d)(1), 453(i)(1), and 453(k) of such Code are

1 each amended by striking “(a)” each place it ap-
2 pears and inserting “(a)(1)”.

3 (b) MODIFICATION OF PLEDGE RULES.—Paragraph
4 (4) of section 453A(d) of the Internal Revenue Code of
5 1986 (relating to pledges, etc., of installment obligations)
6 is amended by adding at the end the following: “A pay-
7 ment shall be treated as directly secured by an interest
8 in an installment obligation to the extent an arrangement
9 allows the taxpayer to satisfy all or a portion of the indebt-
10 edness with the installment obligation.”

11 (c) EFFECTIVE DATE.—The amendments made by
12 this section shall apply to sales or other dispositions occur-
13 ring on or after the date of the enactment of this Act.