Calendar No. 473

102D CONGRESS *2d Session*	SENATE	REPORT 102-289

AMENDING THE TRADE ACT OF 1974 TO REMOVE THE UNION OF SOVIET SOCIALIST REPUBLICS FROM THE LIST OF COUNTRIES INELIGIBLE FOR DESIGNATION AS A BENEFICIARY DEVELOPING COUNTRY

JUNE 2 (legislative day, MARCH 26), 1992.—Ordered to be printed

Mr. BENTSEN, from the Committee on Finance, submitted the following

REPORT

[To accompany S. 2798]

[Including cost estimate of the Congressional Budget Office]

The Committee on Finance, having considered S. 2798, an original bill to strike the Union of Soviet Socialist Republics (U.S.S.R.) from the list of countries ineligible for designation as beneficiary countries under the Generalized System of Preferences (GSP) program, reports favorably thereon and recommends that the bill do pass.

I. SUMMARY

The Committee's bill strikes the USSR from the list of countries ineligible to be designated as beneficiary countries under the GSP program.

II. GENERAL EXPLANATION

Under the GSP program (Title V of the Trade Act of 1974, as amended), the President is authorized to provide duty-free treatment to eligible articles imported from designated beneficiary developing countries. Section 502(b) of the Trade Act of 1974, as amended, provides that the President may not designate certain specified countries, including the USSR, as beneficiaries under the GSP program.

In addition, the President may not designate as GSP beneficiaries certain Communist countries, members of OPEC, countries that afford preferential treatment to the products of a developed country, countries that have nationalized or expropriated property owned by U.S. citizens or corporations, countries that fail to en-

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force arbitral awards in favor of U.S. citizens, or countries that aid or abet terrorism or fail to afford internationally recognized worker rights to their workers. Moreover, before designating a country eligible for GSP benefits the President must also take into account that country's desire to be designated a GSP beneficiary, its level of economic development and whether other countries extend preferential treatment of its products, the extent to which the country provides equitable and reasonable access to its market and adequate and effective protection of intellectual property, the extent to which it has reduced trade-distorting investment practices and barriers to services trade, and whether it is taking steps to afford to its workers internationally recognized worker rights.

Section 503 of the Trade Act of 1974 provides that the President may designate as eligible articles only those that meet certain rule of origin requirements. It also prohibits the President from designating certain import sensitive articles as eligible items.

The Committee bill strikes the USSR from the list of countries ineligible for designation as GSP beneficiaries. Thus, the successor states to the USSR would become eligible for designation as GSP beneficiaries if they meet the other statutory criteria enumerated the law.

The Committee believes that GSP benefits could provide an additional incentive to encourage the development of export industries of the newly independent republics. The Committee notes that export growth may provide the greatest opportunity in the near- to medium-term to spark economic growth in these new countries.

The Committee notes, however, that the newly independent republics will be required to meet all the statutory terms and conditions that apply to all potential beneficiary countries before they may receive GSP benefits.

III. Vote of the Committee in Reporting the Bill

In compliance with section 133 of the Legislative Reorganization Act of 1946, the Committee states that the bill was ordered favorably reported by voice vote.

IV. Budgetary Impact of the Bill

In compliance with sections 308 and 403 of the Congressional Budget Act of 1974, and paragraph 11(a) of Rule XXVI of the Standing Rules of the Senate, the following letter has been received from the Congressional Budget Office regarding the budgetary impact of the bill:

U.S. Congress,
Congressional Budget Office,
Washington, DC, May 14, 1992.

Hon. Lloyd Bentsen,
Chairman, Committee on Finance,
U.S. Senate,
Washington, DC.

Dear Mr. Chairman: The Congressional Budget Office has reviewed the bill removing the Union of Soviet Socialist Republics (USSR) from the list of countries ineligible for designation as a beneficiary developing country (BDC), as ordered reported by the Senate Committee on Finance on May 14, 1992. CBO estimates that enactment of this bill would not affect outlays or receipts.

As established under Title V of the Trade Act of 1974, the Generalized System of Preferences (GSP) offers duty-free treatment of certain products to countries designated as BDCs by the President. The GSP aims to promote economic growth in developing countries by offering export opportunities through duty-free treatment of their goods. Title V of the Trade Act of 1974 authorizes the President to select which products will receive duty-free treatment as well as which countries will benefit from this treatment. However, specific countries are excluded from the benefits of the GSP; Section 502 of the Trade Act of 1974 lists these countries. The USSR (and its successor states), by virtue of its inclusion on the list of ineligible countries, cannot receive GSP treatment under current law.

The bill would remove the USSR from the list of countries ineligible for designation as a BDC. Therefore, under Title V of the Trade Act of 1974, the President could extend to the former republics of the USSR duty-free treatment of qualified imports under the GSP. Because the bill itself would not designate the republics of the former USSR as BDCs, no change in outlays or receipts would result. Only after the President declared the republics to be BDCs could a change in receipts result.

The bill would not affect receipts or outlays and thus would not be subject to pay-as-you-go procedures under Section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985.

If you wish further details, please feel free to contact me or your staff may wish to contact John Stell.

Sincerely,

ROBERT D. REISCHAUER,
Director.

V. REGULATORY IMPACT OF THE BILL

In compliance with paragraph 11(b) of Rule XXVI of the Standing Rules of the Senate, the Committee states that the bill will not significantly regulate any individuals or businesses will not impact on the personal privacy of individuals, and will result in no significant additional paperwork.

VI. CHANGES IN EXISTING LAW

Pursuant to the requirements of paragraph 12 of Rule XXVI of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

UNITED STATES CODE

TITLE 19—CUSTOMS DUTIES

CHAPTER 12—SYSTEM OF PREFERENCES

Subchapter V—Generalized System of Preferences

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§ 2462. Beneficiary developing countries.

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(a) * * *

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(b) COUNTRIES INELIGIBLE FOR DESIGNATION AS BENEFICIARY DEVELOPING COUNTRIES.—No designation shall be made under this section with respect to any of the following:

Australia
Austria
Canada
European Economic Community member states
Finland
Iceland
Japan
Monaco
New Zealand
Norway
Republic of South Africa
Sweden
Switzerland
[Union of Soviet Socialist Republics]

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