# H. R. 3572

To amend the African Growth and Opportunity Act to expand certain trade benefits to eligible sub-Saharan African countries, and for other purposes.

### IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 21, 2003

Mr. McDermott (for himself, Mr. Royce, Mr. Rangel, Mr. Jefferson, Mr. Neal of Massachusetts, Mr. Payne, and Mr. Houghton) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on International Relations, Financial Services, and Agriculture, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

# A BILL

To amend the African Growth and Opportunity Act to expand certain trade benefits to eligible sub-Saharan African countries, and for other purposes.

- 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.
- This Act may be cited as the "AGOA III Act".
- 5 SEC. 2. FINDINGS.
- 6 The Congress finds that—

- (1) the African Growth and Opportunity Act (in this section referred to as "the Act") has helped to spur economic growth and bolster economic reforms in the countries of sub-Saharan Africa and has fos-tered stronger economic ties between the countries of sub-Saharan Africa and the United States; as a re-sult, exports from the United States to sub-Saharan Africa reached record levels after the enactment of the Act, while exports from sub-Saharan Africa to the United States have increased considerably;
  - (2) the Act's eligibility requirements have reinforced democratic values and the rule of law, and have strengthened adherence to core labor standards in eligible sub-Saharan African countries;
  - (3) the Act's eligibility criterion on elimination of the worst forms of child labor has supported efforts to implement Convention 182 of the International Labor Organization, including efforts to strengthen laws to prohibit child trafficking;
  - (4) the Act has helped to bring about substantial increases in foreign investment in sub-Saharan Africa, especially in the textile and apparel sectors, where tens of thousands of new jobs have been created;

- (5) despite gains in fiber and fabric production, countries in sub-Saharan Africa cannot produce enough fiber or fabric to meet the needs of African apparel producers;
  - (6) as a result of the Agreement on Textiles and Apparel of the World Trade Organization, under which quotas maintained by WTO member countries on textile and apparel products end on January 1, 2005, sub-Saharan Africa's textile and apparel industry will be severely challenged by countries whose industries are more developed and have greater capacity, economies of scale, and better infrastructure;
  - (7) sustainable development and economic growth in sub-Saharan Africa will require a healthy workforce and a diverse economy that utilizes sub-Saharan Africa's vast agriculture and other natural resources in a sustainable manner;
  - (8) trade ministers from sub-Saharan Africa have identified two key impediments to the development of sub-Saharan Africa's agricultural sector: an inability to compete with subsidized agricultural products from developed countries, and difficulties in complying with sanitary and phytosanitary restrictions of developed countries;

- 1 (9) the underdeveloped physical and financial 2 infrastructure in sub-Saharan Africa continues to 3 discourage investment in the region;
- 4 (10) the United States-Sub-Saharan Africa 5 Trade and Economic Cooperation Forum, estab-6 lished under section 105 of the Act, has proven to 7 be useful in building trade and investment ties be-8 tween United States and African government agen-9 cies, businesses, and nongovernmental organizations; 10 and
- 11 (11) regional integration establishes a founda-12 tion on which sub-Saharan African countries can co-13 ordinate and pursue policies grounded in African in-14 terests and history to achieve sustainable develop-15 ment.

#### 16 SEC. 3. STATEMENT OF POLICY.

- 17 The Congress supports—
- 18 (1) a continued commitment to increase trade 19 between the United States and sub-Saharan Africa 20 and increase investment in sub-Saharan Africa to 21 the benefit of workers, businesses, and farmers in 22 the United States and in sub-Saharan Africa, in-23 cluding by developing innovative approaches to en-24 courage development and investment in sub-Saharan 25 Africa;

1	(2) a reduction of tariff and nontariff barriers
2	and other obstacles to trade between the countries of
3	sub-Saharan African and the United States, with
4	particular emphasis on reducing barriers to trade in
5	emerging sectors of the economy that have the
6	greatest potential for development;
7	(3) development of sub-Saharan Africa's phys-
8	ical and financial infrastructure;
9	(4) international efforts to fight HIV/AIDS,
10	malaria, tuberculosis, other infectious diseases, and
11	serious public health problems;
12	(5) the aims of the New Partnership for Afri-
13	can Development (NEPAD), which include—
14	(A) reducing poverty and increasing eco-
15	nomic growth;
16	(B) promoting peace, democracy, security,
17	and human rights;
18	(C) promoting African integration by deep-
19	ening linkages between African countries and
20	by accelerating Africa's economic and political
21	integration into the rest of the world;
22	(D) attracting investment, debt relief, and
23	development assistance;
24	(E) promoting trade and economic diver-
25	sification;

1	(F) broadening global market access for
2	United States and African exports;
3	(G) improving transparency, good govern-
4	ance, and political accountability;
5	(H) expanding access to social services,
6	education, and health services with a high pri-
7	ority given to addressing HIV/AIDS, malaria,
8	tuberculosis, other infectious diseases, and
9	other public health problems;
10	(I) promoting the role of women in social
11	and economic development by reinforcing edu-
12	cation and training and by assuring their par-
13	ticipation in political and economic arenas; and
14	(J) building the capacity of governments in
15	sub-Saharan Africa to set and enforce a legal
16	framework, as well as enforcing the rule of law;
17	and
18	(6) negotiation of reciprocal trade agreements
19	between the United States and sub-Saharan African
20	countries, with the overall goal of expanding trade
21	across all of sub-Saharan Africa.
22	SEC. 4. SENSE OF CONGRESS ON RECIPROCITY AND RE-
23	GIONAL ECONOMIC INTEGRATION.
24	It is the sense of the Congress that—

- 1 (1) the preferential market access opportunities 2 for eligible sub-Saharan African countries will be 3 complemented and enhanced if those countries are implementing actively and fully, consistent with any 5 remaining applicable phase-in periods, their obliga-6 tions under the World Trade Organization, including 7 obligations under the Agreement on Trade-Related 8 Aspects of Intellectual Property, the Agreement on 9 the Application of Sanitary and Phytosanitary Meas-10 ures, and the Agreement on Trade-Related Investment Measures, as well as the other agreements de-12 scribed in section 101(d) of the Uruguay Round 13 Agreements Act (19 U.S.C. 3511(d));
  - (2)eligible sub-Saharan African countries should participate in ongoing negotiations under the auspices of the World Trade Organization, including by making reciprocal commitments with respect to improving market access for industrial and agricultural goods, and for services, recognizing that such commitments may need to be asymmetrical to reflect differences in development; and
  - (3) some of the most pernicious trade barriers against exports by developing countries are the trade barriers maintained by other developing countries, and, therefore, eligible sub-Saharan African coun-

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- tries will benefit from the increased regional eco-
- 2 nomic integration that results from intra-regional
- 3 free trade agreements, particularly where such
- 4 agreements eliminate barriers to regional trade.

#### 5 SEC. 5. DEFINITION.

- 6 In this Act, the term "eligible sub-Saharan African
- 7 country" means an eligible sub-Saharan African country
- 8 under the African Growth and Opportunity Act.

# 9 TITLE I—TRADE BENEFITS

- 10 SEC. 101. ENHANCED BENEFITS UNDER GENERALIZED SYS-
- 11 TEM OF PREFERENCES.
- 12 (a) Removal of Import Sensitivity Require-
- 13 MENT.—Section 506A(b)(1) of the Trade Act of 1974 (19
- 14 U.S.C. 2466a(b)(1)) is amended to read as follows:
- 15 "(1) IN GENERAL.—The President shall provide
- duty-free treatment for any article described in sec-
- tion 503(b)(1)(B) through (G) that is the growth,
- product, or manufacture of a beneficiary sub-Saha-
- ran African country described in subsection (a).".
- 20 (b) Termination Date.—Section 506B of the
- 21 Trade Act of 1974 (19 U.S.C. 2466b) is amended by strik-
- 22 ing "2008" and inserting "2020".

# 1 SEC. 102. APPAREL TRADE BENEFITS.

2	(a) Products Covered.—Section 112(b) of the Af-	
3	rican Growth and Opportunity Act (19 U.S.C. 3721(b))	
4	is amended—	
5	(1) by striking paragraphs (5) and (7);	
6	(2) by redesignating paragraph (4) as para-	
7	graph (5);	
8	(3) by redesignating paragraph (6) as para-	
9	graph (8);	
10	(4) by striking paragraphs (1) through (3) and	
11	inserting the following:	
12	"(1) Apparel articles assembled in Bene-	
13	FICIARY SUB-SAHARAN AFRICAN COUNTRIES.—Ap-	
14	parel articles sewn or otherwise assembled in one or	
15	more beneficiary sub-Saharan African countries for	
16	which the component that determines the classifica-	
17	tion under the Harmonized Tariff Schedule of the	
18	United States is—	
19	"(A) formed from fabrics formed and cut	
20	in the United States, from yarns formed in the	
21	United States (including fabrics not formed	
22	from yarns, if such fabrics are classifiable	
23	under heading 5602 or 5603 of the Harmonized	
24	Tariff Schedule of the United States and are	
25	formed and cut in the United States);	

- 1 "(B) knit-to-shape in the United States 2 from yarns formed in the United States;
  - "(C) formed from fabrics formed in the United States, from yarns formed in the United States (including fabrics not formed from yarns, if such fabrics are classifiable under heading 5602 or 5603 of the Harmonized Tariff Schedule of the United States and are formed in the United States) and cut in one or more beneficiary sub-Saharan African countries;
    - "(D) formed from fabrics formed in one or more beneficiary sub-Saharan African countries from yarns originating either in the United States or in one or more beneficiary sub-Saharan African countries (including fabrics not formed from yarns, if such fabrics are classifiable under heading 5602 or 5603 of the Harmonized Tariff Schedule of the United States and are formed in one or more beneficiary sub-Saharan African countries), without regard to where the fabric is cut;
    - "(E) knit-to-shape in one or more beneficiary sub-Saharan African countries from yarns originating either in the United States or

1	one or more beneficiary sub-Saharan African
2	countries; or
3	"(F)(i) cut in the United States and one
4	or more beneficiary sub-Saharan African coun-
5	tries from fabric formed in the United States
6	from yarns formed in the United States;
7	"(ii) knit-to-shape in the United States
8	and one or more beneficiary sub-Saharan Afri-
9	can countries from yarns formed in the United
10	States; or
11	"(iii) both cut as described in clause (i)
12	and knit-to-shape as described in clause (ii) (in-
13	cluding from fabrics not formed from yarns, if
14	such fabrics are classifiable under heading 5602
15	or 5603 of the Harmonized Tariff Schedule of
16	the United States).
17	"(2) Apparel articles from nonorigi-
18	NATING FABRIC OR YARN.—Apparel articles that are
19	both cut (or knit-to-shape) and sewn or otherwise
20	assembled in one or more beneficiary sub-Saharan
21	African countries—
22	"(A) from fabric or yarn which need not be
23	originating under General Note 12(t) of the
24	Harmonized Tariff Schedule of the United

1	States for the apparel article to qualify as origi-
2	nating under that Note; or
3	"(B) from fabric or yarn which—
4	"(i) is the component that determines
5	the classification of the articles under the
6	Harmonized Tariff Schedule of the United
7	States;
8	"(ii) is not commercially available;
9	and
10	"(iii) which the President proclaims
11	as eligible for use under this paragraph
12	without regard to where the fabric or yarn
13	is formed pursuant to the procedures set
14	forth in paragraph (6).
15	"(3) Apparel articles formed on seam-
16	LESS KNITTING MACHINES.—Apparel articles formed
17	on seamless knitting machines in a beneficiary sub-
18	Saharan African country from yarns originating ei-
19	ther in the United States or one or more beneficiary
20	sub-Saharan African countries.
21	"(4) Special rule for lesser developed
22	COUNTRIES.—
23	"(A) In general.—Subject to paragraph
24	(7), preferential treatment under paragraphs
25	(1)(D), $(1)(E)$ , and $(3)$ shall be extended

1	through September 30, 2008, for apparel arti-
2	cles assembled in one or more lesser developed
3	beneficiary sub-Saharan African countries re-
4	gardless of the country of origin of the yarn or
5	fabric used to make such apparel articles, and
6	regardless of the country of origin of compo-
7	nents (cut or knit-to-shape) which do not deter-
8	mine the classification of the apparel articles.
9	"(B) Lesser Developed Beneficiary
10	SUB-SAHARAN AFRICAN COUNTRY.—For pur-
11	poses of this subparagraph, the term 'lesser de-
12	veloped beneficiary sub-Saharan African coun-
13	try' means—
14	"(i) a beneficiary sub-Saharan African
15	country that had a per capita gross na-
16	tional product of less than \$1,500 a year
17	in 1998, as measured by the International
18	Bank for Reconstruction and Development;
19	"(ii) Botswana; and
20	"(iii) Namibia.";
21	(5) by inserting after paragraph (5), as redesig-
22	nated by paragraph (2) of this subsection, the fol-
23	lowing:
24	"(6) Procedures for designating fabrics
25	OR VARNS ELICIBLE UNDER PARAGRAPH (2)(R) — At

1	the request of any interested party and subject to
2	the following requirements, the President is author-
3	ized to proclaim fabrics or yarns as not commercially
4	available and thus eligible for use in the production
5	of cut components or knit-to-shape components de-
6	scribed in paragraph (2)(B) if—
7	"(A) the President determines that such
8	yarns or fabrics cannot be supplied by the do-
9	mestic industry in commercial quantities in a
10	timely manner;
11	"(B) the President has obtained advice re-
12	garding the proposed action from the appro-
13	priate advisory committee established under
14	section 135 of the Trade Act of 1974 and the
15	United States International Trade Commission;
16	"(C) within 60 calendar days after the re-
17	quest, the President has submitted a report to
18	the Committee on Ways and Means of the
19	House of Representatives and the Committee
20	on Finance of the Senate that sets forth—
21	"(i) the action proposed to be pro-
22	claimed and the reasons for such action;
23	and
24	"(ii) the advice obtained under sub-
25	paragraph (B);

1	"(D) a period of 60 calendar days, begin-
2	ning with the first day on which the President
3	has met the requirements of clauses (i) and (ii)
4	of subparagraph (C), has expired; and
5	"(E) the President has consulted with such
6	committees regarding the proposed action dur-
7	ing the period referred to in subparagraph (C).
8	"(7) Limitations on Benefits on Apparel
9	ARTICLES DESCRIBED IN PARAGRAPHS (1)(D), (1)(E),
10	(3), AND (4).—
11	"(A) PARAGRAPHS (1)(D), (1)(E), AND (3).—
12	"(i) In general.—Preferential treat-
13	$ment \ under \ paragraphs \ (1)(D), \ (1)(E),$
14	and (3) shall be extended in the 1-year pe-
15	riod beginning on October 1, 2000, and in
16	each of the 14 succeeding 1-year periods,
17	to imports of apparel articles in an amount
18	not to exceed the applicable percentage of
19	the aggregate square meter equivalents of
20	all apparel articles imported into the
21	United States in the preceding 12-month
22	period for which data are available.
23	"(ii) Applicable percentage.—For
24	purposes of this subparagraph, the term
25	'applicable percentage' means 3.67 percent

for the 1-year period beginning on October 1, 2002, increased by equal increments in each succeeding 1-year period so that for the 1-year period beginning on October 1, 2014, the applicable percentage does not exceed 10 percent.

#### "(B) Paragraph (4).—

"(i) IN GENERAL.—Preferential treatment under paragraph (4) shall be extended in the 1-year period beginning on October 1, 2000, and in each of the 7 succeeding 1-year periods, to imports of apparel articles in an amount not to exceed the applicable percentage of the aggregate square meter equivalents of all apparel articles imported into the United States in the preceding 12-month period for which data are available.

"(ii) APPLICABLE PERCENTAGE.—For purposes of this subparagraph, the term 'applicable percentage' means 1.5 percent for the 1-year period beginning October 1, 2000, increased in each of the seven succeeding 1-year periods by equal increments, so that for the 1-year period begin-

1	ning October 1, 2007, the applicable per-
2	centage does not exceed 3.5 percent.
3	"(iii) Continued application of
4	PREFERENTIAL TREATMENT.—If the
5	President determines, not later than Sep-
6	tember 1, 2008, that a lesser developed
7	beneficiary sub-Saharan African country
8	under paragraph (4) lacks sufficient do-
9	mestic fabric-making capacity, taking into
10	account the extent to which the country
11	has taken steps to increase such capacity
12	by attracting investment or otherwise, then
13	preferential treatment under paragraph (4)
14	shall be extended to imports of eligible ap-
15	parel articles under paragraph (4) that are
16	assembled in that country—
17	"(I) in the 1-year period begin-
18	ning October 1, 2008, in an amount
19	equal to two-thirds of the amount per-
20	mitted in the 1-year period beginning
21	October 1, 2007; and
22	"(II) in the 1-year period begin-
23	ning October 1, 2009, in an amount
24	equal to one-third of the amount per-
25	mitted under this paragraph in the 1-

1	year period beginning October 1	- ,
2	2007.	
3	"(C) Surge mechanism.—	

"(i) IMPORT MONITORING.—The Secretary of Commerce shall monitor imports of articles to which this paragraph applies on a monthly basis to determine if there has been a surge in imports of such articles. In order to permit public access to preliminary international trade data and to facilitate the early identification of potentially disruptive import surges, the Director of the Office of Management and Budget may grant an exception to the publication dates established for the release of data on United States international trade in covered articles, if the Director notifies Congress of the early release of the data.

"(ii) Determination of damage or threat thereof.—Whenever the Secretary of Commerce determines, based on the data described in clause (i), or pursuant to a written request made by an interested party, that there has been a surge in imports of an article to which this para-

graph applies from a beneficiary sub-Saharan African country, the Secretary shall determine whether such article from such country is being imported in such increased quantities as to cause serious damage, or threat thereof, to the domestic industry producing a like or directly competitive article. If the Secretary's determination is affirmative, the President shall suspend the duty-free treatment provided for such article under this paragraph. If the inquiry is initiated at the request of an interested party, the Secretary shall make the determination within 60 days after the date of the request.

"(iii) Factors to consider.—In determining whether a domestic industry has been seriously damaged, or is threatened with serious damage, the Secretary shall examine the effect of the imports on relevant economic indicators such as domestic production, sales, market share, capacity utilization, inventories, employment, profits, exports, prices, and investment.

"(iv) Procedure.—

1	"(I) Initiation.—The Secretary
2	of Commerce shall initiate an inquiry
3	within 10 days after receiving a writ-
4	ten request and supporting informa-
5	tion for an inquiry from an interested
6	party. Notice of initiation of an in-
7	quiry shall be published in the Federal
8	Register.
9	"(II) PARTICIPATION BY INTER-
10	ESTED PARTIES.—The Secretary of
11	Commerce shall establish procedures
12	to ensure participation in the inquiry
13	by interested parties.
14	"(III) NOTICE OF DETERMINA-
15	TION.—The Secretary shall publish
16	the determination described in clause
17	(ii) in the Federal Register.
18	"(IV) Information avail-
19	ABLE.—If relevant information is not
20	available on the record or any party
21	withholds information that has been
22	requested by the Secretary, the Sec-
23	retary shall make the determination
24	on the basis of the facts available.
25	When the Secretary relies on informa-

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tion submitted in the inquiry as facts available, the Secretary shall, to the extent practicable, corroborate the information from independent sources that are reasonably available to the Secretary.

"(v) Interested party.—For purposes of this subparagraph, the term 'interested party' means any producer of a like or directly competitive article, a certified union or recognized union or group of workers which is representative of an industry engaged in the manufacture, production, or sale in the United States of a like or directly competitive article, a trade or business association representing producers or sellers of like or directly competitive articles, producers engaged in the production of essential inputs for like or directly competitive articles, a certified union or group of workers which is representative of an industry engaged in the manufacture, production, or sale of essential inputs for the like or directly competitive article, or a trade or business association rep-

1	resenting companies engaged in the manu-
2	facture, production, or sale of such essen-
3	tial inputs."; and
4	(6) by striking paragraph (8), as redesignated
5	by paragraph (2) of this section, and inserting the
6	following:
7	"(8) Handloomed, handmade, folklore
8	ARTICLES AND ETHNIC PRINTED FABRICS.—
9	"(A) IN GENERAL.—A handloomed, hand-
10	made, folklore article or an ethnic printed fab-
11	ric of a beneficiary sub-Saharan African coun-
12	try or countries that is certified as such by the
13	competent authority of such beneficiary country
14	or countries. For purposes of this section, the
15	President, after consultation with the bene-
16	ficiary country or countries concerned, shall de-
17	termine which, if any particular textile and ap-
18	parel goods of the country (or countries) shall
19	be treated as being handloomed, handmade, or
20	folklore articles or an ethic printed fabric—
21	"(B) Requirements for ethnic print-
22	ED FABRIC.—Ethnic printed fabrics qualified
23	under this paragraph are—
24	"(i) fabrics containing a selvedge on
25	both edges, having a width of less than 50

1	inches, classifiable under the heading
2	5208.52.30 or 5208.52.40 of the Har-
3	monized Tariff Schedule of the United
4	States;
5	"(ii) of the type that contains designs,
6	symbols, and other characteristics of Afri-
7	can prints—
8	"(I) normally produced for and
9	sold on the indigenous African mar-
10	ket; and
11	"(II) normally sold in Africa by
12	the piece as opposed to being tailored
13	into garments before being sold in in-
14	digenous African markets;
15	"(iii) printed, including waxed, in one
16	or more eligible beneficiary sub-Saharan
17	countries; and
18	"(iv) fabrics formed in the United
19	States, from yarns formed in the United
20	States, or from fabric formed in one or
21	more beneficiary sub-Saharan African
22	country from yarn originating in either the
23	United States or one or more beneficiary
24	sub-Saharan African country.".

- 1 (b) FINDINGS AND TRIMMINGS.—Section 112(d) of
- 2 the African Grown and Opportunity Act is amended by
- 3 striking
- 4 "(d) Special Rules.—" and all that follows through
- 5 "(2) DE MINIMIS RULE.—An article" and in-
- 6 serting
- 7 "(d) Special Rule.—An article".
- 8 (c) Conforming Amendment.—Section 3108 of the
- 9 Trade Act of 2002 (Public Law 107–210; 116 Stat. 1038)
- 10 is amended—
- 11 (1) by striking "(a) IN GENERAL.—"; and
- 12 (2) by striking subsection (b).
- 13 (d) Sense of Congress on Rules of Origin.—
- 14 It is the sense of the Congress that in negotiating free
- 15 trade agreements with other countries, the President
- 16 should negotiate rules of origin for textile and apparel
- 17 products that allow the use of inputs from countries des-
- 18 ignated under section 506A(a)(1) of the Trade Act of
- 19 1974.

# 1 TITLE II—ENHANCING TRADE IN **AGRICHTATIRE** 2

2	MORITOUL
3	SEC. 201. REMOVAL OF AGRICULTURE TARIFF-RATE QUOTA
4	LIMITATION; AGRICULTURAL SAFEGUARD.
5	Section 503(b) of the Trade Act of 1974 (19 U.S.C.
6	2463(b)) is amended by striking paragraph (3) and insert-
7	ing the following:
8	"(3) AGRICULTURAL PRODUCTS.—
9	"(A) In general.—No quantity of an ag-
10	ricultural product subject to a tariff-rate quota
11	that exceeds the in-quota amount shall be eligi-
12	ble for duty-free treatment under this title, ex-
13	cept as provided in subparagraph (B).
14	"(B) Imports from countries des-
15	IGNATED UNDER SECTION 506A.—Subparagraph
16	(A) shall not apply to over-quota imports of ag-
17	ricultural products subject to a tariff-rate quota
18	that are the growth, product, or manufacture of
19	a country designated as a beneficiary sub-Saha-
20	ran African country under section $506A(a)(1)$ .
21	"(4) Safeguard for agricultural prod-
22	UCTS.—
23	"(A) In General.—The President shall
24	assess a duty, in the amount prescribed under
25	subparagraph (B), on over-quota imports of any

agricultural product described in paragraph (3)(B) for which preferential treatment is claimed, if the President determines that the unit import price of the product when it enters the United States, determined on an F.O.B. basis, is less than the annual trigger price determined in accordance with subparagraph (D).

- "(B) CALCULATION OF ADDITIONAL DU-TIES.—The amount of the additional duty assessed under this subsection shall be determined as follows:
  - "(i) If the difference between the unit import price and the trigger price is less than, or equal to, 10 percent of the trigger price, no additional duty shall be imposed.
  - "(ii) If the difference between the unit import price and the trigger price is greater than 10 percent, but less than or equal to 40 percent, of the trigger price, the additional duty shall be equal to 30 percent of the difference between the preferential tariff rate and the column 1 general rate of duty imposed under the HTS on like articles at the time the additional duty is imposed.

"(iii) If the difference between the 1 2 unit import price and the trigger price is 3 greater than 40 percent, but less than or equal to 60 percent, of the trigger price, the additional duty shall be equal to 50 6 percent of the difference between the pref-7 erential tariff rate and the column 1 gen-8 eral rate of duty imposed under the HTS 9 on like articles at the time the additional 10 duty is imposed. 11

"(iv) If the difference between the unit import price and the trigger price is greater than 60 percent, but less than or equal to 75 percent, of the trigger price, the additional duty shall be equal to 70 percent of the difference between the preferential tariff rate and the column 1 general rate of duty imposed under the HTS on like articles at the time the additional duty is imposed.

"(v) If the difference between the unit import price and the trigger price is greater than 75 percent of the trigger price, the additional duty shall be equal to 100 percent of the difference between the pref-

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erential tariff rate and the column 1 general rate of duty imposed under the HTS on like articles at the time the additional duty is imposed.

- "(C) EXCEPTIONS.—No additional duty under this paragraph shall be assessed on an agricultural product if, at the time of entry into the customs territory of the United States, the product is subject to import relief under chapter 1 of title II of the Trade Act of 1974 (19 U.S.C. 2251 et seq.).
- "(D) CALCULATION OF TRIGGER PRICE.—
  (i) Not later than 60 days after the date of the enactment of the AGOA III Act, and annually thereafter, the President shall, in consultation with the Secretary of Agriculture, establish the annual trigger price for each over-quota agricultural product described in paragraph (3)(B), and shall publish such prices in the Federal Register. The President shall establish the trigger price for a product at a level not below the 3-year average import price for that product.
- "(ii) Not later than 30 days before publishing the trigger prices in the Federal Register under clause (i), the President shall notify

1	and consult with the Committees on Ways and
2	Means and Agriculture of the House of Rep-
3	resentatives and the Committees on Finance
4	and Agriculture of the Senate on the proposed
5	trigger prices.
6	"(E) Notice to country concerned.—
7	Not later than 60 days after the President first
8	assesses additional duties under this paragraph
9	on over-quota imports of agricultural products
10	described in paragraph (3)(B), the President
11	shall notify the beneficiary sub-Saharan African
12	country where the product was grown, manufac-
13	tured, or produced, in writing of such action
14	and shall provide to the country data sup-
15	porting the assessment of the additional duties
16	"(F) Definitions.—In this paragraph:
17	"(i) F.O.B.—The term 'F.O.B.
18	means free on board, regardless of the
19	mode of transportation, at the point of di-
20	rect shipment by the seller to the buyer.
21	"(ii) HTS.—The term 'HTS' means
22	the Harmonized Tariff Schedule of the
23	United States.

1	"(iii) Unit import price.—The term
2	'unit import price' means the price ex-
3	pressed in dollars per kilogram.".
4	SEC. 202. AGRICULTURAL TRADE ASSISTANCE.
5	Section 130 of the African Growth and Opportunity
6	Act (19 U.S.C. 3740) is amended by adding at the end
7	the following:
8	"(c) Comprehensive Plan.—The Secretary of Ag-
9	riculture, based on results of the study described in sub-
10	section (a), shall develop a comprehensive plan to imple-
11	ment public sector policies and incentives for the private
12	sector to—
13	"(1) identify current United States agricultural
14	imports with the potential for competitive production
15	for export in sub-Saharan Africa;
16	"(2) identify current agricultural exports from
17	sub-Saharan Africa;
18	"(3) identify the primary agricultural export
19	products under this Act;
20	"(4) analyze critical constraints to United
21	States-Africa agricultural trade;
22	"(5) identify potential value-added and proc-
23	essed agricultural products that can be exported
24	from sub-Saharan Africa to the United States under
25	this Act.

1	"(6) analyze critical constraints to producing
2	and exporting to the United States such value-added
3	and processed agricultural products;
4	"(7) develop a strategy, with African national
5	public and private sectors, and regional organiza-
6	tions, for removing or ameliorating the critical con-
7	straints identified;
8	"(8) develop a strategy for increasing invest-
9	ments to diversify and add value to agricultural ex-
10	ports under this Act; and
11	"(9) develop a strategy for increasing the
12	tradable volume of agricultural exports from eligible
13	sub-Saharan African countries.
14	"(d) Report.—The results of the study and details
15	of the comprehensive plan shall be included in the annual
16	report to Congress submitted under section 106.".
17	SEC. 203. EXECUTIVE BRANCH INITIATIVES.
18	Section 122(b)(3) of the African Growth and Oppor-
19	tunity Act (19 U.S.C. 3732(b)(3)) is amended to read as
20	follows:
21	"(3) addressing critical agricultural policy
22	issues, in part, by developing a comprehensive plan,
23	which shall be submitted to the Congress, to—
24	"(A) increase market liberalization;
25	"(B) develop agricultural exports:

1	"(C) increase investment in processing and
2	transporting commodities;
3	"(D) develop and increase capacity by
4	working with farmers and farmer groups;
5	"(E) increase access to vital market infor-
6	mation, including prices, product quality and
7	demand, inputs quality and costs, and customs
8	rules and regulations, for farmers and farmer
9	groups and cooperatives and for relevant gov-
10	ernment ministries; and
11	"(F) enable public-private partnerships in
12	eligible sub-Saharan African countries to pro-
13	mote trade in agricultural products between the
14	United States and eligible sub-Saharan African
15	countries.".
16	SEC. 204. TECHNICAL ASSISTANCE.
17	(a) Technical Assistance by APHIS Per-
18	SONNEL.—
19	(1) Assignment of Personnel.—The Presi-
20	dent shall assign at least 20 full-time personnel of
21	the Animal and Plant Health Inspection Service, to
22	not less than 10 eligible sub-Saharan African coun-
23	tries identified by the President as having the great-
24	est potential to increase marketable exports of agri-
25	cultural products to the United States and the

- greatest need for technical assistance, particularly in conducting pest risk assessments, for the purpose of providing technical assistance to such countries to ensure that exports of any products will meet the re-
- 5 quirements under United States law when imported
- 6 into the United States.
- 7 (2) AUTHORIZATION OF APPROPRIATIONS.—
  8 There is authorized to be appropriated to the United
  9 States Agency for International Development to
  10 carry out paragraph (1) \$85,000,000 for fiscal years
  11 2005 through 2020.
- 12 (b) Assistance to Agribusiness.—The United States Agency for International Development is authorized to provide grants in each of fiscal years 2005 through 14 15 2020 to governmental and nongovernmental entities that are located in eligible sub-Saharan African countries and 16 17 can provide assistance, consultation, and equipment to agribusinesses located in those countries in order to enable 18 19 agricultural products of those businesses to meet the requirements under United States law when imported into 20
- 21 the United States. Such funds may be used for grants to
- 22 national plant protection organizations for the purpose of
- 23 obtaining equipment to achieve the purposes of this sub-
- 24 section.

#### 1 SEC. 205. THE FOREIGN AGRICULTURE SERVICE.

- 2 The Secretary of Agriculture shall direct the Foreign
- 3 Agriculture Service (FAS) to work with national African
- 4 agricultural organizations to identify agricultural equip-
- 5 ment and supply needs and implement programs that
- 6 strengthen the ability of members of African agricultural
- 7 organizations to fulfill these needs in conjunction with ex-
- 8 port credit guarantee programs.

# 9 TITLE III—INCREASING

# 10 CERTAINTIES IN INVESTMENT

- 11 SEC. 301. DESIGNATION OF ELIGIBLE COUNTRIES.
- 12 Section 104 of the African Growth and Opportunity
- 13 Act is amended by striking subsection (b) and inserting
- 14 the following:
- 15 "(b) Continuing Compliance.—If the President
- 16 determines that an eligible sub-Saharan African country
- 17 no longer meets the criteria set forth in subsection (a),
- 18 including by failing to maintain the institutions described
- 19 in subparagraphs (A) through (F) of subsection (a)(1),
- 20 the President may terminate the designation of the coun-
- 21 try made pursuant to subsection (a) if—
- 22 "(1) the President transmits to the Congress
- 23 notice of the proposed designation; and
- 24 "(2) the Congress, within 90 days after receiv-
- 25 ing such notice, does not enact a law prohibiting
- such termination.".

#### SEC. 302. OVERSEAS PRIVATE INVESTMENT CORPORATION.

- 2 (a) OPIC INITIATIVES.—Section 123(b)(4) of the Af-
- 3 rican Growth and Opportunity Act (19 U.S.C. 3733(b)(4))
- 4 is amended to read as follows:
- 5 "(4) Emphasis.—The Corporation shall ensure
- 6 that the funds are used to provide support in par-
- 7 ticular to women entrepreneurs and to innovative in-
- 8 vestments that expand opportunities for women and
- 9 maximize employment opportunities for poor individ-
- uals, in part by including a focus on investments in
- agriculture, tourism, and nature tourism.".
- 12 (b) Exception to Restrictions on OPIC Activi-
- 13 TIES.—Section 231 of the Foreign Assistance Act of 1961
- 14 (22 U.S.C. 2191) is amended by adding at the end the
- 15 following flush sentence: "The prohibitions set forth in
- 16 subsections (k)(1) and (l), and the requirement set forth
- 17 in subsection (k)(2), shall not apply to any contract of
- 18 insurance or reinsurance, guaranty, or agreement to pro-
- 19 vide financing for an eligible investor's proposed invest-
- 20 ment if the investment is in country designated as a bene-
- 21 ficiary sub-Saharan African country under section
- 22 506A(a)(1) of the Trade Act of 1974 (19 U.S.C.
- 23 2466a(a)(1)).".
- (c) Sense of Congress.—It is the sense of the Con-
- 25 gress that—

1 (1) the Overseas Private Investment Corpora-2 tion should be commended for creating the African 3 Millennium Fund, which will encourage vital investments in the infrastructure of eligible sub-Saharan 5 African countries; and 6 (2) it is critically important that the Fund be 7 fully subscribed and disbursing funds as soon as 8 possible. SEC. 303. EXPORT-IMPORT BANK. 10 Section 2(b)(1)(B) of the Export-Import Bank Act of 1945 (12 U.S.C. 635(b)(1)(B) is amended— 12 (1) by inserting "(i)" after "(B)"; and 13 (2) by adding at the end the following: 14 "(ii) The Bank shall implement such regulations and 15 procedures as may be appropriate to ensure that full consideration is given to the extent to which any loan, guar-16 17 antee, insurance, extension of credit, or participation in 18 an extension of credit is likely to have a positive effect 19 on industries, including the textile and apparel industry 20 and agricultural production, in countries designated as 21 beneficiary sub-Saharan African countries under section 22 506A(a)(1) of the Trade Act of 1974 (19 U.S.C. 23 2466a(a)(1)). To carry out the purposes of this clause, the Bank shall work with the Administrator of the United

States Agency for International Development, the United

1	States Trade Representative, and the Secretary of Com-
2	merce in identifying opportunities to use the resources of
3	the Bank to encourage industrial and agricultural develop-
4	ment in such beneficiary sub-Saharan African countries."
5	SEC. 304. TAX POLICY.
6	(a) Development of Domestic Tax Policies To
7	REPLACE LOST TRADE TAX REVENUES.—
8	(1) FINDINGS.—The Congress finds that—
9	(A) trade tax revenues remain important
10	in many eligible sub-Saharan African countries
11	(B) studies conducted by the International
12	Monetary Fund show that the revenue losses a
13	developing country experiences due to trade lib-
14	eralization can be recovered by improving the
15	domestic tax system in the affected country;
16	and
17	(C) technical assistance provided by the
18	United States to eligible sub-Saharan African
19	countries in fiscal or economic policy programs
20	has focused on tax system enhancement or de-
21	velopment that has been helpful in moving tax
22	regimes away from trade-related tax revenue to-
23	ward other tax revenue sources.
24	(2) Sense of the congress.—It is the sense
25	of the Congress that—

- 1 (A) the United States Agency for Inter-2 national Development, in cooperation with the 3 United States Department of the Treasury, the International Monetary Fund, the International Bank for Reconstruction and Development, and 6 the African Development Bank, should exercise 7 the authorities it has to continue to provide 8 technical assistance to eligible sub-Saharan Af-9 rican countries in the tax policy and revenue 10 administration; and
  - (B) particular focus should be given to projects that assist such countries in developing domestic policies and measures to replace lost trade tax revenues resulting from trade liberalization.
- 16 (b) Double Taxation Treaties With Eligible
  17 Sub-Saharan African Countries.—In order to en18 courage investment in and certainty in the movement of
  19 capital, the Secretary of the Treasury shall seek negotia20 tions with those eligible sub-Saharan African countries
  21 which the Secretary determines will benefit most from an
  22 income tax treaty with the United States.
- 23 (c) Deduction for Cash Contributions to 24 Global Fund To Fight HIV/AIDS, Tuberculosis, 25 and Malaria.—

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- 1 (1) In General.—Part VI of subchapter B of
- 2 chapter 1 of the Internal Revenue Code of 1986 (re-
- 3 lating to itemized deductions for individuals and cor-
- 4 porations) is amended by adding at the end the fol-
- 5 lowing new section:
- 6 "SEC. 199. CASH CONTRIBUTIONS TO GLOBAL FUND TO
- 7 FIGHT HIV/AIDS, TUBERCULOSIS AND MA-
- 8 LARIA.
- 9 "(a) Allowance of Deduction.—There shall be
- 10 allowed as a deduction an amount equal to the cash con-
- 11 tributions made by the taxpayer during the taxable year
- 12 to the Global Fund to Fight HIV/AIDS, Tuberculosis and
- 13 Malaria.
- 14 "(b) Limitation.—The amount allowed as a deduc-
- 15 tion under subsection (a) shall not exceed the portion of
- 16 taxable income (determined without regard to this section)
- 17 directly or indirectly attributable to active conduct of all
- 18 trades and businesses of the taxpayer during the taxable
- 19 year.
- 20 "(c) Definition.—For purposes of this section, the
- 21 term 'eligible sub-Saharan African country' means an eli-
- 22 gible sub-Saharan African country under the African
- 23 Growth and Opportunity Act.
- 24 "(d) Aggregation Rule.—For purposes of this sec-
- 25 tion, all persons treated as a single employer under sub-

- 1 section (a) or (b) of section 52 or subsection (n) or (o)
- 2 of section 414 shall be treated as one person.".
- 3 (2) CLERICAL AMENDMENT.—The table of sec-
- 4 tions for part VI of subchapter B of chapter 1 of
- 5 such Code is amended by adding at the end the fol-
- 6 lowing new item:

"Sec. 199. Cash contributions to Global Fund to fight HIV/AIDS, Tuberculosis and Malaria.".

- 7 (3) Effective date.—The amendments made
- 8 by this subsection shall apply to taxable years begin-
- 9 ning after December 31, 2003.

## 10 SEC. 305. BILATERAL INVESTMENT TREATIES.

- In order to encourage investment in eligible sub-Sa-
- 12 haran African countries and reduce the uncertainties that
- 13 arise from investing in developing countries, the United
- 14 States Trade Representative shall seek to negotiate, with
- 15 interested eligible sub-Saharan African countries, bilateral
- 16 investment agreements. Any such agreement shall comply
- 17 with section 2102(b)(3) of the Trade Act of 2002 (19
- 18 U.S.C. 3802(b)(3)).

## 19 SEC. 306. DEVELOPMENT STUDY AND CAPACITY BUILDING.

- 20 (a) Reports.—The Administrator of the United
- 21 States Agency for International Development shall, by not
- 22 later than 1 year after the date of the enactment of this
- 23 Act, conduct a study on each eligible sub-Saharan African
- 24 country, that—

1	(1) identifies sectors of the economy of that
2	country with the greatest potential for growth, in-
3	cluding through export sales;
4	(2) identifies barriers, both domestically and
5	internationally, that are impeding growth in such
6	sectors; and
7	(3) makes recommendations on how the United
8	States Government and the private sector can pro-
9	vide technical assistance to that country to assist in
10	dismantling such barriers and in promoting invest-
11	ment in such sectors.
12	(b) Dissemination of Information.—The Presi-
13	dent shall disseminate information in each study con-
14	ducted under subsection (a) to the appropriate United
15	States agencies for the purpose of implementing rec-
16	ommendations on the provision of technical assistance and
17	in identifying opportunities for United States investors,
18	businesses, and farmers.
19	TITLE IV—BOOSTING TRADE
20	FLOWS
21	SEC. 401. ACTIVITIES IN SUPPORT OF INFRASTRUCTURE TO
22	SUPPORT INCREASING TRADE CAPACITY AND
23	ECOTOURISM.
24	(a) FINDINGS.—The Congress finds the following:
25	(1) Ecotourism, which consists of—

1	(A) responsible and sustainable travel and
2	visitation to relatively undisturbed natural areas
3	in order to enjoy and appreciate nature (and
4	any accompanying cultural features, both past
5	and present) and animals, including species
6	that are rare or endangered,
7	(B) promotion of conservation and provi-
8	sion for beneficial involvement of local popu-
9	lations, and
10	(C) visitation designed to have low negative
11	impact upon the environment,
12	is expected to expand 30 percent globally over the
13	next decade.
14	(2) Ecotourism will increase trade capacity by
15	sustaining otherwise unsustainable infrastructure,
16	such as road, port, water, energy, and telecommuni-
17	cation development.
18	(3) According to the United States Department
19	of State and the United Nations Environment Pro-
20	gramme, sustainable tourism, such as ecotourism,
21	can be an important part of the economic develop-
22	ment of a region, especially a region with natural
23	and cultural protected areas.
24	(4) Sub-Saharan Africa enjoys an international

comparative advantage in ecotourism because it fea-

- tures extensive protected areas that host a variety of ecosystems and traditional cultures that are major attractions for nature-oriented tourism.
  - (5) National parks and reserves in sub-Saharan Africa should be considered a basis for regional development, involving communities living within and adjacent to them and, given their strong international recognition, provide an advantage in ecotourism marketing and promotion.
  - (6) Desert areas in sub-Saharan Africa represent complex ecotourism attractions, showcasing natural, geological, and archaeological features, and nomad and other cultures and traditions.
  - (7) Many natural zones in sub-Saharan Africa cross the political borders of several countries; therefore, transboundary cooperation is fundamental for all types of ecotourism development.
  - (8) The commercial viability of ecotourism is enhanced when small and medium enterprises, particularly microenterprises, successfully engage with the tourism industry in sub-Saharan Africa.
  - (9) Adequate capacity building is an essential component of ecotourism development if local communities are to be real stakeholders that can sustain an equitable approach to ecotourism management.

1	(10) Ecotourism needs to generate local com-
2	munity benefits by utilizing sub-Saharan Africa's
3	natural heritage, parks, wildlife reserves, and other
4	protected areas that can play a significant role in
5	encouraging local economic development by sourcing
6	food and other locally produced resources.
7	(b) ACTION BY THE PRESIDENT.—The President
8	shall develop and implement policies to—
9	(1) assist and encourage the development of in-
10	frastructure projects that will help to increase trade
11	capacity and a sustainable ecotourism industry in el-
12	igible sub-Saharan African countries;
13	(2) encourage and facilitate transboundary co-
14	operation in sub-Saharan African countries to estab-
15	lish and protect cross-border parks and natural
16	zones;
17	(3) provide technical assistance to eligible sub-
18	Saharan African countries to establish and sustain
19	adequate capacity development; and
20	(4) provide assistance to micro-, small-, and
21	medium-sized enterprises in eligible sub-Saharan Af-
22	rican countries to participate in the ecotourism in-
23	dustry.

1	SEC. 402. ACTIVITIES IN SUPPORT OF TRANSPORTATION,
2	ENERGY, AGRICULTURE, AND TELECOMMUNI-
3	CATIONS INFRASTRUCTURE.
4	(a) FINDINGS.—The Congress finds the following:
5	(1) In order to increase exports from, and trade
6	among, eligible sub-Saharan African countries,
7	transportation systems in those countries must be
8	improved to increase transport efficiencies and lower
9	transport costs.
10	(2) Vibrant economic growth requires a devel-
11	oped telecommunication and energy infrastructure.
12	(3) Sub-Saharan Africa is rich in exportable ag-
13	ricultural goods, but development of this industry re-
14	mains stymied because of an underdeveloped infra-
15	structure.
16	(b) ACTION BY THE PRESIDENT.—The President
17	shall develop and implement policies to encourage, and as-
18	sist with, investment in eligible sub-Saharan African coun-
19	tries in the following:
20	(1) Infrastructure projects that support, in par-
21	ticular, development of land transport road and rail-
22	road networks and ports, and the continued upgrad-
23	ing and liberalization of the energy and tele-
24	communications sectors.
25	(2) The establishment and expansion of modern
26	information and communication technologies and

1 practices to improve the ability of citizens to re-2 search and disseminate information relating to, 3 among other things, the economy, education, trade, health, agriculture, the environment, and the media. 5 (3) Agriculture, particularly in processing and 6 capacity enhancement. 7 SEC. 403. TRANSPORTATION. 8 In order to increase trade flows and the efficiency of transportation links between eligible sub-Saharan African 10 countries and the United States, the Administrator of the United States Agency for International Development shall 11 12 foster port-to-port and airport-to-airport relationships. 13 These relationships should facilitate— 14 (1) increased coordination between ports and 15 airports in the United States and such countries in 16 order to reduce time in transit; 17 (2) interaction between technical staff from 18 ports and airports in the United States and such 19 countries in order to increase efficiency and safety 20 procedures and protocols; 21 (3) coordination between chambers of com-22 merce, freight forwarders, customs brokers, and oth-

ers involved in consolidating and moving freight; and

- 1 (4) flights between ports and airports in the
- 2 United States and such countries in order to in-
- 3 crease frequency and capacity.

## 4 SEC. 404. AGOA FORUMS.

- 5 In order to ensure that nongovernmental organiza-
- 6 tions and the private sector continue to host the annual
- 7 meetings described in section 105(c)(2) of the African
- 8 Growth and Opportunity Act (19 U.S.C. 3704(c)(2)), the
- 9 United States Trade Representative is authorized to pro-
- 10 vide grants in each of the fiscal years 2004 through 2020,
- 11 to United States nongovernmental organizations referred
- 12 to in section 105(c)(2) of that Act and to United States
- 13 representatives of the private sector referred to in section
- 14 105(c)(2)(B) of that Act, for the purpose of hosting such
- 15 meetings.

## 16 SEC. 405. TASK FORCE.

- 17 The President shall assemble an interagency task
- 18 force composed of representatives from the Office of the
- 19 United States Trade Representative, the Department of
- 20 Commerce, the Department of State, the United States
- 21 Agency for International Development, the Department of
- 22 Treasury, and the Department of Agriculture to facilitate
- 23 the goals and objectives of this Act and maintain ongoing
- 24 discussions with African trade and agriculture ministries
- 25 and private sector organizations on issues of mutual con-

- 1 cern, including regional and international trade concerns
- 2 and World Trade Organization issues.

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