world solution that will help our parents.

Those are all parts of the comprehensive vision for improving education. I believe this plan will help prepare America for the next century. It is based on what we know works and has real money to back it up.

All too often, the debates on education begin with talk about how bad our public schools are. Everyone will hear that our schools are in shambles. I believe our schools are not failing, but if we let this Congress cut education funding, we will be failing our public schools.

Most of our public schools are doing a good job. Some are not, but they are all facing more and more challenges with fewer resources than ever before. We have to recognize those challenges and prepare our schools and our children for the future.

Today, I hear a lot of talk about bureaucracy. I hear our schools are trapped by red tape. I was a school board member, and I know what it is like to fill out forms and, yes, we should reduce paperwork. That is why the class size reduction application is only one page, is available online, and takes just a few minutes to fill out. Less paperwork is good. But somehow some people have convinced themselves that if there are fewer forms, our kids will magically get the resources they need. Fewer forms will not buy a textbook or build a classroom. It takes resources and support, and it takes real dollars. Reducing bureaucracy sounds good, but it means nothing if it is only as good as the paper on which it is written.

I hear a lot of talk about flexibility. That sounds great. I support flexibility because I know that principals and local school boards understand their own needs best. But we cannot forget right now that the Federal Government sets money aside for specific programs, like for homeless children or gifted children, money to help our schools become safe and drug free. That money is targeted for special needs which we as a country believe are important, and those Federal funds do a lot of good because they are seven times more targeted than other education funds. That money ensures that every American child gets a good education.

But the plans I hear about tell schools, ''Do whatever you want with the money.'' At the same time, those plans start cutting the amount of money available to schools, and then our kids are the losers. When that dollar is no longer attached to a specific need, like making our schools safe after Columbine, or meeting the needs of a child who is behind or a child who is gifted, it is a lot easier to cut that money.

Now schools think they have a choice, but they really have fewer options because there is less money available than there was the day before. When schools have choice with less money, national priorities and protections lose out.

Suddenly that choice does not sound so good. Suddenly that choice is not liberating; it is limiting, and that is wrong because some of our kids are going to be left behind when a bill promising some version of flexibility makes schools choose between children. Let's not forget that we have already passed a better version of school flexibility called Ed-Flex earlier this year. Let's see how that serves our children before we try more risky approaches.

We cannot forget why the Federal Government got involved in education. Thirty years ago, when education was left to States and localities alone, some kids got left behind. So the Federal Government set a basic safety net for all children. These are the targeted funds that some plans would put into a block grant and then cut.

The Federal Government does two other vital things: It helps us meet national priorities, such as teaching technology or reducing class size, and it also helps students meet their potential and achieve at their highest levels. When this Congress ignores the reasons why we have a Federal partner in education, we are left with false choices that fail our children.

Our country deserves a real choice. We must offer real plans, real money to improve our schools, not false choices and not funding cuts. I urge my colleagues to listen to the American people. We should treat education like a priority and do right by all of our children.

ADDITIONAL COSPONSORS

S. 1235

At the request of Mr. ROBB, his name was added as a cosponsor of S. 1235, a bill to amend part G of title I of the Omnibus Crime Control and Safe Streets Act of 1968 to allow railroad police officers to attend the Federal Bureau of Investigation National Academy for law enforcement training.

S. 1510

At the request of Mr. MCCAIN, the name of the Senator from Montana (Mr. BURNS) was added as a cosponsor of S. 1510, a bill to revise the laws of the United States appertaining to United States cruise vessels, and for other purposes.

S. 1626

At the request of Mr. HATCH, the name of the Senator from Minnesota (Mr. GRAMS) was added as a cosponsor of S. 1626, a bill to amend title XVIII of the Social Security Act to improve the process by which the Secretary of Health and Human Services makes coverage determinations for items and services furnished under the medicare program, and for other purposes.

SENATE CONCURRENT RESOLUTION 59

At the request of Mr. SMITH, the name of the Senator from Missouri (Mr. ASHCROFT) was added as a cosponsor of Senate Concurrent Resolution 59, a concurrent resolution urging the President to negotiate a new base rights agreement with the Government of Panama in order for United States Armed Forces to be stationed in Panama after December 31, 1999.

SENATE RESOLUTION 118

At the request of Mr. REID, the names of the Senator from Kentucky (Mr. BUNNING), the Senator from Kansas (Mr. ROBERTS), and the Senator from Alaska (Mr. MURKOWSKI) were added as cosponsors of Senate Resolution 118, a resolution designating December 12, 1999, as ''National Children's Memorial Day.''

AMENDMENTS SUBMITTED

THE AFRICAN GROWTH AND OPPORTUNITY ACT

ROTH (AND MOYNIHAN) AMENDMENT NO. 2325

(Ordered to lie on the table.)

Mr. ROTH (for himself and Mr. MOYNIHAN) submitted an amendment intended to be proposed by them to the bill (H.R. 434) to authorize a new trade and investment policy for sub-Sahara Africa; as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Trade and Development Act of 1999''.

(b) TABLE OF CONTENTS.—

TITLE I—EXTENSION OF CERTAIN TRADE BENEFITS TO SUB-SAHARAN AFRICA

Subtitle A—Trade Policy for Sub-Saharan Africa

SEC. 101. SHORT TITLE.

This title may be cited as the ''African Growth and Opportunity Act''.

SEC. 102. FINDINGS.

Congress finds that—

(1) it is in the mutual interest of the United States and the countries of sub-Saharan Africa to promote stable and sustainable economic growth and development in sub-Saharan Africa;

(2) the 48 countries of sub-Saharan Africa form a region richly endowed with both natural and human resources;

(3) sub-Saharan Africa represents a region of enormous economic potential and of enduring political significance to the United States;

(4) the region has experienced a rise in both economic development and political freedom as countries in sub-Saharan Africa have taken steps toward liberalizing their economies and encouraged broader participation in the political process;

(5) the countries of sub-Saharan Africa have made progress toward regional economic integration that can have positive benefits for the region;

(6) despite those gains, the per capita income in sub-Saharan Africa averages less than $500 annually;

(7) United States foreign direct investment in the region has fallen in recent years and the sub-Saharan African region receives only minor inflows of direct investment from around the world;

(8) trade between the United States and sub-Saharan Africa, apart from the import of oil, remains an insignificant part of total United States trade;

(9) trade and investment, as the American experience has shown, can represent powerful tools both for economic development and for building a stable political environment in which political freedom can flourish;

(10) increased trade and investment flows have the greatest impact in an economic environment in which trading partners eliminate barriers to trade and capital flows and encourage the development of a vibrant private sector that offers individual African citizens the freedom to expand their economic opportunities and provide for their families;

(11) offering the countries of sub-Saharan Africa enhanced trade preferences will encourage both higher levels of trade and direct investment in support of the positive economic and political developments under way throughout the region; and

(12) encouraging the reciprocal reduction of trade and investment barriers in Africa will enhance the benefits of trade and investment for the region as well as enhance commercial and political ties between the United States and sub-Saharan Africa.

SEC. 103. STATEMENT OF POLICY.

Congress supports—

(1) encouraging increased trade and investment between the United States and sub-Saharan Africa;

(2) reducing tariff and nontariff barriers and other obstacles to sub-Saharan African and United States trade;

(3) expanding United States assistance to sub-Saharan Africa's regional integration efforts;

(4) negotiating reciprocal and mutually beneficial trade agreements, including the possibility of establishing free trade areas that serve the interests of both the United States and the countries of sub-Saharan Africa;

(5) focusing on countries committed to accountable government, economic reform, and the eradication of poverty;

(6) strengthening and expanding the private sector in sub-Saharan Africa;

(7) supporting the development of civil societies and political freedom in sub-Saharan Africa; and

(8) establishing a United States-Sub-Saharan African Economic Cooperation Forum.

SEC. 104. SUB-SAHARAN AFRICA DEFINED.

In this title, the terms ''sub-Saharan Africa'', ''sub-Saharan African country'', ''country in sub-Saharan Africa'', and ''countries in sub-Saharan Africa'' refer to the following:

(1) Republic of Angola (Angola).
(2) Republic of Botswana (Botswana).
(3) Republic of Burundi (Burundi).
(4) Republic of Cape Verde (Cape Verde).
(5) Republic of Chad (Chad).
(6) Democratic Republic of Congo.
(7) Republic of the Congo (Congo).
(8) Republic of Djibouti (Djibouti).
(9) State of Eritrea (Eritrea).
(10) Gabonese Republic (Gabon).
(11) Republic of Ghana (Ghana).
(12) Republic of Guinea-Bissau (Guinea-Bissau).
(13) Kingdom of Lesotho (Lesotho).
(14) Republic of Madagascar (Madagascar).
(15) Republic of Mali (Mali).
(16) Republic of Mauritius (Mauritius).
(17) Republic of Namibia (Namibia).
(18) Federal Republic of Nigeria (Nigeria).
(19) Democratic Republic of Sao Tome and Principe (Sao Tome and Principe).
(20) Republic of Sierra Leone (Sierra Leone).
(21) Somalia.
(22) Kingdom of Swaziland (Swaziland).
(23) Republic of Togo (Togo).
(24) Republic of Zimbabwe (Zimbabwe).
(25) Republic of Benin (Benin).
(26) Burkina Faso (Burkina).
(27) Republic of Cameroon (Cameroon).
(28) Central African Republic.
(29) Federal Islamic Republic of the Comoros (Comoros).
(30) Republic of Cote d'Ivoire (Cote d'Ivoire).
(31) Republic of Equatorial Guinea (Equatorial Guinea).
(32) Ethiopia.
(33) Republic of the Gambia (Gambia).
(34) Republic of Guinea (Guinea).
(35) Republic of Kenya (Kenya).
(36) Republic of Liberia (Liberia).
(37) Republic of Malawi (Malawi).
(38) Islamic Republic of Mauritania (Mauritania).
(39) Republic of Mozambique (Mozambique).
(40) Republic of Niger (Niger).
(41) Republic of Rwanda (Rwanda).
(42) Republic of Senegal (Senegal).
(43) Republic of Seychelles (Seychelles).
(44) Republic of South Africa (South Africa).
(45) Republic of Sudan (Sudan).
(46) United Republic of Tanzania (Tanzania).
(47) Republic of Uganda (Uganda).
(48) Republic of Zambia (Zambia).

Subtitle B—Extension of Certain Trade Benefits to Sub-Saharan Africa

SEC. 111. ELIGIBILITY FOR CERTAIN BENEFITS.

(a) IN GENERAL.—Title V of the Trade Act of 1974 is amended by inserting after section 506 the following new section:

''SEC. 506A. DESIGNATION OF SUB-SAHARAN AFRICAN COUNTRIES FOR CERTAIN BENEFITS.

''(a) AUTHORITY TO DESIGNATE.—

''(1) IN GENERAL.—Notwithstanding any other provision of law, the President is authorized to designate a country listed in section 104 of the African Growth and Opportunity Act as a beneficiary sub-Saharan African country eligible for the benefits described in subsection (b), if the President determines that the country—

''(A) has established, or is making continual progress toward establishing—

''(i) a market-based economy, where private property rights are protected and the principles of an open, rules-based trading system are observed;

''(ii) a democratic society, where the rule of law, political freedom, participatory democracy, and the right to due process and a fair trial are observed;

''(iii) an open trading system through the elimination of barriers to United States trade and investment and the resolution of bilateral trade and investment disputes; and

''(iv) economic policies to reduce poverty, increase the availability of health care and educational opportunities, expand physical infrastructure, and promote the establishment of private enterprise;

''(B) does not engage in gross violations of internationally recognized human rights or provide support for acts of international terrorism and cooperates in international efforts to eliminate human rights violations and terrorist activities; and

''(C) subject to the authority granted to the President under section 502 (a), (d), and (e), otherwise satisfies the eligibility criteria set forth in section 502.

''(2) MONITORING AND REVIEW OF CERTAIN COUNTRIES.—The President shall monitor and review the progress of each country listed in section 104 of the African Growth and Opportunity Act in meeting the requirements described in paragraph (1) in order to determine the current or potential eligibility of each country to be designated as a beneficiary sub-Saharan African country for purposes of subsection (a). The President shall include the reasons for the President's determinations in the annual report required by section 115 of the African Growth and Opportunity Act.

''(3) CONTINUING COMPLIANCE.—If the President determines that a beneficiary sub-Saharan African country is not making continual progress in meeting the requirements described in paragraph (1), the President shall terminate the designation of that country as a beneficiary sub-Saharan African country for purposes of this section, effective on January 1 of the year following the year in which such determination is made.

''(b) PREFERENTIAL TARIFF TREATMENT FOR CERTAIN ARTICLES.—

''(1) IN GENERAL.—The President may provide duty-free treatment for any article described in section 503(b)(1) (B) through (G) (except for textile luggage) that is the growth, product, or manufacture of a beneficiary sub-Saharan African country described in subsection (a), if, after receiving the advice of the International Trade Commission in accordance with section 503(e), the President determines that such article is not import-sensitive in the context of imports from beneficiary sub-Saharan African countries.

''(2) RULES OF ORIGIN.—The duty-free treatment provided under paragraph (1) shall apply to any article described in that paragraph that meets the requirements of section 503(a)(2), except that—

''(A) if the cost or value of materials produced in the customs territory of the United States is included with respect to that article, an amount not to exceed 15 percent of the appraised value of the article at the time it is entered that is attributed to such United States cost or value may be applied toward determining the percentage referred to in subparagraph (A) of section 503(a)(2); and

''(B) the cost or value of the materials included with respect to that article that are produced in one or more beneficiary sub-Saharan African countries shall be applied in determining such percentage.

''(c) BENEFICIARY SUB-SAHARAN AFRICAN COUNTRIES, ETC.—For purposes of this title, the terms 'beneficiary sub-Saharan African country' and 'beneficiary sub-Saharan African countries' mean a country or countries listed in section 104 of the African Growth and Opportunity Act that the President has determined is eligible under subsection (a) of this section.''.

(b) WAIVER OF COMPETITIVE NEED LIMITATION.—Section 503(c)(2)(D) of the Trade Act of 1974 (19 U.S.C. 2463(c)(2)(D)) is amended to read as follows:

''(D) LEAST-DEVELOPED BENEFICIARY DEVELOPING COUNTRIES AND BENEFICIARY SUB-SAHARAN AFRICAN COUNTRIES.—Subparagraph (A) shall not apply to any least-developed beneficiary developing country or any beneficiary sub-Saharan African country.''.

(c) TERMINATION.—Title V of the Trade Act of 1974 is amended by inserting after section 506A, as added by subsection (a), the following new section:

''SEC. 506B. TERMINATION OF BENEFITS FOR SUB-SAHARAN AFRICAN COUNTRIES.

''In the case of a country listed in section 104 of the African Growth and Opportunity Act that is a beneficiary developing country, duty-free treatment provided under this title shall remain in effect through September 30, 2006.''.

(d) CLERICAL AMENDMENTS.—The table of contents for title V of the Trade Act of 1974 is amended by inserting after the item relating to section 505 the following new items:

''506A. Designation of sub-Saharan African countries for certain benefits.
''506B. Termination of benefits for sub-Saharan African countries.''.

(e) EFFECTIVE DATE.—The amendments made by this section take effect on October 1, 2000.

SEC. 112. TREATMENT OF CERTAIN TEXTILES AND APPAREL.

(a) PREFERENTIAL TREATMENT.—Notwithstanding any other provision of law, textile and apparel articles described in subsection (b) (including textile luggage) imported from a beneficiary sub-Saharan African country, described in section 506A(c) of the Trade Act of 1974, shall enter the United States free of duty and free of any quantitative limitations, if—

(1) the country adopts an efficient visa system to guard against unlawful transshipment of textile and apparel goods and the use of counterfeit documents; and

(2) the country enacts legislation or promulgates regulations that would permit United States Customs Service verification teams to have the access necessary to investigate thoroughly allegations of transshipment through such country.

(b) PRODUCTS COVERED.—The preferential treatment described in subsection (a) shall apply only to the following textile and apparel products:

(1) APPAREL ARTICLES ASSEMBLED IN BENEFICIARY SUB-SAHARAN AFRICAN COUNTRIES.—Apparel articles assembled in one or more beneficiary sub-Saharan African countries from fabrics wholly formed and cut in the United States, from yarns wholly formed in the United States that are—

(A) entered under subheading 9802.00.80 of the Harmonized Tariff Schedule of the United States; or

(B) entered under chapter 61 or 62 of the Harmonized Tariff Schedule of the United States, if, after such assembly, the articles would have qualified for entry under subheading 9802.00.80 of the Harmonized Tariff Schedule of the United States but for the fact that the articles were subjected to stone-washing, enzyme-washing, acid washing, perma-pressing, oven-baking, bleaching, garment-dyeing, or other similar processes.

(2) APPAREL ARTICLES CUT AND ASSEMBLED IN BENEFICIARY SUB-SAHARAN AFRICAN COUNTRIES.—Apparel articles cut in one or more beneficiary sub-Saharan African countries from fabric wholly formed in the United States from yarns wholly formed in the United States, if such articles are assembled in one or more beneficiary sub-Saharan African countries with thread formed in the United States.

(3) HANDLOOMED, HANDMADE, AND FOLKLORE ARTICLES.—A handloomed, handmade, or folklore article of a beneficiary sub-Saharan African country or countries that is certified as such by the competent authority of such beneficiary country or countries. For purposes of this paragraph, the President, after consultation with the beneficiary sub-Saharan African country or countries concerned, shall determine which, if any, particular textile and apparel goods of the country (or countries) shall be treated as being handloomed, handmade, or folklore goods.

(c) PENALTIES FOR TRANSSHIPMENTS.—

(1) PENALTIES FOR EXPORTERS.—If the President determines, based on sufficient evidence, that an exporter has engaged in transshipment with respect to textile or apparel products from a beneficiary sub-Saharan African country, then the President shall deny all benefits under this section and section 506A of the Trade Act of 1974 to such exporter, any successor of such exporter, and any other entity owned or operated by the principal of the exporter for a period of 2 years.

(2) TRANSSHIPMENT DESCRIBED.—Transshipment within the meaning of this subsection has occurred when preferential treatment for a textile or apparel article under subsection (a) has been claimed on the basis of material false information concerning the country of origin, manufacture, processing, or assembly of the article or any of its components. For purposes of this paragraph, false information is material if disclosure of the true information would mean or would have meant that the article is or was ineligible for preferential treatment under subsection (a).

(d) TECHNICAL ASSISTANCE.—The Customs Service shall provide technical assistance to the beneficiary sub-Saharan African countries for the implementation of the requirements set forth in subsection (a) (1) and (2).

(e) MONITORING AND REPORTS TO CONGRESS.—The Customs Service shall monitor and the Commissioner of Customs shall submit to Congress, not later than March 31 of each year that this section is in effect, a report on the effectiveness of the anti-circumvention systems described in this section and on measures taken by countries in sub-Saharan Africa which export textiles or apparel to the United States to prevent circumvention as described in article 5 of the Agreement on Textiles and Clothing.

(f) SAFEGUARD.—The President shall have the authority to impose appropriate remedies, including restrictions on or the removal of quota-free and duty-free treatment provided under this section, in the event that textile and apparel articles from a beneficiary sub-Saharan African country are being imported in such increased quantities as to cause serious damage, or actual threat thereof, to the domestic industry producing like or directly competitive articles. The President shall exercise his authority under this subsection consistent with the Agreement on Textiles and Clothing.

(g) DEFINITIONS.—In this section:

(1) AGREEMENT ON TEXTILES AND CLOTHING.—The term ''Agreement on Textiles and Clothing'' means the Agreement on Textiles and Clothing referred to in section 101(d)(4) of the Uruguay Round Agreements Act (19 U.S.C. 3511(d)(4)).

(2) BENEFICIARY SUB-SAHARAN AFRICAN COUNTRY, ETC.—The terms ''beneficiary sub-Saharan African country'' and ''beneficiary sub-Saharan African countries'' have the same meaning as such terms have under section 506A(c) of the Trade Act of 1974.

(3) CUSTOMS SERVICE.—The term ''Customs Service'' means the United States Customs Service.

(h) EFFECTIVE DATE.—The amendments made by this section take effect on October 1, 2000 and shall remain in effect through September 30, 2006.

SEC. 113. UNITED STATES-SUB-SAHARAN AFRICAN TRADE AND ECONOMIC COOPERATION FORUM.

(a) DECLARATION OF POLICY.—The President shall convene annual meetings between senior officials of the United States Government and officials of the governments of sub-Saharan African countries in order to foster close economic ties between the United States and sub-Saharan Africa.

(b) ESTABLISHMENT.—Not later than 12 months after the date of enactment of this Act, the President, after consulting with the officials of interested sub-Saharan African governments, shall establish a United States-Sub-Saharan African Trade and Economic Cooperation Forum (in this section referred to as the ''Forum'').

(c) REQUIREMENTS.—In creating the Forum, the President shall meet the following requirements:

(1) FIRST MEETING.—The President shall direct the Secretary of Commerce, the Secretary of the Treasury, the Secretary of State, and the United States Trade Representative to invite their counterparts from interested sub-Saharan African governments and representatives of appropriate regional organizations to participate in the first annual meeting to discuss expanding trade and investment relations between the United States and sub-Saharan Africa.

(2) NONGOVERNMENTAL ORGANIZATIONS.—

(A) IN GENERAL.—The President, in consultation with Congress, shall invite United States nongovernmental organizations to host meetings with their counterparts from sub-Saharan Africa in conjunction with meetings of the Forum for the purpose of discussing the issues described in paragraph (1).

(B) PRIVATE SECTOR.—The President, in consultation with Congress, shall invite United States representatives of the private sector to host meetings with their counterparts from sub-Saharan Africa in conjunction with meetings of the Forum for the purpose of discussing the issues described in paragraph (1).

(3) ANNUAL MEETINGS.—As soon as practicable after the date of enactment of this Act, the President shall meet with the heads of the governments of interested sub-Saharan African countries for the purpose of discussing the issues described in paragraph (1).

SEC. 114. UNITED STATES-SUB-SAHARAN AFRICA FREE TRADE AREA.

(a) IN GENERAL.—The President shall examine the feasibility of negotiating a free trade agreement (or agreements) with interested sub-Saharan African countries.

(b) REPORT TO CONGRESS.—Not later than 12 months after the date of enactment of this Act, the President shall submit a report to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives regarding the President's conclusions on the feasibility of negotiating such agreement (or agreements). If the President determines that the negotiation of any such free trade agreement is feasible, the President shall provide a detailed plan for such negotiation that outlines the objectives, timing, any potential benefits to the United States and sub-Saharan Africa, and the likely economic impact of any such agreement.

SEC. 115. REPORTING REQUIREMENT.

Not later than 1 year after the date of enactment of this Act, and annually thereafter for 4 years, the President shall submit a report to Congress on the implementation of this title.

TITLE II—TRADE BENEFITS FOR CARIBBEAN BASIN

Subtitle A—Trade Policy for Caribbean Basin Countries

SEC. 201. SHORT TITLE.

This title may be cited as the ''United States-Caribbean Basin Trade Enhancement Act''.

SEC. 202. FINDINGS AND POLICY.

(a) FINDINGS.—Congress makes the following findings:

(1) The Caribbean Basin Economic Recovery Act (referred to in this title as ''CBERA'') represents a permanent commitment by the United States to encourage the development of strong democratic governments and revitalized economies in neighboring countries in the Caribbean Basin.

(2) Thirty-four democratically elected leaders agreed at the 1994 Summit of the Americas to conclude negotiation of a Free Trade Area of the Americas (referred to in this title as ''FTAA'') by the year 2005.

(3) The economic security of the countries in the Caribbean Basin will be enhanced by the completion of the FTAA.

(4) Offering temporary benefits to Caribbean Basin countries will enhance trade between the United States and the Caribbean Basin, encourage development of trade and investment policies that will facilitate participation of Caribbean Basin countries in the FTAA, preserve the United States commitment to Caribbean Basin beneficiary countries, help further economic development in the Caribbean Basin region, and accelerate the trend toward more open economies in the region.

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

(6) Increased trade and economic activity between the United States and Caribbean Basin beneficiary countries will create expanding export opportunities for United States businesses and workers.

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

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

(2) seek the participation of Caribbean Basin beneficiary countries in the FTAA or a trade agreement comparable to the FTAA at the earliest possible date, with the goal of achieving full participation in such agreement not later than 2005.

SEC. 203. DEFINITIONS.

In this title:

(1) BENEFICIARY COUNTRY.—The term ''beneficiary country'' has the meaning given the term in section 212(a)(1)(A) of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2702(a)(1)(A)).

(2) CBTEA.—The term ''CBTEA'' means the United States-Caribbean Basin Trade Enhancement Act.

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

(4) NAFTA COUNTRY.—The term ''NAFTA country'' means any country with respect to which the NAFTA is in force.

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

Subtitle B—Trade Benefits for Caribbean Basin Countries

SEC. 211. TEMPORARY PROVISIONS TO PROVIDE ADDITIONAL TRADE BENEFITS TO CERTAIN BENEFICIARY COUNTRIES.

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

''(b) IMPORT-SENSITIVE ARTICLES.—

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

''(A) textile and apparel articles which were not eligible articles for purposes of this title on January 1, 1994, as this title was in effect on that date;

''(B) footwear not designated at the time of the effective date of this title as eligible articles for the purpose of the generalized system of preferences under title V of the Trade Act of 1974;

''(C) tuna, prepared or preserved in any manner, in airtight containers;

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

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

''(F) articles to which reduced rates of duty apply under subsection (h).

''(2) TRANSITION PERIOD TREATMENT OF CERTAIN TEXTILE AND APPAREL ARTICLES.—

''(A) PRODUCTS COVERED.—During the transition period, the preferential treatment described in subparagraph (B) shall apply to the following products:

''(i) APPAREL ARTICLES ASSEMBLED IN A CBTEA BENEFICIARY COUNTRY.—Apparel articles assembled in a CBTEA beneficiary country from fabrics wholly formed and cut in the United States, from yarns wholly formed in the United States that are—

''(I) entered under subheading 9802.00.80 of the HTS; or

''(II) entered under chapter 61 or 62 of the HTS, if, after such assembly, the articles would have qualified for entry under subheading 9802.00.80 of the HTS but for the fact that the articles were subjected to stone-washing, enzyme-washing, acid washing, perma-pressing, oven-baking, bleaching, garment-dyeing, or other similar processes.

''(ii) APPAREL ARTICLES CUT AND ASSEMBLED IN A CBTEA BENEFICIARY COUNTRY.—Apparel articles cut in a CBTEA beneficiary country from fabric wholly formed in the United States from yarns wholly formed in the United States, if such articles are assembled in such country with thread formed in the United States.

''(iii) HANDLOOMED, HANDMADE, AND FOLKLORE ARTICLES.—A handloomed, handmade, or folklore article of a CBTEA beneficiary country identified under subparagraph (C) that is certified as such by the competent authority of such beneficiary country.

''(iv) TEXTILE LUGGAGE.—Textile luggage—

''(I) assembled in a CBTEA beneficiary country from fabric wholly formed and cut in the United States, from yarns wholly formed in the United States, that is entered under subheading 9802.00.80 of the HTS; or

''(II) assembled from fabric cut in a CBTEA beneficiary country from fabric wholly formed in the United States from yarns wholly formed in the United States, if such luggage is assembled in such country with thread formed in the United States.

''(B) PREFERENTIAL TREATMENT.—Except as provided in subparagraph (E), during the transition period, the articles described in subparagraph (A) shall enter the United States free of duty and free of any quantitative limitations.

''(C) HANDLOOMED, HANDMADE, AND FOLKLORE ARTICLES DEFINED.—For purposes of subparagraph (A)(iii), the President, after consultation with the CBTEA beneficiary country concerned, shall determine which, if any, particular textile and apparel goods of the country shall be treated as being handloomed, handmade, or folklore goods of a kind described in section 2.3 (a), (b), or (c) or Appendix 3.1.B.11 of the Annex.

''(D) PENALTIES FOR TRANSSHIPMENTS.—

''(i) PENALTIES FOR EXPORTERS.—If the President determines, based on sufficient evidence, that an exporter has engaged in transshipment with respect to textile or apparel products from a CBTEA beneficiary country, then the President shall deny all benefits under this title to such exporter, and any successor of such exporter, for a period of 2 years.

''(ii) PENALTIES FOR COUNTRIES.—Whenever the President finds, based on sufficient evidence, that transshipment has occurred, the President shall request that the CBTEA beneficiary country or countries through whose territory the transshipment has occurred take all necessary and appropriate actions to prevent such transshipment. If the President determines that a country is not taking such actions, the President shall reduce the quantities of textile and apparel articles that may be imported into the United States from such country by the quantity of the transshipped articles multiplied by 3.

''(iii) TRANSSHIPMENT DESCRIBED.—Transshipment within the meaning of this subparagraph has occurred when preferential treatment for a textile or apparel article under subparagraph (B) has been claimed on the basis of material false information concerning the country of origin, manufacture, processing, or assembly of the article or any of its components. For purposes of this

clause, false information is material if disclosure of the true information would mean or would have meant that the article is or was ineligible for preferential treatment under subparagraph (B).

''(E) BILATERAL EMERGENCY ACTIONS.—

''(i) IN GENERAL.—The President may take bilateral emergency tariff actions of a kind described in section 4 of the Annex with respect to any apparel article imported from a CBTEA beneficiary country if the application of tariff treatment under subparagraph (B) to such article results in conditions that would be cause for the taking of such actions under such section 4 with respect to a like article described in the same 8-digit subheading of the HTS that is imported from Mexico.

''(ii) RULES RELATING TO BILATERAL EMERGENCY ACTION.—For purposes of applying bilateral emergency action under this subparagraph—

''(I) the requirements of paragraph (5) of section 4 of the Annex (relating to providing compensation) shall not apply;

''(II) the term 'transition period' in section 4 of the Annex shall have the meaning given that term in paragraph (5)(D) of this subsection; and

''(III) the requirements to consult specified in section 4 of the Annex shall be treated as satisfied if the President requests consultations with the beneficiary country in question and the country does not agree to consult within the time period specified under section 4.

''(3) TRANSITION PERIOD TREATMENT OF CERTAIN OTHER ARTICLES ORIGINATING IN BENEFICIARY COUNTRIES.—

''(A) EQUIVALENT TARIFF TREATMENT.—

''(i) IN GENERAL.—Subject to clause (ii), the tariff treatment accorded at any time during the transition period to any article referred to in any of subparagraphs (B) through (F) of paragraph (1) that originates in the territory of a CBTEA beneficiary country shall be identical to the tariff treatment that is accorded at such time under Annex 302.2 of the NAFTA to an article described in the same 8-digit subheading of the HTS that is a good of Mexico and is imported into the United States.

''(ii) EXCEPTION.—Clause (i) does not apply to any article accorded duty-free treatment under U.S. Note 2(b) to subchapter II of chapter 98 of the HTS.

''(B) RELATIONSHIP TO SUBSECTION (h) DUTY REDUCTIONS.—If at any time during the transition period the rate of duty that would (but for action taken under subparagraph (A)(i) in regard to such period) apply with respect to any article under subsection (h) is a rate of duty that is lower than the rate of duty resulting from such action, then such lower rate of duty shall be applied for the purposes of implementing such action.

''(4) CUSTOMS PROCEDURES.—

''(A) IN GENERAL.—

''(i) REGULATIONS.—Any importer that claims preferential treatment under paragraph (2) or (3) shall comply with customs procedures similar in all material respects to the requirements of Article 502(1) of the NAFTA as implemented pursuant to United States law, in accordance with regulations promulgated by the Secretary of the Treasury.

''(ii) DETERMINATION.—

''(I) IN GENERAL.—In order to qualify for the preferential treatment under paragraph (2) or (3) and for a Certificate of Origin to be valid with respect to any article for which such treatment is claimed, there shall be in effect a determination by the President that each country described in subclause (II)—

''(aa) has implemented and follows, or

''(bb) is making substantial progress toward implementing and following,

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

''(II) COUNTRY DESCRIBED.—A country is described in this subclause if it is a CBTEA beneficiary country—

''(aa) from which the article is exported, or

''(bb) in which materials used in the production of the article originate or in which the article or such materials undergo production that contributes to a claim that the article is eligible for preferential treatment.

''(B) CERTIFICATE OF ORIGIN.—The Certificate of Origin that otherwise would be required pursuant to the provisions of subparagraph (A) shall not be required in the case of an article imported under paragraph (2) or (3) if such Certificate of Origin would not be required under Article 503 of the NAFTA (as implemented pursuant to United States law), if the article were imported from Mexico.

''(5) DEFINITIONS AND SPECIAL RULES.—For purposes of this subsection—

''(A) ANNEX.—The term 'the Annex' means Annex 300–B of the NAFTA.

''(B) CBTEA BENEFICIARY COUNTRY.—

''(i) IN GENERAL.—The term 'CBTEA beneficiary country' means any 'beneficiary country', as defined by section 212(a)(1)(A) of this title, which the President determines has demonstrated a commitment to—

''(I) undertake its obligations under the WTO on or ahead of schedule;

''(II) participate in negotiations toward the completion of the FTAA or a comparable trade agreement; and

''(III) undertake other steps necessary for that country to become a party to the FTAA or a comparable trade agreement.

''(ii) CRITERIA FOR DETERMINATION.—In making the determination under clause (i), the President may consider the criteria in section 212 (b) and (c) and other appropriate criteria, including—

''(I) the extent to which the country follows accepted rules of international trade provided for under the agreements listed in section 101(d) of the Uruguay Round Agreements Act;

''(II) the extent to which the country provides protection of intellectual property rights—

''(aa) in accordance with standards established in the Agreement on Trade-Related Aspects of Intellectual Property Rights described in section 101(d)(15) of the Uruguay Round Agreements Act;

''(bb) in accordance with standards established in chapter 17 of the NAFTA; and

''(cc) by granting the holders of copyrights the ability to control the importation and sale of products that embody copyrighted works, extending the period set forth in Article 1711(6) of NAFTA for protecting test data for agricultural chemicals to 10 years, protecting trademarks regardless of their subsequent designation as geographic indications, and providing enforcement against the importation of infringing products at the border;

''(III) the extent to which the country provides protections to investors and investments of the United States substantially equivalent to those set forth in chapter 11 of the NAFTA;

''(IV) the extent to which the country provides the United States and other WTO members nondiscriminatory, equitable, and reasonable market access with respect to the products for which benefits are provided under paragraphs (2) and (3), and in other relevant product sectors as determined by the President;

''(V) the extent to which the country provides internationally recognized worker rights, including—

''(aa) the right of association,

''(bb) the right to organize and bargain collectively,

''(cc) prohibition on the use of any form of coerced or compulsory labor,

''(dd) a minimum age for the employment of children, and

''(ee) acceptable conditions of work with respect to minimum wages, hours of work, and occupational safety and health;

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

''(VII) the extent to which the country becomes a party to and implements the Inter-American Convention Against Corruption, and becomes party to a convention regarding the extradition of its nationals;

''(VIII) the extent to which the country—

''(aa) supports the multilateral and regional objectives of the United States with respect to government procurement, including the negotiation of government procurement provisions as part of the FTAA and conclusion of a WTO transparency agreement as provided in the declaration of the WTO Ministerial Conference held in Singapore on December 9 through 13, 1996, and

''(bb) applies transparent and competitive procedures in government procurement equivalent to those contained in the WTO Agreement on Government Procurement (described in section 101(d)(17) of the Uruguay Round Agreements Act);

''(IX) the extent to which the country follows the rules on customs valuation set forth in the WTO Agreement on Implementation of Article VII of the GATT 1994 (described in section 101(d)(8) of the Uruguay Round Agreements Act);

''(X) the extent to which the country affords to products of the United States which the President determines to be of commercial importance to the United States with respect to such country, and on a nondiscriminatory basis to like products of other WTO members, tariff treatment that is no less favorable than the most favorable tariff treatment provided by the country to any other country pursuant to any free trade agreement to which such country is a party, other than the Central American Common Market or the Caribbean Community and Common Market.

''(C) CBTEA ORIGINATING GOOD.—

''(i) IN GENERAL.—The term 'CBTEA originating good' means a good that meets the rules of origin for a good set forth in chapter 4 of the NAFTA as implemented pursuant to United States law.

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

''(I) no country other than the United States and a CBTEA beneficiary country may be treated as being a party to the NAFTA;

''(II) any reference to trade between the United States and Mexico shall be deemed to refer to trade between the United States and a CBTEA beneficiary country;

''(III) any reference to a party shall be deemed to refer to a CBTEA beneficiary country or the United States; and

''(IV) any reference to parties shall be deemed to refer to any combination of CBTEA beneficiary countries or to the United States and a CBTEA beneficiary country (or any combination thereof).

''(D) TRANSITION PERIOD.—The term 'transition period' means, with respect to a CBTEA beneficiary country, the period that begins on October 1, 2000, and ends on the earlier of—

''(i) December 31, 2004, or

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

''(E) CBTEA.—The term 'CBTEA' means the United States-Caribbean Basin Trade Enhancement Act.

''(F) FTAA.—The term 'FTAA' means the Free Trade Area of the Americas.''.

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

(1) in paragraph (1)—

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

(B) by inserting ''(A)'' after ''(1)'';

(C) by striking ''would be barred'' and all that follows through the end period and inserting: ''no longer satisfies one or more of the conditions for designation as a beneficiary country set forth in subsection (b) or such country fails adequately to meet one or more of the criteria set forth in subsection (c).''; and

(D) by adding at the end the following:

''(B) The President may, after the requirements of subsection (a)(2) and paragraph (2) have been met—

''(i) withdraw or suspend the designation of any country as a CBTEA beneficiary country, or

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

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

''(3) If preferential treatment under section 213(b) (2) and (3) is withdrawn, suspended, or limited with respect to a CBTEA beneficiary country, such country shall not be deemed to be a 'party' for the purposes of applying section 213(b)(5)(C) to imports of articles for which preferential treatment has been withdrawn, suspended, or limited with respect to such country.''.

(c) REPORTING REQUIREMENTS.—

(1) Section 212(f) of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2702(f)) is amended to read as follows:

''(f) REPORTING REQUIREMENTS.—

''(1) IN GENERAL.—Not later than December 31, 2001, and every 2 years thereafter during the period this title is in effect, the United States Trade Representative shall submit to Congress a report regarding the operation of this title, including—

''(A) with respect to subsections (b) and (c), the results of a general review of beneficiary countries based on the considerations described in such subsections; and

''(B) the performance of each beneficiary country or CBTEA beneficiary country, as the case may be, under the criteria set forth in section 213(b)(5)(B)(ii).

''(2) PUBLIC COMMENT.—Before submitting the report described in paragraph (1), the United States Trade Representative shall publish a notice in the Federal Register requesting public comments on whether beneficiary countries are meeting the criteria listed in section 213(b)(5)(B)(i), and on the performance of each beneficiary country or CBTEA beneficiary country, as the case may be, with respect to the criteria listed in section 213(b)(5)(B)(ii).''.

(2) Section 203(f) of the Andean Trade Preference Act (19 U.S.C. 3202(f)) is amended—

(A) by striking ''TRIENNIAL REPORT'' in the heading and inserting ''REPORT''; and

(B) by striking ''On or before'' and all that follows through ''enactment of this title'' and inserting ''Not later than January 31, 2001''.

(d) INTERNATIONAL TRADE COMMISSION REPORTS.—

(1) Section 215(a) of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2704(a)) is amended to read as follows:

''(a) REPORTING REQUIREMENT.—

''(1) IN GENERAL.—The United States International Trade Commission (in this section referred to as the 'Commission') shall submit to Congress and the President biennial reports regarding the economic impact of this title on United States industries and consumers and on the economy of the beneficiary countries.

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

''(3) TREATMENT OF PUERTO RICO, ETC.—For purposes of this section, industries in the Commonwealth of Puerto Rico and the insular possessions of the United States are considered to be United States industries.''.

(2) Section 206(a) of the Andean Trade Preference Act (19 U.S.C. 3204(a)) is amended to read as follows:

''(a) REPORTING REQUIREMENTS.—

''(1) IN GENERAL.—The United States International Trade Commission (in this section referred to as the 'Commission') shall submit to Congress and the President biennial reports regarding the economic impact of this title on United States industries and consumers, and, in conjunction with other agencies, the effectiveness of this title in promoting drug-related crop eradication and crop substitution efforts of the beneficiary countries.

''(2) SUBMISSION.—During the period that this title is in effect, the report required by paragraph (1) shall be submitted on December 31 of each year that the report required by section 215 of the Caribbean Basin Economic Recovery Act is not submitted.

''(3) TREATMENT OF PUERTO RICO, ETC.—For purposes of this section, industries in the Commonwealth of Puerto Rico and the insular possessions of the United States are considered to be United States industries.''.

(e) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) IN GENERAL.—

(A) Section 211 of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2701) is amended by inserting ''(or other preferential treatment)'' after ''treatment''.

(B) Section 213(a)(1) of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2703(a)(1)) is amended by inserting ''and except as provided in subsection (b) (2) and (3),'' after ''Tax Reform Act of 1986,''.

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

''(D) The term 'NAFTA' means the North American Free Trade Agreement entered into between the United States, Mexico, and Canada on December 17, 1992.

''(E) The terms 'WTO' and 'WTO member' have the meanings given those terms in section 2 of the Uruguay Round Agreements Act (19 U.S.C. 3501).''.

SEC. 212. ADEQUATE AND EFFECTIVE PROTECTION FOR INTELLECTUAL PROPERTY RIGHTS.

Section 212(c) of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2702(c)) is amended by adding at the end the following flush sentence:

''Notwithstanding any other provision of law, the President may determine that a country is not providing adequate and effective protection of intellectual property rights under paragraph (9), even if the country is in compliance with the country's obligations under the Agreement on Trade-Related Aspects of Intellectual Property Rights described in section 101(d)(15) of the Uruguay Round Agreements Act (19 U.S.C. 3511(d)(15)).''.

Subtitle C—Cover Over of Tax on Distilled Spirits

SEC. 221. SUSPENSION OF LIMITATION ON COVER OVER OF TAX ON DISTILLED SPIRITS.

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

''The preceding sentence shall not apply to articles that are tax-determined after June 30, 1999, and before October 1, 1999.''

(b) EFFECTIVE DATE.—

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

(2) SPECIAL RULE.—

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

(B) CONSERVATION TRUST FUND TRANSFER.—

(i) IN GENERAL.—For purposes of this paragraph, the term ''Conservation Trust Fund transfer'' means a transfer to the Puerto Rico Conservation Trust Fund of an amount equal to 50 cents per proof gallon of the taxes imposed under section 5001 or section 7652 of such Code on distilled spirits that are covered over to the treasury of Puerto Rico under section 7652(e) of such Code.

(ii) TREATMENT OF TRANSFER.—Each Conservation Trust Fund transfer shall be treated as principal for an endowment, the income from which to be available for use by the Puerto Rico Conservation Trust Fund for the purposes for which the Trust Fund was established.

(iii) RESULT OF NONTRANSFER.—

(I) IN GENERAL.—Upon notification by the Secretary of the Interior that a Conservation Trust Fund transfer has not been made by the treasury of Puerto Rico as required by subparagraph (A), the Secretary of the Treasury shall, except as provided in subclause (II), deduct and withhold from the next cover over payment to be made to the treasury of Puerto Rico under section 7652(e) of such Code an amount equal to the appropriate Conservation Trust Fund transfer and interest thereon at the underpayment rate established under section 6621 of such Code as of the due date of such transfer. The Secretary 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 the Commonwealth of Puerto Rico, dated December 24, 1968.

TITLE III—GENERALIZED SYSTEM OF PREFERENCES

SEC. 301. EXTENSION OF DUTY-FREE TREATMENT UNDER GENERALIZED SYSTEM OF PREFERENCES.

(a) IN GENERAL.—Section 505 of the Trade Act of 1974 (19 U.S.C. 2465) is amended by striking ''June 30, 1999'' and inserting ''June 30, 2004''.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendment made by this section applies to articles entered on or after the date of the enactment of this Act.

(2) RETROACTIVE APPLICATION FOR CERTAIN LIQUIDATIONS AND RELIQUIDATIONS.—

(A) GENERAL RULE.—Notwithstanding section 514 of the Tariff Act of 1930 or any other provision of law, and subject to paragraph (3), any entry—

(i) of an article to which duty-free treatment under title V of the Trade Act of 1974 would have applied if such entry had been made on June 30, 1999, and

(ii) that was made—

(I) after June 30, 1999, and

(II) before the date of enactment of this Act,

shall be liquidated or reliquidated as free of duty, and the Secretary of the Treasury shall refund any duty paid with respect to such entry.

(B) ENTRY.—As used in this paragraph, the term ''entry'' includes a withdrawal from warehouse for consumption.

(3) REQUESTS.—Liquidation or reliquidation may be made under paragraph (2) with respect to an entry only if a request therefore is filed with the Customs Service, within 180 days after the date of enactment of this Act, that contains sufficient information to enable the Customs Service—

(A) to locate the entry, or

(B) to reconstruct the entry if it cannot be located.

SEC. 302. ENTRY PROCEDURES FOR FOREIGN TRADE ZONE OPERATIONS.

(a) IN GENERAL.—Section 484 of the Tariff Act of 1930 (19 U.S.C. 1484) is amended by adding at the end the following new subsection:

''(i) SPECIAL RULE FOR FOREIGN TRADE ZONE OPERATIONS.—

''(1) IN GENERAL.—Notwithstanding any other provision of law and except as provided in paragraph (3), all merchandise (including merchandise of different classes, types, and categories), withdrawn from a foreign trade zone during any 7-day period, shall, at the option of the operator or user of the zone, be the subject of a single estimated entry or release filed on or before the first day of the 7-day period in which the merchandise is to be withdrawn from the zone. The estimated entry or release shall be treated as a single entry and a single release of merchandise for purposes of section 13031(a)(9)(A) of the Consolidated Omnibus Budget Reconciliation Act of 1985 (19 U.S.C. 58c(a)(9)(A)) and all fee exclusions and limitations of such section 13031 shall apply, including the maximum and minimum fee amounts provided for under subsection (b)(8)(A)(i) of such section. The entry summary for the estimated entry or release shall cover only the merchandise actually withdrawn from the foreign trade zone during the 7-day period.

''(2) OTHER REQUIREMENTS.— The Secretary of the Treasury may require that the operator or user of the zone—

''(A) use an electronic data interchange approved by the Customs Service—

''(i) to file the entries described in paragraph (1); and

''(ii) to pay the applicable duties, fees, and taxes with respect to the entries; and

''(B) satisfy the Customs Service that accounting, transportation, and other controls over the merchandise are adequate to protect the revenue and meet the requirements of other Federal agencies.

''(3) EXCEPTION.—The provisions of paragraph (1) shall not apply to merchandise the entry of which is prohibited by law or merchandise for which the filing of an entry summary is required before the merchandise is released from customs custody.

''(4) FOREIGN TRADE ZONE; ZONE.—In this subsection, the terms 'foreign trade zone' and 'zone' mean a zone established pursuant to the Act of June 18, 1934, commonly known as the Foreign Trade Zones Act (19 U.S.C. 81a et seq.).''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date that is 60 days after the date of enactment of this Act.

TITLE IV—TRADE ADJUSTMENT ASSISTANCE

SEC. 401. TRADE ADJUSTMENT ASSISTANCE.

(a) ASSISTANCE FOR WORKERS.—Section 245 of the Trade Act of 1974 (19 U.S.C. 2317) is amended—

(1) in subsection (a), by striking ''June 30, 1999'' and inserting ''September 30, 2001''; and

(2) in subsection (b), by striking ''June 30, 1999'' and inserting ''September 30, 2001''.

(b) NAFTA TRANSITIONAL PROGRAM.—Section 250(d)(2) of the Trade Act of 1974 (19 U.S.C. 2331(d)(2)) is amended by striking ''the period beginning October 1, 1998, and ending June 30, 1999, shall not exceed $15,000,000'' and inserting ''the period beginning October 1, 1998, and ending September 30, 2001, shall not exceed $30,000,000 for any fiscal year''.

(c) ADJUSTMENT FOR FIRMS.—Section 256(b) of the Trade Act of 1974 (19 U.S.C. 2346(b)) is amended by striking ''June 30, 1999'' and inserting ''September 30, 2001''.

(d) TERMINATION.—Section 285(c) of the Trade Act of 1974 (19 U.S.C. 2271 note preceding) is amended by striking ''June 30, 1999'' each place it appears and inserting ''September 30, 2001''.

(e) EFFECTIVE DATE.—The amendments made by this section take effect on July 1, 1999.

TITLE V—REVENUE PROVISIONS

SEC. 501. MODIFICATION OF INSTALLMENT METHOD AND REPEAL OF INSTALLMENT METHOD FOR ACCRUAL METHOD TAXPAYERS.

(a) REPEAL OF INSTALLMENT METHOD FOR ACCRUAL BASIS TAXPAYERS.—

(1) IN GENERAL.—Subsection (a) of section 453 of the Internal Revenue Code of 1986 (relating to installment method) is amended to read as follows:

''(a) USE OF INSTALLMENT METHOD.—

''(1) IN GENERAL.—Except as otherwise provided in this section, income from an installment sale shall be taken into account for purposes of this title under the installment method.

''(2) ACCRUAL METHOD TAXPAYER.—The installment method shall not apply to income from an installment sale if such income would be reported under an accrual method of accounting without regard to this section. The preceding sentence shall not apply to a disposition described in subparagraph (A) or (B) of subsection (l)(2).''.

(2) CONFORMING AMENDMENTS.—Sections 453(d)(1), 453(i)(1), and 453(k) are each amended by striking ''(a)'' each place it appears and inserting ''(a)(1)''.

(b) MODIFICATION OF PLEDGE RULES.—Paragraph (4) of section 453A(d) of the Internal Revenue Code of 1986 (relating to pledges, etc., of installment obligations) is amended by adding at the end the following: ''A payment shall be treated as directly secured by an interest in an installment obligation to the extent an arrangement allows the taxpayer to satisfy all or a portion of the indebtedness with the installment obligation.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to sales or other dispositions occurring on or after the date of the enactment of this Act.

SEC. 502. LIMITATIONS ON WELFARE BENEFIT FUNDS OF 10 OR MORE EMPLOYER PLANS.

(a) BENEFITS TO WHICH EXCEPTION APPLIES.—Section 419A(f)(6)(A) of the Internal Revenue Code of 1986 (relating to exception for 10 or more employer plans) is amended to read as follows:

''(A) IN GENERAL.—This subpart shall not apply to a welfare benefit fund which is part of a 10 or more employer plan if the only benefits provided through the fund are one or more of the following:

''(i) Medical benefits.

''(ii) Disability benefits.

''(iii) Group term life insurance benefits which do not provide directly or indirectly for any cash surrender value or other money that can be paid, assigned, borrowed, or pledged for collateral for a loan.

The preceding sentence shall not apply to any plan which maintains experience-rating arrangements with respect to individual employers.''.

(b) LIMITATION ON USE OF AMOUNTS FOR OTHER PURPOSES.—Section 4976(b) of the Internal Revenue Code of 1986 (defining disqualified benefit) is amended by adding at the end the following new paragraph:

''(5) SPECIAL RULE FOR 10 OR MORE EMPLOYER PLANS EXEMPTED FROM PREFUNDING LIMITS.—For purposes of paragraph (1)(C), if—

''(A) subpart D of part I of subchapter D of chapter 1 does not apply by reason of section 419A(f)(6) to contributions to provide one or more welfare benefits through a welfare benefit fund under a 10 or more employer plan, and

''(B) any portion of the welfare benefit fund attributable to such contributions is used for a purpose other than that for which the contributions were made,

then such portion shall be treated as reverting to the benefit of the employers maintaining the fund.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to contributions paid or accrued after June 9, 1999, in taxable years ending after such date.

SEC. 503. TREATMENT OF GAIN FROM CONSTRUCTIVE OWNERSHIP TRANSACTIONS.

(a) IN GENERAL.—Part IV of subchapter P of chapter 1 of the Internal Revenue Code of 1986 (relating to special rules for determining capital gains and losses) is amended by inserting after section 1259 the following new section:

''SEC. 1260. GAINS FROM CONSTRUCTIVE OWNERSHIP TRANSACTIONS.

''(a) IN GENERAL.—If the taxpayer has gain from a constructive ownership transaction with respect to any financial asset and such gain would (without regard to this section) be treated as a long-term capital gain—

''(1) such gain shall be treated as ordinary income to the extent that such gain exceeds the net underlying long-term capital gain, and

''(2) to the extent such gain is treated as a long-term capital gain after the application of paragraph (1), the determination of the capital gain rate (or rates) applicable to such gain under section 1(h) shall be determined on the basis of the respective rate (or rates) that would have been applicable to the net underlying long-term capital gain.

''(b) INTEREST CHARGE ON DEFERRAL OF GAIN RECOGNITION.—

''(1) IN GENERAL.—If any gain is treated as ordinary income for any taxable year by reason of subsection (a)(1), the tax imposed by this chapter for such taxable year shall be

increased by the amount of interest determined under paragraph (2) with respect to each prior taxable year during any portion of which the constructive ownership transaction was open. Any amount payable under this paragraph shall be taken into account in computing the amount of any deduction allowable to the taxpayer for interest paid or accrued during such taxable year.

''(2) AMOUNT OF INTEREST.—The amount of interest determined under this paragraph with respect to a prior taxable year is the amount of interest which would have been imposed under section 6601 on the underpayment of tax for such year which would have resulted if the gain (which is treated as ordinary income by reason of subsection (a)(1)) had been included in gross income in the taxable years in which it accrued (determined by treating the income as accruing at a constant rate equal to the applicable Federal rate as in effect on the day the transaction closed). The period during which such interest shall accrue shall end on the due date (without extensions) for the return of tax imposed by this chapter for the taxable year in which such transaction closed.

''(3) APPLICABLE FEDERAL RATE.—For purposes of paragraph (2), the applicable Federal rate is the applicable Federal rate determined under 1274(d) (compounded semiannually) which would apply to a debt instrument with a term equal to the period the transaction was open.

''(4) NO CREDITS AGAINST INCREASE IN TAX.—Any increase in tax under paragraph (1) shall not be treated as tax imposed by this chapter for purposes of determining—

''(A) the amount of any credit allowable under this chapter, or

''(B) the amount of the tax imposed by section 55.

''(c) FINANCIAL ASSET.—For purposes of this section—

''(1) IN GENERAL.—The term 'financial asset' means—

''(A) any equity interest in any pass-thru entity, and

''(B) to the extent provided in regulations—

''(i) any debt instrument, and

''(ii) any stock in a corporation which is not a pass-thru entity.

''(2) PASS-THRU ENTITY.—For purposes of paragraph (1), the term 'pass-thru entity' means—

''(A) a regulated investment company,

''(B) a real estate investment trust,

''(C) an S corporation,

''(D) a partnership,

''(E) a trust,

''(F) a common trust fund,

''(G) a passive foreign investment company (as defined in section 1297 without regard to subsection (e) thereof),

''(H) a foreign personal holding company,

''(I) a foreign investment company (as defined in section 1246(b)), and

''(J) a REMIC.

''(d) CONSTRUCTIVE OWNERSHIP TRANSACTION.—For purposes of this section—

''(1) IN GENERAL.—The taxpayer shall be treated as having entered into a constructive ownership transaction with respect to any financial asset if the taxpayer—

''(A) holds a long position under a notional principal contract with respect to the financial asset,

''(B) enters into a forward or futures contract to acquire the financial asset,

''(C) is the holder of a call option, and is the grantor of a put option, with respect to the financial asset and such options have substantially equal strike prices and substantially contemporaneous maturity dates, or

''(D) to the extent provided in regulations prescribed by the Secretary, enters into one or more other transactions (or acquires one or more positions) that have substantially the same effect as a transaction described in any of the preceding subparagraphs.

''(2) EXCEPTION FOR POSITIONS WHICH ARE MARKED TO MARKET.—This section shall not apply to any constructive ownership transaction if all of the positions which are part of such transaction are marked to market under any provision of this title or the regulations thereunder.

''(3) LONG POSITION UNDER NOTIONAL PRINCIPAL CONTRACT.—A person shall be treated as holding a long position under a notional principal contract with respect to any financial asset if such person—

''(A) has the right to be paid (or receive credit for) all or substantially all of the investment yield (including appreciation) on such financial asset for a specified period, and

''(B) is obligated to reimburse (or provide credit for) all or substantially all of any decline in the value of such financial asset.

''(4) FORWARD CONTRACT.—The term 'forward contract' means any contract to acquire in the future (or provide or receive credit for the future value of) any financial asset.

''(e) NET UNDERLYING LONG-TERM CAPITAL GAIN.—For purposes of this section, in the case of any constructive ownership transaction with respect to any financial asset, the term 'net underlying long-term capital gain' means the aggregate net capital gain that the taxpayer would have had if—

''(1) the financial asset had been acquired for fair market value on the date such transaction was opened and sold for fair market value on the date such transaction was closed, and

''(2) only gains and losses that would have resulted from the deemed ownership under paragraph (1) were taken into account.

The amount of the net underlying long-term capital gain with respect to any financial asset shall be treated as zero unless the amount thereof is established by clear and convincing evidence.

''(f) SPECIAL RULE WHERE TAXPAYER TAKES DELIVERY.—Except as provided in regulations prescribed by the Secretary, if a constructive ownership transaction is closed by reason of taking delivery, this section shall be applied as if the taxpayer had sold all the contracts, options, or other positions which are part of such transaction for fair market value on the closing date. The amount of gain recognized under the preceding sentence shall not exceed the amount of gain treated as ordinary income under subsection (a). Proper adjustments shall be made in the amount of any gain or loss subsequently realized for gain recognized and treated as ordinary income under this subsection.

''(g) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section, including regulations—

''(1) to permit taxpayers to mark to market constructive ownership transactions in lieu of applying this section, and

''(2) to exclude certain forward contracts which do not convey substantially all of the economic return with respect to a financial asset.''.

(b) CLERICAL AMENDMENT.—The table of sections for part IV of subchapter P of chapter 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following new item:

''Sec. 1260. Gains from constructive ownership transactions.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to transactions entered into after July 11, 1999.

SEC. 504. LIMITATION ON USE OF NONACCRUAL EXPERIENCE METHOD OF ACCOUNTING.

(a) IN GENERAL.—Section 448(d)(5) of the Internal Revenue Code of 1986 (relating to special rule for services) is amended—

(1) by inserting ''in fields described in paragraph (2)(A)'' after ''services by such person'', and

(2) by inserting ''CERTAIN PERSONAL'' before ''SERVICES'' in the heading.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years ending after the date of the enactment of this Act.

(2) CHANGE IN METHOD OF ACCOUNTING.—In the case of any taxpayer required by the amendments made by this section to change its method of accounting for its first taxable year ending after the date of the enactment of this Act—

(A) such change shall be treated as initiated by the taxpayer,

(B) such change shall be treated as made with the consent of the Secretary of the Treasury, and

(C) the net amount of the adjustments required to be taken into account by the taxpayer under section 481 of the Internal Revenue Code of 1986 shall be taken into account over a period (not greater than 4 taxable years) beginning with such first taxable year.

SEC. 505. ALLOCATION OF BASIS ON TRANSFERS OF INTANGIBLES IN CERTAIN NONRECOGNITION TRANSACTIONS.

(a) TRANSFERS TO CORPORATIONS.—Section 351 of the Internal Revenue Code of 1986 (relating to transfer to corporation controlled by transferor) is amended by redesignating subsection (h) as subsection (i) and by inserting after subsection (g) the following new subsection:

''(h) TREATMENT OF TRANSFERS OF INTANGIBLE PROPERTY.—

''(1) TRANSFERS OF LESS THAN ALL SUBSTANTIAL RIGHTS.

''(A) IN GENERAL.—A transfer of an interest in intangible property (as defined in section 936(h)(3)(B)) shall be treated under this section as a transfer of property even if the transfer is of less than all of the substantial rights of the transferor in the property.

''(B) ALLOCATION OF BASIS.—In the case of a transfer of less than all of the substantial rights of the transferor in the intangible property, the transferor's basis immediately before the transfer shall be allocated among the rights retained by the transferor and the rights transferred on the basis of their respective fair market values.

''(2) NONRECOGNITION NOT TO APPLY TO INTANGIBLE PROPERTY DEVELOPED FOR TRANSFEREE.—This section shall not apply to a transfer of intangible property developed by the transferor or any related person if such development was pursuant to an arrangement with the transferee.''.

(b) TRANSFERS TO PARTNERSHIPS.—Subsection (d) of section 721 of the Internal Revenue Code of 1986 is amended to read as follows:

''(d) TRANSFERS OF INTANGIBLE PROPERTY.—

''(1) IN GENERAL.—Rules similar to the rules of section 351(h) shall apply for purposes of this section.

''(2) TRANSFERS TO FOREIGN PARTNERSHIPS.—For regulatory authority to treat intangibles transferred to a partnership as sold, see section 367(d)(3).''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to transfers on or after the date of the enactment of this Act.

SEC. 506. INCREASE IN ELECTIVE WITHHOLDING RATE FOR NONPERIODIC DISTRIBUTIONS FROM DEFERRED COMPENSATION PLANS.

(a) IN GENERAL.—Section 3405(b)(1) of the Internal Revenue Code of 1986 (relating to withholding) is amended by striking ''10 percent'' and inserting ''15 percent''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to distributions after December 31, 2000.

Amend the title so as to read: ''To authorize a new trade and investment policy for sub-Saharan Africa, expand trade benefits to the countries in the Caribbean Basin, renew the generalized system of preferences, and reauthorize the trade adjustment assistance programs.''.

THE NURSING RELIEF FOR DISADVANTAGED AREAS ACT OF 1999

LOTT (AND DASCHLE) AMENDMENT NO. 2326

Mr. ROBERTS (for Mr. LOTT (for himself and Mr. DASCHLE)) proposed an amendment to the bill (H.R. 441) to amend the Immigration and Nationality Act with respect to the requirements for the admission of nonimmigrant nurses who will practice in health professional shortage areas; as follows:

At the end of the bill add the following:

SEC. ___. NATIONAL INTEREST WAIVERS OF JOB OFFER REQUIREMENTS FOR ALIENS WHO ARE MEMBERS OF THE PROFESSIONS HOLDING ADVANCED DEGREES OR ALIENS OF EXCEPTIONAL ABILITY.

Section 203(b)(2)(B) of the Immigration and Nationality Act (8 U.S.C. 1153(b)(2)(B)) is amended to read as follows:

''(B) WAIVER OF JOB OFFER.—

''(i) NATIONAL INTEREST WAIVER.—Subject to clause (ii), the Attorney General may, when the Attorney General deems it to be in the national interest, waive the requirements of subparagraph (A) that an alien's services in the sciences, arts, professions, or business be sought by an employer in the United States.

''(ii) PHYSICIANS WORKING IN SHORTAGE AREAS OR VETERANS FACILITIES.—

''(I) IN GENERAL.—The Attorney General shall grant a national interest waiver pursuant to clause (i) on behalf of any alien physician with respect to whom a petition for preference classification has been filed under subparagraph (A) if—

''(aa) the alien physician agrees to work full time as a physician in an area or areas designated by the Secretary of Health and Human Services as having a shortage of health care professionals or at a health care facility under the jurisdiction of the Secretary of Veterans Affairs; and

''(bb) a Federal agency or a department of public health in any State has previously determined that the alien physician's work in such an area or at such facility was in the public interest.

''(II) PROHIBITION.—No permanent resident visa may be issued to an alien physician described in subclause (I) by the Secretary of State under section 204(b), and the Attorney General may not adjust the status of such an alien physician from that of a nonimmigrant alien to that of a permanent resident alien under section 245, until such time as the alien has worked full time as a physician for an aggregate of five years (not including the time served in the status of an alien described in section 101(a)(15)(J)), in an area or areas designated by the Secretary of Health and Human Services as having a shortage of health care professionals or at a health care facility under the jurisdiction of the Secretary of Veterans Affairs.

''(III) STATUTORY CONSTRUCTION.—Nothing in this subparagraph may be construed to prevent the filing of a petition with the Attorney General for classification under section 204(a), or the filing of an application for adjustment of status under section 245, by an alien physician described in subclause (I) prior to the date by which such alien physician has completed the service described in subclause (II).''.

(IV) EFFECTIVE DATE.—The requirements of this subsection do not affect waivers on behalf of alien physicians approved under section 203(b)(2)(B) before the enactment date of this subsection. In the case of a physician for whom an application for a waiver was filed under Section 203(b)(2)(B) prior to November 1, 1998, the Attorney General shall grant a national interest waiver pursuant to Section 203(b)(2)(B) except that the alien is required to have worked full time as a physician for an aggregate of three years (not including time served in the status of an alien described in section 101(a)(15)(J)) before a visa can be issued to the alien under Section 204(b) or the status of the alien is adjusted to permanent resident under Section 245.

HATCH AMENDMENT NO. 2327

Mr. ROBERTS (for Mr. HATCH) proposed an amendment to the bill, H.R. 441, supra; as follows:

At the end of the bill insert the following:

SEC. . FURTHER CLARIFICATION OF TREATMENT OF CERTAIN INTERNATIONAL ACCOUNTING FIRMS.

Section 206(a) of the Immigration Act of 1990 (8 U.S.C. 1101 note) is amended to read as follows:

''(a) CLARIFICATION OF TREATMENT OF CERTAIN INTERNATIONAL ACCOUNTING AND MANAGEMENT CONSULTING FIRMS.—In applying sections 101(a)(15)(L) and 203(b)(1)(C) of the Immigration and Nationality Act, and for no other purpose, in the case of a partnership that is organized in the United States to provide accounting or management consulting services and that markets its accounting or management consulting services under an internationally recognized name under an agreement with a worldwide coordinating organization that is collectively owned and controlled by the member accounting and management consulting firms or by the elected members (partners, shareholders, members, employees) thereof, an entity that is organized outside the United States to provide accounting or management consulting services shall be considered to be an affiliate of the United States accounting or management consulting partnership if it markets its accounting or management consulting services under the same internationally recognized name directly or indirectly under an agreement with the same worldwide coordinating organization of which the United States partnership is also a member. Those partnerships organized within the United States and entities organized outside the United States which are considered affiliates under this subsection shall continue to be considered affiliates to the extent such firms enter into a plan of association with a successor worldwide coordinating organization, which need not be collectively owned and controlled.''.

ADDITIONAL STATEMENTS

TRIBUTE TO THE HONORABLE BRUCE M. SELYA

● Mr. CHAFEE. Mr. President, for the past 5½ years, Judge Bruce Selya has served as Board Chairman of the Lifespan hospital system, a network of five hospitals in Rhode Island and Massachusetts. After an impressive tenure, he is stepping down from that post this week.

As a United States Appeals Court Judge for the First Circuit, Judge Selya already has heavy responsibilities. Nevertheless, he approached this unpaid position with great energy and determination. He has been actively engaged in the health care debates in my state.

Indeed, he was one of the chief architects of the Lifespan system, helping to bring about the initial merger between Rhode Island Hospital and Miriam Hospital in 1994. As Chairman, he oversaw the addition of Bradley Hospital, Newport Hospital, and Boston's New England Medical Center to the system. Together, those five hospitals offer more than 1,600 beds. In 1998, they discharged more than 60,000 patients and treated nearly 200,000 emergency room visitors.

Presumably, any one or more of these facilities might have been acquired by an out-of-state hospital network, reducing them to ''satellite'' status and moving the decision-making authority out of Rhode Island. Thanks to Judge Selya's leadership and foresight, hospital decisions affecting quality of care for Rhode Islanders are still made within my state's borders.

These past five years have been tumultuous times for the hospital industry, marked by changes in the Medicare and Medicaid programs, and difficulties in the private health insurance market. Judge Selya recognized these challenges as they came along, and he has been responsive to them.

And so, Mr. President, I want to salute Judge Selya for his long-standing commitment to quality health care for the people of Rhode Island. Bruce is a good friend and a long-time supporter, going back to before my first campaign for Governor in 1962. I look forward to continuing our close association in the years ahead.●

A SALUTE TO MEDAL OF FREEDOM RECIPIENT EVY DUBROW

● Mr. HOLLINGS. Mr. President, I rise today to recognize my friend, Evelyn Dubrow, who recently received the Presidential Medal of Freedom. Unfortunately, a previous commitment prevented me from joining Evy's many friends and admirers at the ceremony, but I want to commend her on receiving the nation's highest civilian honor bestowed by the United States Government.

President Kennedy established the Presidential Medal of Freedom award in 1963 to honor persons who have made