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**PART I—FOOD ASSISTANCE**

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**EXPLANATORY NOTE**

This part of the compilation contains various laws relating to food assistance, disposal of surplus commodities, foreign sales and exchanges, and section 32 of P.L. 320, 74th Congress, that govern or affect certain programs and functions of the Department of Agriculture.



## SUBPART A. PUBLIC LAW 480 AND RELATED STATUTES

### 1. PUBLIC LAW 480<sup>1-1</sup>

[As Amended Through Public Law 109-121, Dec. 1, 2005]

#### SECTION 1. [7 U.S.C. 1691 note] SHORT TITLE.

This Act may be cited as the “Agricultural Trade Development and Assistance Act of 1954”.<sup>1-2</sup>

#### SEC. 2. [7 U.S.C. 1691] UNITED STATES POLICY.

It is the policy of the United States to use its abundant agricultural productivity to promote the foreign policy of the United States by enhancing the food security of the developing world through the use of agricultural commodities and local currencies accruing under this Act to—

- (1) combat world hunger and malnutrition and their causes;
- (2) promote broad-based, equitable, and sustainable development, including agricultural development;
- (3) expand international trade;
- (4) develop and expand export markets for United States agricultural commodities;
- (5) foster and encourage the development of private enterprise and democratic participation in developing countries; and
- (6)<sup>2-1</sup> prevent conflicts.

#### SEC. 3.<sup>3-1</sup> [7 U.S.C. 1691a] FOOD AID TO DEVELOPING COUNTRIES.

(a) POLICY.—In light of the Uruguay Round Agreement on Agriculture and the Ministerial Decision on Measures Concerning the Possible Negative Effects of the Reform Program on Least-Developed and Net-Food Importing Developing Countries, the United States reaffirms the commitment of the United States to providing food aid to developing countries.

(b) SENSE OF CONGRESS.—It is the sense of Congress that—

- (1) the President should initiate consultations with other donor nations to consider appropriate levels of food aid commitments to meet the legitimate needs of developing countries; and
- (2) the United States should increase its contribution of bona fide food assistance to developing countries consistent with the Agreement on Agriculture.

## TITLE I—TRADE AND DEVELOPMENT ASSISTANCE

#### SEC. 101. [7 U.S.C. 1701] TRADE AND DEVELOPMENT ASSISTANCE.

(a) IN GENERAL.—The President shall establish a program under this title to provide for the sale of agricultural commodities

<sup>1-1</sup> Enacted on July 10, 1954.

<sup>1-2</sup> As amended Nov. 28, 1990, Pub. L. 101-624, Title XV, § 1512, 104 Stat. 3633.

<sup>2-1</sup> Para. (6) added by sec. 3001 of the Farm Security and Rural Investment Act of 2002, P.L. 107-171, 116 Stat. 280, May 13, 2002.

<sup>3-1</sup> Sec. 201(a) of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 951, April 4, 1996, amended sec. 3 in its entirety. For the text of former sec. 3, see p. 1-3 of Agricultural Trade Laws Vol. (as of Jan. 16, 1996).

to developing countries and private entities<sup>101-1</sup> for dollars on credit terms, or for local currencies (including for local currencies on credit terms) for use under this title. Such program shall be implemented by the Secretary.

(b) GENERAL AUTHORITY.—To carry out the policies and accomplish the objectives described in section 2, the Secretary may negotiate and execute agreements with developing countries and private entities<sup>101-1</sup> to finance the sale and exportation of agricultural commodities to such countries and entities.<sup>101-2</sup>

**SEC. 102.<sup>102-1</sup> [7 U.S.C. 1702] AGREEMENTS REGARDING ELIGIBLE COUNTRIES AND PRIVATE ENTITIES.**

(a) PRIORITY.—In selecting agreements to be entered into under this title, the Secretary shall give priority to agreements providing for the export of agricultural commodities to developing countries that—

(1) have the demonstrated potential to become commercial markets for competitively priced United States agricultural commodities;

(2) are undertaking measures for economic development purposes to improve food security and agricultural development, alleviate poverty, and promote broad-based equitable and sustainable development; and

(3) demonstrate the greatest need for food.

(b) PRIVATE ENTITIES.—An agreement entered into under this title with a private entity shall require such security, or such other provisions as the Secretary determines necessary, to provide reasonable and adequate assurance of repayment of the financing extended to the private entity.

(c) AGRICULTURAL MARKET DEVELOPMENT PLAN.—

(1) DEFINITION OF AGRICULTURAL TRADE ORGANIZATION.—In this subsection, the term “agricultural trade organization” means a United States agricultural trade organization that promotes the export and sale of a United States agricultural commodity and that does not stand to profit directly from the specific sale of the commodity.

(2) PLAN.—The Secretary shall consider a developing country for which an agricultural market development plan has been approved under this subsection to have the demonstrated potential to become a commercial market for competitively priced United States agricultural commodities for the purpose of granting a priority under subsection (a).

(3) REQUIREMENTS.—

(A) IN GENERAL.—To be approved by the Secretary, an agricultural market development plan shall—

(i) be submitted by a developing country or private entity, in conjunction with an agricultural trade organization;

(ii) describe a project or program for the development and expansion of a commercial market for a

<sup>101-1</sup> Sec. 202(1) of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 951, April 4, 1996, amended this sec. by striking “developing countries” each place it appears and inserting “developing countries and private entities”.

<sup>101-2</sup> Sec. 202(2) of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 951, April 4, 1996, amended subsec. (b) by inserting “and entities” before the period at the end.

<sup>102-1</sup> Sec. 203 of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 951, April 4, 1996, amended sec. 102 in its entirety. For the text of former sec. 102, see p. 1-4 of Agricultural Trade Laws Vol. (as of Jan. 16, 1996).

United States agricultural commodity in a developing country, and the economic development of the country, using funds derived from the sale of agricultural commodities received under an agreement described in section 101;

(iii) provide for any matching funds that are required by the Secretary for the project or program;

(iv) provide for a results-oriented means of measuring the success of the project or program; and

(v) provide for graduation to the use of non-Federal funds to carry out the project or program, consistent with requirements established by the Secretary.

(B) AGRICULTURAL TRADE ORGANIZATION.—The project or program shall be designed and carried out by the agricultural trade organization.

(C) ADDITIONAL REQUIREMENTS.—An agricultural market development plan shall contain such additional requirements as are determined necessary by the Secretary.

(4) ADMINISTRATIVE COSTS.—

(A) IN GENERAL.—The Secretary may make funds made available to carry out this title available for the reimbursement of administrative expenses incurred by agricultural trade organizations in developing, implementing, and administering agricultural market development plans, subject to such requirements and in such amounts as the Secretary considers appropriate.

(B) DURATION.—The funds may be made available to agricultural trade organizations for the duration of the applicable agricultural market development plan.

(C) TERMINATION.—The Secretary may terminate assistance made available under this subsection if the agricultural trade organization is not carrying out the approved agricultural market development plan.

**SEC. 103. [7 U.S.C. 1703] TERMS AND CONDITIONS OF SALES.**

(a) PAYMENT.—

(1) DOLLARS.—Except as provided in paragraph (2), agreements under this title shall require that payment for agricultural commodities be made in dollars.

(2) LOCAL CURRENCIES.—

(A) IN GENERAL.—The Secretary may permit<sup>103-1</sup> payment under an agreement under this title in the local currency of the appropriate country<sup>103-2</sup> in order to use the proceeds from such payments to carry out activities under section 104.

(B) RATES OF EXCHANGE.—Payments in local currency shall be at rates of exchange that are no less favorable than the highest exchange rate legally obtainable in the country and that are no less favorable than the highest exchange rate obtainable by any other country.

<sup>103-1</sup> Sec. 204(1)(A) of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 953, April 4, 1996, amended subpara. (A) by striking “a recipient country to make”.

<sup>103-2</sup> Sec. 204(1)(B) of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 953, April 4, 1996, amended subpara. (A) by striking “such country” and inserting “the appropriate country”.

(b) INTEREST.—Such agreements shall provide that interest accrue on the payment deferred under such agreement at a concessional rate as determined appropriate by the Secretary.

(c) DURATION.—Payments required under such agreements may be made in reasonable annual amounts over the period (not<sup>103-3</sup> more than 30 years from the date of the last delivery of commodities in each year under such agreement) specified in the agreement.

(d) DEFERRAL OF PAYMENTS.—The Secretary may defer the date on which the developing country or private entity<sup>103-4</sup> is required to begin making payment, under such agreements, for a period of not in excess of 5<sup>103-5</sup> years after the date of the last delivery of commodities in each year under the agreement, and interest shall be computed from the date of such last delivery.

(e) DELIVERY OF COMMODITIES.—Delivery of the commodities shall be made in accordance with the terms of the agreement.

**SEC. 104. [7 U.S.C. 1704] USE OF LOCAL CURRENCY PAYMENT.**

(a) IN GENERAL.—Agreements under this title may provide that the Secretary shall use payments made in local currencies by the developing country or private entity<sup>104-1</sup> in accordance with this section.

(b) SPECIAL ACCOUNT.—Foreign currencies received by the Secretary under this title shall be deposited in a separate account, that may be interest-bearing, to the credit of the United States and such currencies and interest thereon shall be used as provided for in this section.

(c) ACTIVITIES.—The proceeds from the payments referred to in subsection (a) may be used in the appropriate developing country<sup>104-2</sup> for the following:

(1) TRADE DEVELOPMENT.—To carry out programs to help develop markets for United States agricultural commodities on a mutually beneficial basis in the appropriate developing country.<sup>104-2</sup>

(2) AGRICULTURAL DEVELOPMENT.—To support—

(A) increased agricultural production, including availability of agricultural inputs, with emphasis on small farms, processing of agricultural commodities, forestry management, and land and water management;

(B) credit policies for private-sector agriculture development;

(C) establishment and expansion of institutions for basic and applied agricultural research and the use of such research through development of extension services; and

(D) programs to control rodents, insects, weeds, and other animal or plant pests.

<sup>103-3</sup> Sec. 204(2) of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 953, April 4, 1996, amended subsec. (c) by striking “less than 10 nor”.

<sup>103-4</sup> Sec. 204(3)(A) of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 953, April 4, 1996, amended subsec. (d) by striking “recipient country” and inserting “developing country or private entity”.

<sup>103-5</sup> Sec. 204(3)(B) of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 953, April 4, 1996, amended subsec. (d) by striking “7” and inserting “5”.

<sup>104-1</sup> Sec. 205(1) of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 953, April 4, 1996, amended subsec. (a) by striking “recipient country” and inserting “developing country or private entity”.

<sup>104-2</sup> Sec. 205(2)(A) of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 953, April 4, 1996, amended subsec. (c) by striking “recipient country” each place it appears and inserting “appropriate developing country”.

(3) AGRICULTURAL BUSINESS DEVELOPMENT LOANS.—To make loans to United States business entities (including cooperatives) and branches, subsidiaries, or affiliates of such entities for agricultural business development and agricultural trade expansion in such appropriate developing countries.<sup>104-3</sup>

(4) AGRICULTURAL FACILITIES LOANS.—To make loans to domestic or foreign entities (including cooperatives) for the establishment of facilities for aiding in the utilization or distribution of, or otherwise increasing the consumption of and markets for, United States agricultural products.

(5) TRADE PROMOTION.—To promote agricultural trade development, under procedures established by the Secretary, by making loans or through other activities (including trade fairs) that the Secretary determines to be appropriate.

(6) PRIVATE SECTOR AGRICULTURAL TRADE DEVELOPMENT.—To conduct private sector agricultural trade development activities in the appropriate developing country,<sup>104-2</sup> as determined appropriate by the Secretary.

(7) RESEARCH.—To conduct research in agriculture, forestry, and aquaculture, including collaborative research which is mutually beneficial to the United States and the appropriate developing country.<sup>104-2</sup>

(8) UNITED STATES OBLIGATIONS.—To make payments of United States obligations (including obligations entered into pursuant to other laws).

(9)<sup>104-4</sup> SAFE WATER AND SANITATION.—To provide assistance under section 135 of the Foreign Assistance Act of 1961 to promote good health, economic development, poverty reduction, women's empowerment, conflict prevention, and environmental sustainability by increasing affordable and equitable access to safe water and sanitation.

(d) FISCAL REQUIREMENTS REGARDING USE OF LOCAL CURRENCIES.—

(1) EXEMPTION.—Section 1306 of title 31, United States Code, shall not apply to local currencies used by the President under paragraphs (1) through (7) of subsection (c).

(2) USE OF CURRENCIES BY OTHER AGENCIES.—Any department or agency of the Federal Government other than the Department of Agriculture using any such local currencies for a purpose for which funds have been appropriated shall reimburse the Commodity Credit Corporation in an amount equivalent to the dollar value of the currencies used.

<sup>104-3</sup> Sec. 205(2)(B) of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 953, April 4, 1996, amended para. (3) by striking "recipient countries" and inserting "appropriate developing countries".

<sup>104-4</sup> Para. (9) added by sec. 5(b) of the Senator Paul Simon Water for the Poor Act of 2005, P.L. 109-121, 119 Stat. \_\_\_\_, Dec. 1, 2005.

[SEC. 105. <sup>105-1</sup> [7 U.S.C. 1705] VALUE-ADDED FOODS.]

## TITLE II—EMERGENCY AND PRIVATE ASSISTANCE PROGRAMS

### SEC. 201. [7 U.S.C. 1721] GENERAL AUTHORITY.

The President shall establish a program under this title to provide agricultural commodities to foreign countries on behalf of the people of the United States to—

- (1) address famine or other urgent or extraordinary relief requirements;
- (2) combat malnutrition, especially in children and mothers;
- (3) carry out activities that attempt to alleviate the causes of hunger, mortality and morbidity;
- (4) promote economic and community development;
- (5) promote sound environmental practices; and
- (6) carry out feeding programs.

Such program shall be implemented by the Administrator.

### SEC. 202. [7 U.S.C. 1722] PROVISION OF AGRICULTURAL COMMODITIES.

(a) EMERGENCY ASSISTANCE.—Notwithstanding any other provision of law, the Administrator may provide agricultural commodities to meet emergency food needs under this title through governments and public or private agencies, including intergovernmental organizations such as the World Food Program and other multilateral organizations, in such manner and on such terms and conditions as the Administrator determines appropriate to respond to the emergency.

(b) <sup>202-1</sup> NONEMERGENCY ASSISTANCE.—

(1) IN GENERAL.—The Administrator may provide agricultural commodities for nonemergency assistance under this title through eligible organizations (as described in subsection (d)) that have entered into an agreement with the Administrator to use the commodities in accordance with this title.

(2) LIMITATION.—The Administrator may not deny a request for funds submitted under this subsection because the program for which the funds are requested—

(A) would be carried out by the eligible organization in a foreign country in which the Agency for International Development does not have a mission, office, or other presence; or

(B) is not part of a development plan for the country prepared by the Agency.

(3) <sup>202-2</sup> PROGRAM DIVERSITY.—The Administrator shall—

(A) encourage eligible organizations to propose and implement program plans to address 1 or more aspects of the program under section 201; and

<sup>105-1</sup> Sec. 105 was repealed by sec. 206 of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 953, April 4, 1996. For the text of sec. 105, see p. 1-6 of Agricultural Trade Laws Vol. (as of Jan. 16, 1996).

<sup>202-1</sup> Sec. 207(a)(1) of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 953, April 4, 1996, amended subsec. (b) in its entirety. For the text of former subsec. (b), see p. 1-7 of Agricultural Trade Laws Vol. (as of Jan. 16, 1996).

<sup>202-2</sup> Para. (3) added by sec. 3002(1) of the Farm Security and Rural Investment Act of 2002, P.L. 107-171, 116 Stat. 280, May 13, 2002.



(B) consider proposals that incorporate a variety of program objectives and strategic plans based on the identification by eligible organizations of appropriate activities, consistent with section 201, to assist development of foreign countries.

(c) **USES OF ASSISTANCE.**—Agricultural commodities provided under this title may be made available for direct distribution, sale, barter, or other appropriate disposition.

(d) **ELIGIBLE ORGANIZATIONS.**—To be eligible to receive assistance under subsection (b) an organization shall be—

(1) a private voluntary organization or cooperative that is, to the extent practicable, registered with the Administrator; or

(2) an intergovernmental organization, such as the World Food Program.

(e) **SUPPORT FOR ELIGIBLE ORGANIZATIONS.**—<sup>202-3</sup>

(1)<sup>202-4</sup> **IN GENERAL.**—Of the funds made available in each fiscal year under this title to the Administrator, not less than 5 percent nor more than 10 percent of the funds<sup>202-5</sup> shall be made available in each fiscal year to eligible organizations described in subsection (d), to assist the organizations<sup>202-6</sup> in—

(A) establishing new programs under this title; and

(B) meeting specific administrative, management, personnel and internal transportation and distribution costs for carrying out programs in foreign countries under this title.

(2)<sup>202-7</sup> **REQUEST FOR FUNDS.**—To receive funds made available under paragraph (1), an eligible organization described in subsection (d) shall submit a request for the funds that is subject to approval by the Administrator.

(3) **ASSISTANCE WITH RESPECT TO SALE.**—Upon the request of an eligible organization, the Administrator may provide assistance to the eligible organization<sup>202-8</sup> with respect to the sale of agricultural commodities made available to it under this title.

(f) **EFFECTIVE USE OF COMMODITIES.**—To ensure that agricultural commodities made available under this title are used effec-

<sup>202-3</sup> Sec. 207(a)(2)(A) of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 953, April 4, 1996, amended the subsec. heading of subsec. (e) by striking “PRIVATE VOLUNTARY ORGANIZATIONS AND COOPERATIVES” and inserting “ELIGIBLE ORGANIZATIONS”.

<sup>202-4</sup> This paragraph was amended by sec. 1204(b)(1) of the Omnibus Budget Reconciliation Act of 1990, P.L. 101-508, 104 Stat. 1388-11, Nov. 5, 1990.

<sup>202-5</sup> Sec. 3001(2) of the Farm Security and Rural Investment Act of 2002, P.L. 107-171, 116 Stat. 280, May 13, 2002, amended para. (1) by striking “not less than \$10,000,000, and not more than \$28,000,000,” and inserting “not less than 5 percent nor more than 10 percent of the funds”. Previously, sec. 207(a)(2)(B)(i) of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 954, April 4, 1996, amended para. (1) by striking “\$13,500,000” and inserting “\$28,000,000”.

<sup>202-6</sup> Sec. 207(a)(2)(B)(ii) of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 954, April 4, 1996, amended para. (1) by striking “private voluntary organizations and cooperatives to assist such organizations and cooperatives” and inserting “eligible organizations described in subsection (d), to assist the organizations”.

<sup>202-7</sup> Sec. 207(a)(2)(C) of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 954, April 4, 1996, amended para. (2) in its entirety. For the text of former para. (2), see p. 1-7 of Agricultural Trade Laws Vol. (as of Jan. 16, 1996).

<sup>202-8</sup> Sec. 201(a)(2)(D) of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 954, April 4, 1996, amended para. (3) by striking “a private voluntary organization or cooperative, the Administrator may provide assistance to that organization or cooperative” and inserting “an eligible organization, the Administrator may provide assistance to the eligible organization”.

tively and in the areas of greatest need, organizations or cooperatives through which such commodities are distributed shall—

(1) to the extent feasible, work with indigenous institutions and employ indigenous workers;

(2) assess and take into account nutritional and other needs of beneficiary groups;

(3) help such beneficiary groups design and carry out mutually acceptable projects;

(4) recommend to the Administrator methods of making assistance available that are the most appropriate for each local setting;

(5) supervise the distribution of commodities provided and the implementation of programs carried out under this title; and

(6) periodically evaluate the effectiveness of projects undertaken under this title.

(g) LABELING.—Commodities provided under this title shall, to the extent practicable, be clearly identified with appropriate markings on the package or container of such commodity in the language of the locality in which such commodities are distributed, as being furnished by the people of the United States of America.

(h) <sup>202-9</sup> STREAMLINED PROGRAM MANAGEMENT.—

(1) IMPROVEMENTS.—Not later than 1 year after the date of enactment of this subsection, the Administrator shall—

(A) streamline program procedures and guidelines under this title for agreements with eligible organizations for programs in 1 or more countries; and

(B) effective beginning with fiscal year 2004, to the maximum extent practicable, incorporate the changes into the procedures and guidelines for programs and the guidelines for resource requests.

(2) STREAMLINED PROCEDURES AND GUIDELINES.—In carrying out paragraph (1), the Administrator shall make improvements in the Office of Food for Peace management systems that include—

(A) expedition of and greater consistency in the program review and approval process under this title;

(B) streamlining of information collection and reporting systems by identifying the critical information that needs to be monitored and reported on by eligible organizations; and

(C) for approved programs, provision of greater flexibility for an eligible organization to make modifications in program activities to achieve program results with streamlined procedures for reporting such modifications.

(3) CONSULTATION.—

(A) IN GENERAL.—Paragraphs (1) and (2) shall be carried out in accordance with section 205 and subsections (b) and (c) of section 207.

(B) CONSULTATION WITH CONGRESSIONAL COMMITTEES.—Not later than 180 days after the date of enactment of this subsection, the Administrator shall consult with the Committee on Agriculture and the Committee on International Relations of the House of Representatives and the

<sup>202-9</sup> Subsec. (h) added by sec. 3002(3) of the Farm Security and Rural Investment Act of 2002, P.L. 107-171, 116 Stat. 280, May 13, 2002.

Committee on Agriculture, Nutrition, and Forestry of the Senate on progress made in carrying out this subsection.

(4) REPORT.—Not later than 270 days after the date of enactment of this subsection, the Administrator shall submit to the Committee on Agriculture and the Committee on International Relations of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report on the improvements made and planned upgrades in the information management, procurement, and financial management systems to administer this title.

**SEC. 203. [7 U.S.C. 1723] GENERATION AND USE OF CURRENCIES BY PRIVATE VOLUNTARY ORGANIZATIONS AND COOPERATIVES.**<sup>203-1</sup>

(a) LOCAL SALE AND BARTER OF COMMODITIES.—An agreement entered into between the Administrator and a private voluntary organization or cooperative to provide food assistance through such organization or cooperative under this title may provide for the sale or barter in 1 or more recipient countries, or 1 or more countries in the same region,<sup>203-2</sup> of the commodities to be provided under such agreement.

(b) MINIMUM LEVEL OF LOCAL SALES.—In carrying out agreements of the type referred to in subsection (a), the Administrator shall permit private voluntary organizations and cooperatives to sell, 1 or more recipient countries, or in 1 or more countries in the same region,<sup>203-3</sup> an amount of commodities equal to not less than 15 percent<sup>203-4</sup> of the aggregate amounts of all commodities distributed under non-emergency programs under this title for each fiscal year, to generate<sup>203-5</sup> proceeds to be used as provided in this section.

(c) DESCRIPTION OF INTENDED USES.—A private voluntary organization or cooperative submitting a proposal to enter into a non-emergency food assistance agreement under this title shall include in such proposal a description of the intended uses of any<sup>203-6</sup> proceeds that may be generated through the sale, in 1 or more recipient countries, or in 1 or more countries in the same region,<sup>203-7</sup> of

<sup>203-1</sup> Sec. 3003(1) of the Farm Security and Rural Investment Act of 2002, P.L. 107-171, 116 Stat. 281, May 13, 2002, amended the section heading by striking “FOREIGN” before “CURRENCIES”.

<sup>203-2</sup> Sec. 3003(2) of the Farm Security and Rural Investment Act of 2002, P.L. 107-171, 116 Stat. 281, May 13, 2002, amended subsec. (a) by striking “the recipient country, or in a country” and inserting “1 or more recipient countries, or 1 or more countries”. Previously, sec. 208(1) of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 954, April 4, 1996, amended subsec. (a) by inserting “, or in a country in the same region,” after “in the recipient country”.

<sup>203-3</sup> Sec. 3003(3)(A) of the Farm Security and Rural Investment Act of 2002, P.L. 107-171, 116 Stat. 281, May 13, 2002, amended subsec. (b) by striking “in recipient countries, or in countries” and inserting “1 or more recipient countries, or in 1 or more countries”. Previously, sec. 208(2)(A) of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 954, April 4, 1996, amended subsec. (b) by inserting “or in countries in the same region,” after “in recipient countries”.

<sup>203-4</sup> Sec. 208(2)(B) of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 954, April 4, 1996, amended subsec. (b) by striking “10 percent” and inserting “15 percent”.

<sup>203-5</sup> Sec. 3003(3)(B) of the Farm Security and Rural Investment Act of 2002, P.L. 107-171, 116 Stat. 281, May 13, 2002, amended subsec. (b) by striking “foreign currency”.

<sup>203-6</sup> Sec. 3003(4)(A) of the Farm Security and Rural Investment Act of 2002, P.L. 107-171, 116 Stat. 282, May 13, 2002, amended subsec. (c) by striking “foreign currency”.

<sup>203-7</sup> Sec. 3003(4)(B) of the Farm Security and Rural Investment Act of 2002, P.L. 107-171, 116 Stat. 282, May 13, 2002, amended subsec. (c) by striking “the recipient country, or in a country” and inserting “1 or more recipient countries, or in 1 or more countries”. Previously, sec. 208(3) of the Federal Agriculture Improvement and Reform Act of 1996,

Continued

any commodities provided under an agreement entered into between the Administrator and the organization or cooperative.

(d) USE.—Proceeds<sup>203-8</sup> generated from any partial or full sale or barter of commodities by a private voluntary organization or cooperative under a non-emergency food assistance agreement under this title may—

(1) be used to transport, store, distribute, and otherwise enhance the effectiveness of the use of agricultural commodities provided under this title;

(2) be used to implement income-generating,<sup>203-9</sup> community development, health, nutrition, cooperative development, agricultural, and other developmental activities within 1 or more recipient countries or within 1 or more countries in the same region;<sup>203-10</sup> or

(3) be invested,<sup>203-11</sup> and any interest earned on such investment may be used,<sup>203-12</sup> for the purposes for which the assistance was provided to that organization, without further appropriation by Congress.

#### SEC. 204. [7 U.S.C. 1724] LEVELS OF ASSISTANCE.

(a) MINIMUM LEVELS.—

(1) MINIMUM ASSISTANCE.—Except as provided in paragraph (3), the Administrator shall make agricultural commodities available for food distribution under this title in an amount that for each of fiscal years 2002 through 2007<sup>204-1</sup> is not less than 2,500,000<sup>204-2</sup> metric tons.<sup>204-3</sup>

(2) MINIMUM NON-EMERGENCY ASSISTANCE.—Of the amounts specified in paragraph (1), and except as provided in paragraph (3), the Administrator shall make agricultural commodities available for non-emergency food distribution through eligible organizations under section 202 in an amount that for

P.L. 104-127, 110 Stat. 954, April 4, 1996, amended subsec. (c) by inserting “or in a country in the same region,” after “in the recipient country.”

<sup>203-8</sup> Sec. 3003(5)(A) of the Farm Security and Rural Investment Act of 2002, P.L. 107-171, 116 Stat. 282, May 13, 2002, amended subsec. (d) by striking “Foreign currencies” and inserting “Proceeds”.

<sup>203-9</sup> Sec. 3003(5)(B)(i) of the Farm Security and Rural Investment Act of 2002, P.L. 107-171, 116 Stat. 282, May 13, 2002, amended para. (2) by striking “income generating” and inserting “income-generating”.

<sup>203-10</sup> Sec. 3003(5)(B)(ii) of the Farm Security and Rural Investment Act of 2002, P.L. 107-171, 116 Stat. 282, May 13, 2002, amended para. (2) by striking “the recipient country or within a country” and inserting “1 or more recipient countries or within 1 or more countries”. Previously, sec. 208(4) of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 954, April 4, 1996, amended para. (2) by inserting “or within a country in the same region” after “within the recipient country”.

<sup>203-11</sup> Sec. 3003(5)(C)(i) of the Farm Security and Rural Investment Act of 2002, P.L. 107-171, 116 Stat. 280, May 13, 2002, amended para. (3) by inserting a comma after “invested”.

<sup>203-12</sup> Sec. 3003(5)(C)(ii) of the Farm Security and Rural Investment Act of 2002, P.L. 107-171, 116 Stat. 280, May 13, 2002, amended para. (3) by inserting a comma after “used”.

<sup>204-1</sup> Sec. 3004(1) of the Farm Security and Rural Investment Act of 2002, P.L. 107-171, 116 Stat. 282, May 13, 2002, amended subsec. (a) by striking “1996 through 2002” each place it appears and inserting “2002 through 2007”.

<sup>204-2</sup> Sec. 3004(2) of the Farm Security and Rural Investment Act of 2002, P.L. 107-171, 116 Stat. 282, May 13, 2002, amended para. (1) by striking “2,025,000” and inserting “2,500,000”.

<sup>204-3</sup> Sec. 209(1)(A) of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 954, April 4, 1996, amended para. (1) by striking “amount that” and all that follows through the period at the end and inserting “amount that for each of fiscal years 1996 through 2002 is not less than 2,025,000 metric tons.”. For the text of former para. (1), see p. 1-9 of Agricultural Trade Laws Vol. (as of Jan. 16, 1996).

each of fiscal years 2002 through 2007<sup>204-1</sup> is not less than 1,875,000 metric tons.<sup>204-4</sup>

(3) EXCEPTION.—The Administrator may waive the requirements of paragraphs (1) and (2) for any fiscal year if the Administrator determines that such quantities of commodities cannot be used effectively to carry out this title or in order to meet an emergency. In making a waiver under this paragraph, the Administrator shall prepare and submit to the Committees on International Relations, Agriculture and Appropriations of the House of Representatives, and the Committees on Appropriations and Agriculture, Nutrition, and Forestry of the Senate a report containing the reasons for the waiver.<sup>204-5</sup> No waiver shall be made before the beginning of the applicable fiscal year.<sup>204-6</sup>

(b) USE OF VALUE-ADDED COMMODITIES.—

(1) MINIMUM LEVELS.—Except as provided in paragraph (2), in making agricultural commodities available under this title, the Administrator shall ensure that not less than 75 percent of the quantity of such commodities required to be distributed during each fiscal year under subsection (a)(2) be in the form of processed, fortified, or bagged commodities and that not less than 50 percent of the quantity of the bagged commodities that are whole grain commodities be bagged in the United States.<sup>204-7</sup>

(2) WAIVER OF MINIMUM.—The Administrator may waive the requirement of paragraph (1) for any fiscal year in which the Administrator determines that the requirements of the programs established under this title will not be best served by the enforcement of such requirement under such paragraph.

#### SEC. 205. [7 U.S.C. 1725] FOOD AID CONSULTATIVE GROUP.

(a) ESTABLISHMENT.—There is established a Food Aid Consultative Group (hereinafter referred to in this section as the “Group”) that shall meet regularly to review and address issues concerning the effectiveness of the regulations and procedures that govern food assistance programs established and implemented under this title, and the implementation of other provisions of this title that may involve eligible organizations described in section 202(d)(1).<sup>205-1</sup>

<sup>204-4</sup> Sec. 3004(3) of the Farm Security and Rural Investment Act of 2002, P.L. 107-171, 116 Stat. 282, May 13, 2002, amended para. (2) by striking “1,550,000 metric tons” and inserting “1,875,000 metric tons”. Previously, sec. 209(1)(B) of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 954, April 4, 1996, amended para. (2) by striking “amount that” and all that follows through the period at the end and inserting “amount that for each of fiscal years 1996 through 2002 is not less than 1,550,000 metric tons.” For the text of former para. (2), see p. 1-9 of Agricultural Trade Laws Vol. (as of Jan. 16, 1996).

<sup>204-5</sup> Sec. 758 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2004, P.L. 108-199, January 23, 2004, amended para. (3) by striking “the Committee on Foreign Affairs and Committee on Agriculture of the House of Representatives, and the Committee on” and inserting “the Committees on International Relations, Agriculture and Appropriations of the House of Representatives, and the Committees on Appropriations and”.

<sup>204-6</sup> Sec. 209(1)(C) of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 955, April 4, 1996, amended para. (3) by adding this sentence.

<sup>204-7</sup> Sec. 209(2) of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 955, April 4, 1996, amended para. (1) by inserting before the period at the end the following: “and that not less than 50 percent of the quantity of the bagged commodities that are whole grain commodities be bagged in the United States”.

<sup>205-1</sup> Sec. 210(1) of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 955, April 4, 1996, amended subsec. (a) by striking “private voluntary organizations, cooperatives and indigenous non-governmental organizations” and inserting “eligible organizations described in section 202(d)(1)”.

- (b) MEMBERSHIP.—The Group shall be composed of—
- (1) the Administrator;
  - (2) the Under Secretary of Agriculture for Farm and Foreign Agricultural Services;<sup>205-2</sup>
  - (3) the Inspector General of the Agency for International Development;
  - (4) a representative of each private voluntary organization and cooperative participating in a program under this title, or receiving planning assistance funds from the Agency to establish programs under this title;
  - (5) representatives from African, Asian and Latin American indigenous non-governmental organizations determined appropriate by the Administrator; and
  - (6)<sup>205-3</sup> representatives from agricultural producer groups in the United States.

(c) CHAIRPERSON.—The Administrator shall be the chairperson of the Group.

(d) CONSULTATIONS.—In preparing regulations, handbooks, or guidelines implementing this title, or significant revisions thereto, the Administrator shall provide such proposals to the Group for review and comment. The Administrator shall consult and, when appropriate (but at least twice per year),<sup>205-4</sup> meet with the Group regarding such proposed regulations, handbooks, guidelines, or revisions thereto prior to the issuance of such.

(e) ADVISORY COMMITTEE ACT.—The Federal Advisory Committee Act (5 U.S.C. App.) shall not apply to the Group.

(f) TERMINATION.—The Group shall terminate on December 31, 2007.<sup>205-5</sup>

**[SEC. 206. [7 U.S.C. 1726] MAXIMUM LEVEL OF EXPENDITURES.**<sup>206-1]</sup>

**SEC. 207. [7 U.S.C. 1726a] ADMINISTRATION.**

(a)<sup>207-1</sup> PROPOSALS.—

(1) RECIPIENT COUNTRIES.—A proposal to enter into a non-emergency food assistance agreement under this title shall identify the recipient country or countries that are the subject of the agreement.

(2) TIMING.—Not later than 120 days after the date of receipt by the Administrator of a proposal submitted by an eligible organization under this title, the Administrator shall determine whether to accept the proposal.

<sup>205-2</sup> Sec. 210(2)(A) of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 955, April 4, 1996, amended para. (2) by striking “for International Affairs and Commodity Programs” and inserting “of Agriculture for Farm and Foreign Agricultural Services”.

<sup>205-3</sup> Sec. 210(2) of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 955, April 4, 1996, added para. (6) and made conforming amendments.

<sup>205-4</sup> Sec. 210(3) of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 955, April 4, 1996, amended the second sentence of subsec. (d) by inserting “(but at least twice per year)” after “when appropriate”.

<sup>205-5</sup> Sec. 210(4) of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 955, April 4, 1996, amended subsec. (f) by striking “1995” and inserting “2002”. Sec. 3005 of the Farm Security and Rural Investment Act of 2002, P.L. 107-171, 116 Stat. 280, May 13, 2002, amended subsec. (f) by striking “2002” and inserting “2007”.

<sup>206-1</sup> Sec. 206 repealed by sec. 3006 of the Farm Security and Rural Investment Act of 2002, P.L. 107-171, 116 Stat. 282, May 13, 2002.

<sup>207-1</sup> Sec. 3007(1) of the Farm Security and Rural Investment Act of 2002, P.L. 107-171, 116 Stat. 282, May 13, 2002, redesignated former para. (2) as para. (3) and struck former para. (1) and inserted paras. (1) and (2). Previously, sec. 207(b)(1) of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 954, April 4, 1996, amended para. (1) by striking “a private voluntary organization or cooperative” each place it appears and inserting “an eligible organization”.

(3) DENIAL.—If a proposal under paragraph (1) is denied, the response shall specify the reasons for denial and the conditions that must be met for the approval of such proposal.

(b)<sup>207-2</sup> NOTICE AND COMMENT.—Not later than 30 days prior to the issuance of a final guideline or annual policy guidance to carry out this title, the Administrator shall—

(1) provide notice of the existence of a proposed guideline or annual policy guidance, and that such guideline or annual policy guidance is available for review and comment, to eligible organizations<sup>207-3</sup> that participate in programs under this title, and to other interested persons;

(2) make the proposed guideline or annual policy guidance available, on request, to the eligible organizations<sup>207-4</sup> and other persons referred to in paragraph (1); and

(3) take any comments received into consideration prior to the issuance of the final guideline or annual policy guidance.

(c) REGULATIONS.—

(1) IN GENERAL.—The Administrator shall promptly issue all necessary regulations and make revisions to agency guidelines with respect to changes in the operation or implementation of the program established under this title.

(2) REQUIREMENTS.—The Administrator shall develop regulations with the intent of—

(A) simplifying procedures for participation in the programs established under this title;

(B) reducing paperwork requirements under such programs;

(C) establishing reasonable and realistic accountability standards to be applied to eligible organizations participating in the programs established under this title, taking into consideration the problems associated with carrying out programs in developing countries; and

(D) providing flexibility for carrying out programs under this title.

(3) HANDBOOKS.—Handbooks developed by the Administrator to assist in carrying out the program under this title shall be designed to foster the development of programs under this title by eligible organizations.

(d) DEADLINE FOR SUBMISSION OF COMMODITY ORDERS.—Not later than 15 days after receipt from a United States field mission of a call forward for agricultural commodities for programs that meet the requirements of this title, the order for the purchase or the supply, from inventory, of such commodities or products shall be transmitted to the Commodity Credit Corporation.

(e)<sup>207-5</sup> TIMELY APPROVAL.—

<sup>207-2</sup> Sec. 3007(2) of the Farm Security and Rural Investment Act of 2002, P.L. 107-171, 116 Stat. 282, May 13, 2002, amended subsec. (b) by striking “guideline” each place it appears and inserting “guideline or annual policy guidance”.

<sup>207-3</sup> Sec. 207(b)(2)(A) of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 954, April 4, 1996, amended para. (1) by striking “private voluntary organizations and cooperatives” and inserting “eligible organizations”.

<sup>207-4</sup> Sec. 207(b)(2)(B) of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 954, April 4, 1996, amended para. (2) by striking “organizations, cooperatives,” and inserting “eligible organizations”.

<sup>207-5</sup> Subsec. (e) added by sec. 3007(3) of the Farm Security and Rural Investment Act of 2002, P.L. 107-171, 116 Stat. 280, May 13, 2002.

(1) **IN GENERAL.**—The Administrator is encouraged to finalize program agreements and resource requests for programs under this section before the beginning of each fiscal year.

(2) **REPORT.**—Not later than December 1 of each year, the Administrator shall submit to the Committee on Agriculture and the Committee on International Relations of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that contains—

(A) a list of programs, countries, and commodities approved to date for assistance under this section; and

(B) a statement of the total amount of funds approved to date for transportation and administrative costs under this section.

**SEC. 208.**<sup>208-1</sup> **[7 U.S.C. 1726b] ASSISTANCE FOR STOCKPILING AND RAPID TRANSPORTATION, DELIVERY, AND DISTRIBUTION OF SHELF-STABLE PREPACKAGED FOODS.**

(a) **IN GENERAL.**—The Administrator may provide grants to—

(1) United States nonprofit organizations (described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from tax under section 501(a) of the Internal Revenue Code of 1986) for the preparation of shelf-stable prepackaged foods requested by eligible organizations and the establishment and maintenance of stockpiles of the foods in the United States; and

(2) private voluntary organizations and international organizations for the rapid transportation, delivery, and distribution of shelf-stable prepackaged foods described in paragraph (1) to needy individuals in foreign countries.

(b) **GRANTS FOR ESTABLISHMENT OF STOCKPILES.**—

(1) **IN GENERAL.**—Not more than 70 percent of the amount made available to carry out this section shall be used to provide grants under subsection (a)(1).

(2) **PRIORITY.**—In providing grants under subsection (a)(1), the Administrator shall provide a preference to a United States nonprofit organization that agrees to provide—

(A) non-Federal funds in an amount equal to 50 percent of the amount of funds received under a grant under subsection (a)(1);

(B) an in-kind contribution in an amount equal to that percentage; or

(C) a combination of such funds and an in-kind contribution,

for the preparation of shelf-stable prepackaged foods and the establishment and maintenance of stockpiles of the foods in the United States in accordance with subsection (a)(1).

(c) **GRANTS FOR RAPID TRANSPORTATION, DELIVERY, AND DISTRIBUTION.**—Not less than 20 percent of the amount made available to carry out this section shall be used to provide grants under subsection (a)(2).

(d) **ADMINISTRATION.**—Not more than 10 percent of the amount made available to carry out this section may be used by the Administrator for the administration of grants under subsection (a).

(e) **REGULATIONS OR GUIDELINES.**—Not later than 180 days after the date of the enactment of this section, the Administrator, in consultation with the Secretary, shall issue such regulations or guidelines as the Administrator determines to be necessary to carry

<sup>208-1</sup> This sec. added by sec. 310(a) of P.L. 106-472, 114 Stat. 2075, November 9, 2000.



out this section, including regulations or guidelines that provide to United States nonprofit organizations eligible to receive grants under subsection (a)(1) guidance with respect to the requirements for qualified shelf-stable prepackaged foods and the quantity of the foods to be stockpiled by the organizations.

(f) **AUTHORIZATION OF APPROPRIATIONS.**—There is authorized to be appropriated to the Administrator to carry out this section, in addition to amounts otherwise available to carry out this section, \$3,000,000 for each of fiscal years 2001 through 2007,<sup>208-2</sup> to remain available until expended.

## TITLE III—FOOD FOR DEVELOPMENT

### SEC. 301. [7 U.S.C. 1727] BILATERAL GRANT PROGRAM.

(a) **IN GENERAL.**—The President shall establish a program under which agricultural commodities are donated in accordance with this title to least developed countries. The revenue generated by the sale of such commodities in the recipient country may be utilized for economic development activities. Such program shall be implemented by the Administrator.

(b) **GENERAL AUTHORITY.**—To carry out the policies and accomplish the objectives described in section 2, the Administrator may negotiate and execute agreements with least developed countries to provide commodities to such countries on a grant basis.

### SEC. 302. [7 U.S.C. 1727a] ELIGIBLE COUNTRIES.

(a) **LEAST DEVELOPED COUNTRIES.**—A country shall be considered to be a least developed country and eligible for the donation of agricultural commodities under this title if—

(1) such country meets the poverty criteria established by the International Bank for Reconstruction and Development for Civil Works Preference for providing financial assistance; or

(2) such country is a food deficit country and is characterized by high levels of malnutrition among significant numbers of its population, as determined by the Administrator under subsection (b).

(b) **INDICATORS OF FOOD DEFICIT COUNTRIES.**—To make a finding under subsection (a)(2) that a country is a food deficit country and is characterized by high levels of malnutrition, the Administrator must determine that the country meets all of the following indicators of national food deficit and malnutrition:

(1) **CALORIE CONSUMPTION.**—That the daily per capita calorie consumption of the country is less than 2300 calories.

(2) **FOOD SECURITY REQUIREMENTS.**—That the country cannot meet its food security requirements through domestic production or imports due to a shortage of foreign exchange earnings.

(3) **CHILD MORTALITY RATE.**—That the mortality rate of children under 5 years of age in the country is in excess of 100 per 1000 births.

(c) **PRIORITY.**—In determining whether and to what extent agricultural commodities shall be made available to least developed

<sup>208-2</sup> Sec. 3008 of the Farm Security and Rural Investment Act of 2002, P.L. 107-171, 116 Stat. 283, May 13, 2002, amended subsec. (f) by striking “and 2002” and inserting “through 2007”.

countries under this title, the Administrator shall give priority to countries that—

- (1) demonstrate the greatest need for food;
- (2) demonstrate the capacity to use food assistance effectively;
- (3) have demonstrated a commitment to policies to promote food security, including policies to reduce measurably hunger and malnutrition through efforts such as establishing and institutionalizing supplemental nutrition programs targeted to reach those who are nutritionally at risk; and
- (4) have a long-term plan for broad-based, equitable, and sustainable development.

**SEC. 303. [7 U.S.C. 1727b] GRANT PROGRAMS.**

To carry out the policies and accomplish the objectives described in section 2, the Administrator may negotiate and execute agreements with least developed countries to provide commodities to such countries on a grant basis either through the Commodity Credit Corporation or through private trade channels.

**SEC. 304. [7 U.S.C. 1727c] DIRECT USES OR SALES OF COMMODITIES.**

Agricultural commodities provided to a least developed country under this section—

- (1) may be used in such country for—
  - (A) direct feeding programs, including programs that include activities that deal directly with the special health needs of children and mothers consistent with section 104(c)(2) of the Foreign Assistance Act of 1961 (22 U.S.C. 2151b(c)(2)), relating to the Child Survival Fund; or
  - (B) the development of emergency food reserves; or
- (2) may be sold in such country by the government of the country or the Administrator (or their designees) as provided in the agreement, and the proceeds of such sale used in accordance with this title.

**SEC. 305. [7 U.S.C. 1727d] LOCAL CURRENCY ACCOUNTS.**

(a) **RETENTION OF PROCEEDS.**—To the extent determined to be appropriate by the Administrator, revenues generated from the sale, under section 304(2), of agricultural commodities provided under this title shall be deposited into a separate account (that may be interest bearing) in the recipient country to be disbursed for the benefit of such country in accordance with local currency agreements entered into between the recipient country and the Administrator. The Administrator may determine not to deposit such revenues in a separate account if—

- (1) local currencies are to be programmed for specific economic development purposes listed in section 306(a); and
- (2) the recipient country programs an equivalent amount of money for such purposes as specified in an agreement entered into by the Administrator and the recipient country.

(b) **OWNERSHIP AND PROGRAMMING OF ACCOUNTS.**—The proceeds of sales pursuant to section 304(2) shall be the property of the recipient country or the United States, as specified in the applicable agreement. Such proceeds shall be utilized for the benefit of the recipient country, shall be jointly programmed by the Administrator and the government of the recipient country, and shall be disbursed for the benefit of such country in accordance with local currency agreements between the Administrator and that government.

(c) **OVERALL DEVELOPMENT STRATEGY.**—The Administrator shall consider the local currency proceeds as an integral part of the overall development strategy of the Agency for International Development and the recipient country.

**SEC. 306. [7 U.S.C. 1727e] USE OF LOCAL CURRENCY PROCEEDS.**

(a) **IN GENERAL.**—The local currency proceeds of sales pursuant to section 304(2) shall be used in the recipient country for specific economic development purposes, including—

(1) the promotion of specific policy reforms to improve food security and agricultural development within the country and to promote broad-based, equitable, and sustainable development;

(2) the establishment of development programs, projects, and activities that promote food security, alleviate hunger, improve nutrition, and promote family planning, maternal and child health care, oral rehydration therapy, and other child survival objectives consistent with section 104(c)(2) of the Foreign Assistance Act of 1961 (22 U.S.C. 2151b(c)(2)), relating to the Child Survival Fund;

(3) the promotion of increased access to food supplies through the encouragement of specific policies and programs designed to increase employment and incomes within the country;

(4) the promotion of free and open markets through specific policies and programs;

(5) support for United States private voluntary organizations and cooperatives and encouragement of the development and utilization of indigenous nongovernmental organizations;

(6) the purchase of agricultural commodities (including transportation and processing costs) produced in the country—

(A) to meet urgent or extraordinary relief requirements in the country or in neighboring countries; or

(B) to develop emergency food reserves;

(7) the purchase of goods and services (other than agricultural commodities and related services) to meet urgent or extraordinary relief requirements;

(8) the payment, to the extent practicable, of the costs of carrying out the program authorized in title V;

(9) private sector development activities designed to further the policies set forth in section 2, including loans to financial intermediaries for use in making loans to private individuals, cooperatives, corporations, or other entities;

(10) activities of the Peace Corps that relate to agricultural production;

(11) the development of rural infrastructure such as roads, irrigation systems, and electrification to enhance agricultural production;

(12) research on malnutrition and its causes, as well as research relating to the identification and application of policies and strategies for targeting resources made available under this section to address the problem of malnutrition; and

(13) support for research (including collaborative research which is mutually beneficial to the United States and the recipient country), education, and extension activities in agricultural sciences.

Section 1306 of title 31, United States Code, shall not apply to the use under this subsection of local currency proceeds that are owned by the United States.

(b) **SUPPORT OF NONGOVERNMENTAL<sup>306-1</sup> ORGANIZATIONS.**—To the extent practicable, not less than 10 percent of the amounts contained in an account established for a recipient country under section 305(a) shall be used by such country to support the development and utilization of<sup>306-2</sup> nongovernmental organizations and cooperatives that are active in rural development, agricultural education, sustainable agricultural production, other measures to assist poor people, and environmental protection projects within such country.

(c) **INVESTMENT OF LOCAL CURRENCIES BY NONGOVERNMENTAL ORGANIZATIONS.**—A nongovernmental organization may invest local currencies that accrue to that organization as a result of assistance under subsection (a), and any interest earned on such investment may be used for the purpose for which the assistance was provided to that organization without further appropriation by the Congress.

(d) **SUPPORT FOR CERTAIN EDUCATIONAL INSTITUTIONS.**—If the Administrator determines that local currencies deposited in a special account pursuant to this title are not needed for any of the activities prescribed in paragraphs (1) through (13) of subsection (a) or for any other specific economic development purpose in the recipient country, the Administrator may use those currencies to provide support for any institution (other than an institution whose primary purpose is to provide religious education) located in the recipient country that provides education in agricultural sciences or other disciplines for a significant number of United States nationals (who may include members of the United States Armed Forces or the Foreign Service or dependents of such members).

## **TITLE IV—GENERAL AUTHORITIES AND REQUIREMENTS**

### **SEC. 401. [7 U.S.C. 1731] COMMODITY DETERMINATIONS.**

(a)<sup>401-1</sup> **AVAILABILITY OF COMMODITIES.**—No agricultural commodity shall be available for disposition under this Act if the Secretary determines that the disposition would reduce the domestic supply of the commodity below the supply needed to meet domestic requirements and provide adequate carryover (as determined by the Secretary), unless the Secretary determines that some part of the supply should be used to carry out urgent humanitarian purposes under this Act.

(b)<sup>401-1</sup> **INELIGIBLE COMMODITIES.**—

(1) **ALCOHOLIC BEVERAGES.**—Alcoholic beverages shall not be made available for disposition under this Act.

<sup>306-1</sup> Sec. 211(a)(1) of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 955, April 4, 1996, amended the subsec. heading of subsec. (b) by striking “INDIGENOUS NON-GOVERNMENTAL” and inserting “NONGOVERNMENTAL”.

<sup>306-2</sup> Sec. 211(a)(2) of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 955, April 4, 1996, amended subsec. (b) by striking “utilization of indigenous” and inserting “utilization of”.

<sup>401-1</sup> Sec. 212 of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 955, April 4, 1996, amended this sec. by striking former subsecs. (a) through (d), inserting new subsec. (a), and redesignating former subsecs. (e) and (f) as subsecs. (b) and (c). For the text of former sec. 401, see p. 1-15 of Agricultural Trade Laws Vol. (as of Jan. 16, 1996).

(2) TOBACCO.—Tobacco or the products thereof shall not be made available under section 303 or title II of this Act.

(c)<sup>401-1</sup> MARKET DEVELOPMENT ACTIVITIES.—Subsection (b)(1)<sup>401-2</sup> shall not be construed to prohibit representatives of the United States wine, beer, distilled spirits, or other alcoholic beverage industry from participating in agricultural market development activities carried out by the Secretary with foreign currencies made available under title I of this Act.

**SEC. 402. [7 U.S.C. 1732] DEFINITIONS.**

As used in this Act:

(1) ADMINISTRATOR.—The term “Administrator” means the Administrator of the Agency for International Development, unless otherwise specified in this Act.

(2) AGRICULTURAL COMMODITY.—The term “agricultural commodity”, unless otherwise provided for in this Act, includes any agricultural commodity or the products thereof produced in the United States, including wood and processed wood products, fish, and livestock as well as value-added, fortified, or high-value agricultural products. Effective beginning on October 1, 1991, for purposes of title II, a product of an agricultural commodity shall not be considered to be produced in the United States if it contains any ingredient that is not produced in the United States, if that ingredient is produced and is commercially available in the United States at fair and reasonable prices.

(3) COOPERATIVE.—The term “cooperative” means a private sector organization whose members own and control the organization and share in its services and its profits and that provides business services and outreach in cooperative development for its membership.

(4) DEVELOPING COUNTRY.—The term “developing country” means a country that has a shortage of foreign exchange earnings and has difficulty meeting all of its food needs through commercial channels.

(5) FOOD SECURITY.—The term “food security” means access by all people at all times to sufficient food and nutrition for a healthy and productive life.

(6)<sup>402-1</sup> NONGOVERNMENTAL ORGANIZATION.—The term “nongovernmental organization” means an organization that works at the local level to solve development problems in a foreign country in which the organization is located, except that the term does not include an organization that is primarily an agency or instrumentality of the government of the foreign country.

(7) PRIVATE VOLUNTARY ORGANIZATION.—The term “private voluntary organization” means a not-for-profit, nongovernmental organization (in the case of a United States organization, an organization that is exempt from Federal income taxes under section 501(c)(3) of the Internal Revenue Code of 1986) that receives funds from private sources, voluntary contributions of money, staff time, or in-kind support from the public,

<sup>401-2</sup>Sec. 212(3) of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 956, April 4, 1996, amended subsec. (c) by striking “(e)(1)” and inserting “(b)(1)”.

<sup>402-1</sup>Sec. 211(b) of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 955, April 4, 1996, amended para. (6) in its entirety. For the text of former para. (6), see p. 1-16 of Agricultural Trade Laws Vol. (as of Jan. 16, 1996).

and that is engaged in or is planning to engage in voluntary, charitable, or development assistance activities (other than religious activities).

(8) SECRETARY.—The term “Secretary” means the Secretary of Agriculture, unless otherwise specified in this Act.

**SEC. 403. [7 U.S.C. 1733] GENERAL PROVISIONS.**

(a) PROHIBITION.—No agricultural commodity shall be made available under this Act unless it is determined that—

(1) adequate storage facilities will be available in the recipient country at the time of the arrival of the commodity to prevent the spoilage or waste of the commodity; and

(2) the distribution of the commodity in the recipient country will not result in a substantial disincentive to or interference with domestic production or marketing in that country.

(b)<sup>403-1</sup> IMPACT ON LOCAL FARMERS AND ECONOMY.—The Secretary or the Administrator, as appropriate, shall<sup>403-2</sup> ensure that the importation of United States agricultural commodities and the use of local currencies for development purposes will not have a disruptive impact on the farmers or the local economy of the recipient country.

(c) TRANSSHIPMENT.—The Secretary or the Administrator, as appropriate, shall, under such terms and conditions as are determined to be appropriate, require commitments<sup>403-3</sup> designed to prevent or restrict the resale or transshipment to other countries, or use<sup>403-4</sup> for other than domestic purposes, of agricultural commodities donated or purchased under this Act.

(d) PRIVATE TRADE CHANNELS AND SMALL BUSINESS.—Private trade channels shall be used under this Act to the maximum extent practicable in the United States and in the recipient countries with respect to—

- (1) sales from privately owned stocks;
- (2) sales from stocks owned by the Commodity Credit Corporation; and
- (3) donations.

Small businesses shall be provided adequate and fair opportunity to participate in such sales.

(e) WORLD PRICES.—

(1)<sup>403-5</sup> IN GENERAL.—In carrying out this Act, reasonable precautions shall be taken to assure that sales or donations of agricultural commodities will not unduly disrupt world prices for agricultural commodities or normal patterns of commercial trade with foreign countries.

<sup>403-1</sup> Sec. 213(1)(A) of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 956, April 4, 1996, amended the subsec. heading of subsec. (b) by striking “CONSULTATIONS” and inserting “IMPACT ON LOCAL FARMERS AND ECONOMY”.

<sup>403-2</sup> Sec. 213(1)(B) of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 956, April 4, 1996, amended subsec. (b) by striking “consult with representatives from the International Monetary Fund, the International Bank for Reconstruction and Development, the World Bank, and other donor organizations to”.

<sup>403-3</sup> Sec. 213(2)(A) of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 956, April 4, 1996, amended subsec. (c) by striking “from countries”.

<sup>403-4</sup> Sec. 213(2)(B) of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 956, April 4, 1996, amended subsec. (c) by striking “for use” and inserting “or use”.

<sup>403-5</sup> Sec. 3009(a)(1)(A) of the Farm Security and Rural Investment Act of 2002, P.L. 107-171, 116 Stat. 283, May 13, 2002, amended subsec. (e) by striking “In carrying” and inserting “(1) IN GENERAL.—In carrying”.

(2)<sup>403-6</sup> SALE PRICE.—Sales of agricultural commodities described in paragraph (1) shall be made at a reasonable market price in the economy where the agricultural commodity is to be sold, as determined by the Secretary or the Administrator, as appropriate.

(f) PUBLICITY.—Commitments shall be obtained from countries or private entities, as appropriate,<sup>403-7</sup> receiving commodities under this Act that such countries or private entities<sup>403-8</sup> will widely publicize, to the extent practicable, through the use of the public media and through other means, that such commodities are being provided through the friendship of the American people as food for peace.

(g) PARTICIPATION OF PRIVATE SECTOR.—The Secretary or the Administrator, as appropriate, shall encourage the private sector of the United States and private importers in developing countries to participate in the programs established under this Act.

(h) SAFEGUARD USUAL MARKETINGS.—In carrying out this Act, reasonable precautions shall be taken to safeguard the usual marketings of the United States and to avoid displacing any sales of the United States agricultural commodities that the Secretary or Administrator determines would otherwise be made.

(i) MILITARY DISTRIBUTION OF FOOD AID.—

(1) IN GENERAL.—The Secretary or the Administrator, as appropriate, shall attempt to ensure that agricultural commodities made available under this Act will be provided without regard to the political affiliation, geographic location, ethnic, tribal, or religious identity of the recipient or without regard to other extraneous factors.

(2)<sup>403-9</sup> PROHIBITION ON HANDLING OF COMMODITIES BY THE MILITARY.—

(A) IN GENERAL.—Except as provided in subparagraph (B), the Secretary or the Administrator, as appropriate, shall not enter into an agreement under this Act to provide agricultural commodities if such agreement requires or permits the distribution, handling, or allocation of such commodities by the military forces of any government or insurgent group.

(B) EXCEPTION.—Notwithstanding subparagraph (A), the Secretary or the Administrator, as appropriate, may authorize the handling or distribution of commodities by the military forces of a country in exceptional circumstances in which—

(i) nonmilitary channels are not available for such handling or distribution;

(ii) such action is consistent with the requirements of paragraph (1); and

<sup>403-6</sup> Para. (2) added by sec. 3009(a)(1)(B) of the Farm Security and Rural Investment Act of 2002, P.L. 107-171, 116 Stat. 283, May 13, 2002.

<sup>403-7</sup> Sec. 213(3)(A) of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 956, April 4, 1996, amended subsec. (f) by inserting “or private entities, as appropriate,” after “from countries”.

<sup>403-8</sup> Sec. 213(3)(B) of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 956, April 4, 1996, amended subsec. (f) by inserting “or private entities” after “such countries”.

<sup>403-9</sup> Sec. 213(4) of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 956, April 4, 1996, amended para. (2) by striking subpara. (C). For the text of former subpara. (C), see p. 1-18 of Agricultural Trade Laws Vol. (as of Jan. 16, 1996).

(iii) the Secretary or the Administrator, as appropriate, determines that such action is necessary to meet the emergency health, safety, or nutritional requirements of the recipient population.

(3) ENCOURAGEMENT OF SAFE PASSAGE.—When entering into agreements under this Act that involve areas within recipient countries that are experiencing protracted warfare or civil strife, the Secretary or the Administrator, as appropriate, shall, to the extent practicable, encourage all parties to the conflict to permit safe passage of the commodities and other relief supplies and to establish safe zones for medical and humanitarian treatment and evacuation of injured persons.

(j) VIOLATIONS OF HUMAN RIGHTS.—

(1) INELIGIBLE COUNTRIES.—The Secretary or the Administrator, as appropriate, shall not enter into any agreement under this Act to provide agricultural commodities, or to finance the sale of agricultural commodities, to the government of any country determined by the President to engage in a consistent pattern of gross violations of internationally recognized human rights, including—

(A) the torture or cruel, inhuman, or degrading treatment or punishment of individuals;

(B) the prolonged detention of individuals without charges;

(C) the responsibility for causing the disappearance of individuals through the abduction and clandestine detention of such individuals; or

(D) other flagrant denials of the right to life, liberty, and the security of persons.

(2) WAIVER.—Paragraph (1) shall not prohibit the provision of assistance to such a country if the assistance is targeted to the most needy people in such country and is made available in such country through channels other than the government.

(k) ABORTION PROHIBITION.—Local currencies that are made available for use under this Act may not be used to pay for the performance of abortions as a method of family planning or to motivate or coerce any person to practice abortions.

(l) <sup>403-10</sup> SALE PROCEDURE.—

(1) IN GENERAL.—Subsections (b) and (h) shall apply to sales of commodities in recipient countries to generate proceeds to carry out projects under—

(A) titles I and II;

(B) section 416(b) of the Agricultural Act of 1949 (7 U.S.C. 1431(b)); and

(C) the Food for Progress Act of 1985 (7 U.S.C. 1736o).

(2) CURRENCY.—A sale described in paragraph (1) may be made in United States dollars or other currencies.

#### SEC. 404. [7 U.S.C. 1734] AGREEMENTS.

(a) IN GENERAL.—Before entering into agreements with foreign countries<sup>404-1</sup> under titles I and III for the provision of commodities, the Secretary or the Administrator, as appropriate, shall consider the extent to which the recipient country is undertaking

<sup>403-10</sup> Subsec. (l) added by sec. 3009(a)(2) of the Farm Security and Rural Investment Act of 2002, P.L. 107-171, 116 Stat. 283, May 13, 2002.

<sup>404-1</sup> Sec. 214(1) of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 956, April 4, 1996, amended subsec. (a) by inserting “with foreign countries” after “Before entering into agreements”.



measures for economic development purposes in order to improve food security and agricultural development, alleviate poverty, and promote broad-based, equitable, and sustainable development.

(b) **TERMS OF AGREEMENT.**—An agreement entered into under this Act shall—

(1) include an estimate of the annual value or volume of agricultural commodities proposed to be made available to the country or eligible organization under the agreement;

(2) with respect to agreements entered into with foreign countries<sup>404-2</sup> under titles I and III, include a statement of the manner in which the agricultural commodities provided under the agreement or the revenues generated by the sale of such commodities (if such commodities are sold), will be integrated into the overall development plans of the country to improve food security and agricultural development, alleviate poverty, and promote broad-based, equitable, and sustainable agriculture and broad-based economic growth;<sup>404-3</sup>

(3) with respect to agreements entered into under titles I and III, include a statement of the manner in which competitive private sector participation within the recipient country in the storage, marketing, transportation, and distribution of agricultural commodities made available under this Act will be encouraged;

(4) include a statement that such agreement shall be subject to the availability, during each fiscal year to which the agreement applies, of the necessary appropriations and agricultural commodities; and

(5) contain such other terms and conditions as the Secretary or the Administrator, as appropriate, determines to be necessary.

(c) **MULTI-YEAR AGREEMENTS.**—

(1)<sup>404-4</sup> **IN GENERAL.**—Agreements to provide assistance on a multi-year basis to recipient countries or to eligible organizations—

(A) may be made available under titles I and III; and

(B) shall be made available under title II.

(2) **EXCEPTION.**—The Secretary or the Administrator, as appropriate, may determine not to make assistance available on a multi-year basis with respect to a recipient country or an eligible organization if it is determined that assistance should be provided to such country or through such organization only on an annual basis because—

(A) the past performance of the country or organization in meeting program objectives does not warrant a multi-year agreement;

(B) it is anticipated that the need of the country or organization for food aid does not extend beyond 1 year; or

<sup>404-2</sup> Sec. 214(2)(A) of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 956, April 4, 1996, amended para. (2) by inserting “with foreign countries” after “with respect to agreements entered into”.

<sup>404-3</sup> Sec. 214(2)(B) of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 956, April 4, 1996, amended para. (2) by inserting before the semicolon at the end the following: “and broad-based economic growth”.

<sup>404-4</sup> Sec. 214(3) of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 956, April 4, 1996, amended para. (1) in its entirety. For the text of former para. (1), see p. 1-19 of Agricultural Trade Laws Vol. (as of Jan. 16, 1996).

(C) other circumstances, as determined by the Secretary or the Administrator, as appropriate, indicate there is only a need for a 1 year agreement.

(d) REVIEW OF AGREEMENTS.—The Secretary or the Administrator, as appropriate, may make a determination to terminate, or refuse to enter into, a multi-year agreement with respect to a recipient country if the Secretary or the Administrator determines that such country is not fulfilling the objectives or requirements of this Act. In making such a determination, the Secretary or the Administrator, as appropriate, may consider the extent to which the country is—

- (1) making significant economic development reforms;
- (2) promoting free and open markets for food and agricultural producers; and
- (3) fostering increased food security.

**SEC. 405. [7 U.S.C. 1735] CONSULTATION.**

The Secretary and the Administrator shall cooperate and consult in the implementation of this Act.

**SEC. 406. [7 U.S.C. 1736] USE OF COMMODITY CREDIT CORPORATION.**

(a) IN GENERAL.—The Commodity Credit Corporation may<sup>406-1</sup> acquire and make available such agricultural commodities (that have been determined to be available under section 401(a)) as necessary to carry out agreements under this Act.

(b) INCLUDED EXPENSES.—With respect to commodities made available under titles II and III,<sup>406-2</sup> the Commodity Credit Corporation may pay—

- (1) the cost of acquiring such commodities;
- (2) the costs associated with packaging, enrichment, preservation, and fortification of such commodities;
- (3) the processing, transportation, handling, and other incidental costs up to the time of the delivery of such commodities free on board vessels in United States ports;
- (4)<sup>406-3</sup> the vessel freight charges from United States ports or designated Canadian transshipment ports, as determined by the Secretary, to designated ports of entry abroad;
- (5) the costs associated with transporting such commodities from United States ports to designated points of entry abroad in the case—
  - (A) of landlocked countries;
  - (B) of ports that cannot be used effectively because of natural or other disturbances;
  - (C) of the unavailability of carriers to a specific country; or
  - (D)<sup>406-4</sup> of substantial savings in costs or time that may be effected by the utilization of points of entry other than ports;

<sup>406-1</sup> Sec. 215(1) of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 956, April 4, 1996, amended subsec. (a) by striking “shall” and inserting “may”.

<sup>406-2</sup> Sec. 215(2)(A) of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 956, April 4, 1996, amended subsec. (b) by striking “this Act” and inserting “titles II and III”.

<sup>406-3</sup> Sec. 215(2)(B) of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 956, April 4, 1996, amended para. (4) in its entirety. For the text of former para. (4), see p. 1-20 of Agricultural Trade Laws Vol. (as of Jan. 16, 1996)..

<sup>406-4</sup> Section 323 of P.L. 102-237 made a technical correction to this paragraph.

(6) in the case of commodities for urgent and extraordinary relief requirements (including pre-positioned commodities) the transportation costs incurred in moving the commodities from designated points of entry or ports of entry abroad to storage and distribution sites and associated storage and distribution costs; and

(7) the charges for general average contributions arising out of the ocean transport of commodities transferred pursuant thereto.

(c) COMMODITY CREDIT CORPORATION.—The funds, facilities, and authorities of the Commodity Credit Corporation may be used to carry out this Act.

(d)<sup>406-5</sup> AVAILABILITY OF FUNDS.—Funds shall be available under this Act only to the extent provided in advance in appropriation Acts.

**SEC. 407.**<sup>407-1</sup> [7 U.S.C. 1736a] ADMINISTRATIVE PROVISIONS.

(a) TITLE I PROGRAMS.—

(1) ACQUISITIONS.—The importing country or private entity that enters into an agreement under title I<sup>407-2</sup> shall acquire the agricultural commodities to be financed under title I.

(2) INVITATION FOR BID.—No purchase of agricultural commodities from private stock or purchase of ocean transportation shall be financed under title I unless such purchases are made on the basis of an invitation for bid that is publicly advertised in the United States, and on the basis of bid offerings that shall conform to such invitation and be received and publicly opened in the United States. All awards in the purchase of commodities or ocean transportation financed<sup>407-3</sup> under title I shall be consistent with open, competitive, and responsive bid procedures, as determined appropriate by the Secretary. Resulting contracts may contain such terms and conditions as the Secretary determines are necessary and appropriate.<sup>407-4</sup>

(b)<sup>407-5</sup> AGENTS.—

(1) AUTHORITY OF THE SECRETARY OR COMMODITY CREDIT CORPORATION.—

(A) GENERAL RULE.—Except as provided in subparagraph (B), if it is determined appropriate, the Secretary or the Commodity Credit Corporation may serve as the pur-

<sup>406-5</sup> Subsection (d) was added by P.L. 101-508.

<sup>407-1</sup> Sec. 1011(e) of the Federal Reports Elimination and Sunset Act of 1995, P.L. 104-66, 109 Stat. 709, Dec. 21, 1995, struck former subsec. (b) (relating to reporting of fees) and redesignated former subsections (c) through (h) as subsections (b) through (g), respectively. For the text of former subsection (b), see p. 1-21 of Volume II—Compilation of Laws Relating to Agricultural Trade (as of Dec. 8, 1994).

Paras. (2), (3), (4), and (5) of sec. 216 of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 957, April 4, 1996, amended subsecs. (c), (d), (g)(2), and (h), respectively. The amendments were executed to subsecs. (b), (c), (f)(2), and (g), respectively, to effectuate the probable intent of Congress.

Sec. 216(5) of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 953, April 4, 1996, amended this sec. by striking subsec. (h). The amendment was executed to strike subsec. (g) to effectuate the probable intent of Congress.

<sup>407-2</sup> Sec. 216(1)(A) of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 957, April 4, 1996, amended para. (1) by inserting “or private entity that enters into an agreement under title I” after “importing country”.

<sup>407-3</sup> Section 329 of P.L. 102-237 deleted “or agricultural commodity donated”.

<sup>407-4</sup> Sec. 216(1)(B) of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 957, April 4, 1996, amended para. (2) by adding this sentence.

<sup>407-5</sup> See note 407-1.

chasing or shipping agent, or both, for the importer or<sup>407-6</sup> importing country in arranging the purchase or shipping of commodities financed under title I.<sup>407-7</sup>

(B) EXCEPTION.—Notwithstanding subparagraph (A), the Secretary or the Commodity Credit Corporation may award, under a competitive bidding process, contracts for establishing freight agents who shall act on behalf of the Secretary or the Corporation to handle the shipping of commodities financed under this Act.

(C) AVOIDANCE OF CONFLICT OF INTEREST OF CONTRACTORS.—Freight agents employed by the Secretary or the Commodity Credit Corporation under title I shall not represent any<sup>407-8</sup> foreign government during the period of their contract with the United States Government.

(2) REASONABLE FEES AND COMMISSIONS.—

(A) FEES.—Notwithstanding any other provision of law, the Secretary or the Commodity Credit Corporation may enter into an agreement with the importer or<sup>407-9</sup> importing country that contains the terms and conditions that will govern the provision of purchasing or shipping agent services by the Secretary or the Corporation, including the establishment of fees for such services. Any such fees shall be fair and reasonable in relation to the services performed and shall be available as reimbursement for costs incurred in providing such services.

(B) PROHIBITION ON COMMISSIONS.—Commissions, fees, or other payments to any selling agent or to any agent of a purchaser shall be prohibited in the purchase of agricultural commodities that are financed under title I of<sup>407-10</sup> this Act.

(3) LIMITATIONS.—No commission, fees, or other payments to an agent, broker, consultant, or other representative of the importer or importing country for ocean transportation brokerage services in connection with the carriage of commodities provided under title I of<sup>407-11</sup> this Act may—

(A) be paid in excess of an amount determined appropriate by the Secretary; and

(B) be shared by such person with the importer or importing country or any agent thereof.

(4) AVOIDANCE OF CONFLICT OF INTEREST.—A person may not be an agent, broker, consultant, or other representative of the United States Government, an importer, or an importing country in connection with agricultural commodities provided under this Act during a fiscal year in which such person provides or<sup>407-12</sup> acts as an agent, broker, consultant, or other rep-

<sup>407-6</sup> Sec. 216(2)(A) of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 957, April 4, 1996, amended subsec. (c)(1)(A) by inserting “importer or” before “importing country”. The amendment was executed to subsec. (b)(1)(A) to effectuate the probable intent of Congress.

<sup>407-7</sup> Section 324 of P.L. 102-237 substituted “title I” for “this section”.

<sup>407-8</sup> Section 325 of P.L. 102-237 deleted the word “other”.

<sup>407-9</sup> Sec. 216(2)(B) of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 957, April 4, 1996, amended subsec. (c)(2)(A) by inserting “importer or” before “importing country”. The amendment was executed to subsec. (b)(2)(A) to effectuate the probable intent of Congress.

<sup>407-10</sup> Section 319 of P.L. 102-237 inserted “title I of”.

<sup>407-11</sup> Section 319 of P.L. 102-237 inserted “title I of”.

<sup>407-12</sup> Section 328(a)(1) of P.L. 102-237 inserted “provides or”.

representative of a person<sup>407-13</sup> engaged in providing ocean transportation or<sup>407-14</sup> ocean transportation-related services for such commodities. For the purpose of this paragraph, the term “transportation-related services” means lightening, stevedoring, bagging, or inland transportation to the destination point.

(c)<sup>407-15</sup> TITLE II AND III PROGRAM.—

(1) ACQUISITION.—

(A) IN GENERAL.—The Administrator<sup>407-16</sup> shall transfer, arrange for the transportation, and take other steps necessary to make available agricultural commodities to be provided under title II and title III.

(B)<sup>407-17</sup> CERTAIN COMMODITIES MADE AVAILABLE FOR NON-EMERGENCY ASSISTANCE.—In the case of agricultural commodities made available for nonemergency assistance under title II for least developed countries that meet the poverty and other eligibility criteria established by the International Bank for Reconstruction and Development for financing under the International Development Association, the Administrator may pay the transportation costs incurred in moving the agricultural commodities from designated points of entry or ports of entry abroad to storage and distribution sites and associated storage and distribution costs.

(2)<sup>407-18</sup> FREIGHT PROCUREMENT.—Notwithstanding the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471 et seq.) or other similar provisions of law relating to the making or performance of Federal Government contracts, ocean transportation under titles II and III may be procured on the basis of full and open competitive procedures. Resulting contracts may contain such terms and conditions as the Administrator determines are necessary and appropriate.

(3) AVOIDANCE OF CONFLICT OF INTEREST.—Freight agents employed by the Agency for International Development under titles II and III shall not represent any<sup>407-19</sup> foreign government during the period of their contract with the United States Government.

<sup>407-13</sup> Section 328(a)(2) of P.L. 102-237 substituted “of a person” for “if the person is”.

<sup>407-14</sup> The words “ocean transportation or” were inserted in this provision by section 1204(b)(3) of Pub. L. 101-508, 104 Stat. 1388-11.

<sup>407-15</sup> See note 407-1.

Sec. 216(3)(B) of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 957, April 4, 1996, amended subsec. (d) by striking para. (4). The amendment was executed to strike subsec. (c)(4) to effectuate the probable intent of Congress.

<sup>407-16</sup> Sec. 3011(1) of the Farm Security and Rural Investment Act of 2002, P.L. 107-171, 116 Stat. 284, May 13, 2002, amended para. (1) by striking “The Administrator” and inserting “(A) IN GENERAL.—The Administrator”.

<sup>407-17</sup> Subpara. (B) added by sec. 3011(2) of the Farm Security and Rural Investment Act of 2002, P.L. 107-171, 116 Stat. 284, May 13, 2002. Indentation of subpara. (B) is so in original.

<sup>407-18</sup> Sec. 216(3)(A) of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 957, April 4, 1996, amended subsec. (d)(2) in its entirety. The amendment was executed to subsec. (c)(2) to effectuate the probable intent of Congress. For the text of former para. (2), see p. 1-22 of Agricultural Trade Laws Vol. (as of Jan. 16, 1996).

<sup>407-19</sup> Section 328(b) deleted the word “other”.

(4)<sup>407-20</sup> PREPOSITIONING.—Funds made available for fiscal years 2001 through 2007<sup>407-21</sup> to carry out titles II and III may be used by the Administrator to procure, transport, and store agricultural commodities for prepositioning within the United States and in foreign countries, except that for each such fiscal year not more than \$2,000,000 of such funds may be used to store agricultural commodities for prepositioning in foreign countries.

(d)<sup>407-22</sup> TIMING OF SHIPMENTS.—In determining the timing of the shipment of agricultural commodities to be provided under this Act, the Secretary or the Administrator, as appropriate, shall consider—

(1) the time of harvest of any competing commodities in the recipient country; and

(2) such other concerns determined to be appropriate.

(e)<sup>407-23</sup> DEADLINE FOR AGREEMENTS UNDER TITLES I AND III.—An agreement under titles I and III shall, to the extent practicable, be entered into not later than—

(1) November 30 of the first fiscal year in which agricultural commodities are to be shipped under the agreement; or

(2) 60 days after the date of enactment of the annual Rural Development, Agriculture, and Related Agencies Appropriations Act for the first fiscal year in which agricultural commodities are to be shipped under the agreement,

whichever is later.

(f)<sup>407-24</sup> ANNUAL REPORTS.—

(1) IN GENERAL.—The President shall prepare an annual report concerning the programs and activities implemented under this Act for the preceding fiscal year.

(2) CONTENTS.—Each report shall include—

(A) the countries and organizations receiving food and other assistance provided to each country and organization under this Act;

(B) a general description of the projects or activities implemented under this Act, including local currency funded activities;

(C) a statement of the amount of agricultural commodities made available to each country pursuant to section 416(b) of the Agricultural Act of 1949 and the Food for Progress Act of 1985; and

(D)<sup>407-25</sup> an assessment of the progress towards achieving food security in each country receiving food assistance from the United States Government, with special emphasis on the nutritional status of the poorest populations in each country.

(3) SUBMISSION.—The President shall submit such report not later than January 15 of each year to the Committee on Ag-

<sup>407-20</sup> Para. (4) added by section 310(b) of P.L. 106-472, 114 Stat. 2076, November 9, 2000.

<sup>407-21</sup> Sec. 3010 of the Farm Security and Rural Investment Act of 2002, P.L. 107-171, 116 Stat. 284, May 13, 2002, amended para. (4) by striking “and 2002” and inserting “through 2007”.

<sup>407-22</sup> See note 407-1.

<sup>407-23</sup> See note 407-1.

<sup>407-24</sup> See note 407-1.

<sup>407-25</sup> Sec. 216(4) of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 957, April 4, 1996, amended subsec. (g)(2) by adding subpara. (D) and making conforming amendments. The amendments were executed to subsec. (f)(2) to effectuate the probable intent of Congress.

riculture and the Committee on Foreign Affairs of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

**SEC. 408. [7 U.S.C. 1736b] EXPIRATION DATE.**

No agreements to finance sales or to provide other assistance under this Act shall be entered into after December 31, 2007.<sup>408-1</sup>

**[SEC. 409. [7 U.S.C. 1736c] REGULATIONS.<sup>409-1</sup>]**

**[SEC. 410. [7 U.S.C. 1736d] INDEPENDENT EVALUATION OF PROGRAMS.<sup>410-1</sup>]**

**SEC. 411. [7 U.S.C. 1736e] DEBT FORGIVENESS.<sup>411-1</sup>**

(a) **AUTHORITY.**—The President, taking into account the financial resources of a country, may waive payments of principal and interest that such country would otherwise be required to make to the Commodity Credit Corporation under dollar sales agreements under title I if—

- (1) that country is a least developed country; and
- (2) either—

(A) an International Monetary Fund standby agreement is in effect with respect to that country;

(B) a structural adjustment program of the International Bank for Reconstruction and Development or of the International Development Association is in effect with respect to that country;

(C) a structural adjustment facility, enhanced structural adjustment facility, or similar supervised arrangement with the International Monetary Fund is in effect with respect to that country; or

(D) even though such an agreement, program, facility, or arrangement is not in effect, the country is pursuing national economic policy reforms that would promote democratic, market-oriented, and long term economic development.

(b) **REQUEST FOR DEBT RELIEF BY PRESIDENT.**—The President may provide debt relief under subsection (a) only if a notification is submitted to Congress at least 10 days prior to providing the debt relief.<sup>411-2</sup> Such a notification shall—

- (1) specify the amount of official debt the President proposes to liquidate; and
- (2) identify the countries for which debt relief is proposed and the basis for their eligibility for such relief.

(c) **APPROPRIATIONS ACTION REQUIRED.**—The aggregate amount of principal and interest waived under this section may not exceed the amount approved for such purpose in an Act appropriating funds to carry out this Act.

<sup>408-1</sup> Sec. 217 of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 957, April 4, 1996, amended this sec. by striking “1995” and inserting “2002”. Sec. 3012 of the Farm Security and Rural Investment Act of 2002, P.L. 107-171, 116 Stat. 284, May 13, 2002, amended this sec. by striking “2002” and inserting “2007”.

<sup>409-1</sup> Sec. 409 was repealed by sec. 218 of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 957, April 4, 1996. For the text of sec. 409, see p. 1-23 of Agricultural Trade Laws Vol. (as of Jan. 16, 1996).

<sup>410-1</sup> Sec. 410 was repealed by sec. 219 of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 957, April 4, 1996. For the text of sec. 410, see p. 1-23 and 1-24 of Agricultural Trade Laws Vol. (as of Jan. 16, 1996).

<sup>411-1</sup> See footnote 409-1.

<sup>411-2</sup> Phrase “at least 10 days prior to providing the debt relief” added by P.L. 102-237, Dec. 13, 1991.

(d) **LIMITATION ON NEW CREDIT ASSISTANCE.**—If the authority of this section is used to waive payments otherwise required to be made by a country pursuant to this Act, the President may not provide any new credit assistance for that country under this Act during the 2-year period beginning on the date such waiver authority is exercised, unless the President provides to the Congress, before the assistance is provided, a written justification for the provision of such new credit assistance.

(e) **APPLICABILITY.**—The authority of this section applies with respect to credit sales agreements entered into before November 28, 1990.

**SEC. 412. [7 U.S.C. 1736f] AUTHORIZATION OF APPROPRIATIONS.**

(a) **REIMBURSEMENT.**—There are authorized to be appropriated such sums as may be necessary to carry out—

(1) the concessional credit sales program established under title I;

(2) the emergency and private assistance program under title II; and

(3) the grant program established under title III, including such amounts as may be required to make payments to the Commodity Credit Corporation to the extent the Commodity Credit Corporation is not reimbursed under the programs under this Act for the actual costs incurred or to be incurred by such Corporation in carrying out such programs.

(b)<sup>412-1</sup> **TRANSFER OF FUNDS.**—

(1) **IN GENERAL.**—Except as provided in paragraph (2) and notwithstanding any other provision of law, the President may direct that up to 15 percent of the funds available for any fiscal year for carrying out any title of this Act be used to carry out any other title of this Act.

(2) **TITLE III FUNDS.**—The President may direct that up to 50 percent of the funds available for any fiscal year for carrying out title III be used to carry out title II.

(c)<sup>412-1</sup> **BUDGET.**—In presenting the Budget of the United States, the President shall classify expenditures under this Act as expenditures for international affairs and finance rather than for agriculture and agricultural resources.

(d)<sup>412-1</sup> **VALUE OF COMMODITIES.**—Notwithstanding any other provision of law, in determining the reimbursement due the Commodity Credit Corporation for all expenses incurred under this Act, commodities from the inventory of the Commodity Credit Corporation that were acquired under dairy price support operations<sup>412-2</sup> shall be valued at a price not greater than the export market price

<sup>412-1</sup> Sec. 220 of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 958, April 4, 1996, amended this sec. by striking former subsecs. (b) and (c), inserting new subsec. (b), and redesignating former subsecs. (d) and (e) as subsecs. (c) and (d), respectively. For the text of former subsecs. (b) and (c), see p. 1-25 of Agricultural Trade Laws Vol. (as of Jan. 16, 1996).

Sec. 722 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2006 (Public Law 109-97; 7 U.S.C. 1736f note) provides that “Hereafter, notwithstanding section 412 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1736f), any balances available to carry out title III of such Act as of the date of enactment of this Act, and any recoveries and reimbursements that become available to carry out title III of such Act, may be used to carry out title II of such Act.”

<sup>412-2</sup> Sec. 768 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2001 (P.L. 106-387; 114 Stat. 1549, 1549A-45; Oct. 28, 2000) amended this subsec. by striking “title I of the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.)” and inserting “dairy price support operations”.



for such commodities, as determined by the Secretary, as of the time such commodity is made available under this Act.

**SEC. 413. [7 U.S.C. 1736g] COORDINATION OF FOREIGN ASSISTANCE PROGRAMS.**

To the maximum extent practicable, assistance for a foreign country under title III<sup>413-1</sup> shall be coordinated and integrated with United States development assistance objectives and programs for that country and with the overall development strategy of that country. Special emphasis should be placed on, and funds devoted to, activities that will increase the nutritional impact of programs of assistance under title III,<sup>413-1</sup> and child survival programs and projects, in least developed countries by improving the design and implementation of such programs and projects.

**SEC. 414. [7 U.S.C. 1736g-1] ASSISTANCE IN FURTHERANCE OF NARCOTICS CONTROL OBJECTIVES OF THE UNITED STATES.**

(a) **SUBSTANTIAL INJURY.**—Local currencies that are made available for use under this Act may not be used to finance the production for export of agricultural commodities (or products thereof) that would compete in the world market with similar agricultural commodities (or products thereof) produced in the United States, if such competition would cause substantial injury to the United States producers, as determined by the President.

(b) **EXCEPTION FOR NARCOTICS CONTROL.**—Notwithstanding subsection (a), the President may provide assistance under this Act, including assistance through the use of local currencies generated by the sale of commodities under such Act, for economic development activities undertaken in an eligible country that is a major illicit drug producing country (as defined in section 481(i)(2)<sup>414-1</sup> of the Foreign Assistance Act of 1961), for the purpose of reducing the dependence of the economy of such country on the production of crops from which narcotic and psychotropic drugs are derived.

**SEC. 415.<sup>415-1</sup> [7 U.S.C. 1736g-2] MICRONUTRIENT FORTIFICATION PROGRAMS.<sup>415-2</sup>**

(a) **IN GENERAL.**—

(1)<sup>415-3</sup> **PROGRAMS.**—Not later than September 30, 2003, the Administrator, in consultation with the Secretary, shall establish micronutrient fortification programs.

(2)<sup>415-4</sup> **PURPOSE.**—The purpose of a program shall be to—

<sup>413-1</sup> Sec. 221 of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 958, April 4, 1996, amended this sec. by striking “this Act” each place it appears and inserting “title III”.

<sup>414-1</sup> Section 6 of P.L. 102-583 provides that the reference to section 481(i) of the Foreign Assistance Act of 1961 shall be deemed to be a reference to section 481(e) of that Act, as amended.

<sup>415-1</sup> Sec. 415 was added by sec. 222 of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 958, April 4, 1996.

<sup>415-2</sup> Sec. 3013(1) of the Farm Security and Rural Investment Act of 2002, P.L. 107-171, 116 Stat. 284, May 13, 2002, amended the sec. heading by striking “**PILOT PROGRAM.**” and inserting “**PROGRAMS.**”.

<sup>415-3</sup> Sec. 3013(2)(B) of the Farm Security and Rural Investment Act of 2002, P.L. 107-171, 116 Stat. 284, May 13, 2002, struck the former first sentence of subsec. (a) and inserted para. (1).

<sup>415-4</sup> Sec. 3013(2)(C) of the Farm Security and Rural Investment Act of 2002, P.L. 107-171, 116 Stat. 284, May 13, 2002, struck “The purpose of the program” and inserted “(2) **PURPOSE.**—The purpose of a program”.

(A)<sup>415-5</sup> assist developing countries in correcting micronutrient dietary deficiencies among segments of the populations of the countries;

(B) encourage the development of technologies for the fortification of<sup>415-6</sup> grains and other commodities that are readily transferable to developing countries; and

(C)<sup>415-7</sup> assess and apply technologies and systems to improve and ensure the quality, shelf life, bioavailability, and safety of fortified food aid commodities, and products of those commodities, that are provided to developing countries, by using the same mechanism that was used to assess the micronutrient fortification program in the report entitled “Micronutrient Compliance Review of Fortified P.L. 480 Commodities”, published October 2001 with funds from the Bureau for Humanitarian Response of the United States Agency for International Development.

(b) **SELECTION OF PARTICIPATING COUNTRIES.**—From among the countries eligible for assistance under this Act, the Secretary may select not more than 5 developing countries to participate in a program under this section.<sup>415-8</sup>

(c) **FORTIFICATION.**—Under a program,<sup>415-9</sup> grains and other commodities made available to a developing country selected to participate in a program may<sup>415-10</sup> be fortified with 1 or more micronutrients (such as<sup>415-11</sup> vitamin A, iron, iodine, and folic acid)<sup>415-12</sup> with respect to which a substantial portion of the population in the country is deficient. The commodity may be fortified in the United States or in the developing country.

(d) **TERMINATION OF AUTHORITY.**—The authority to carry out programs<sup>415-13</sup> established under this section shall terminate on September 30, 2007.<sup>415-14</sup>

**SEC. 416.**<sup>416-1</sup> **[7 U.S.C. 1736g-3] USE OF CERTAIN LOCAL CURRENCY.**

Local currency payments received by the United States pursuant to agreements entered into under title I (as in effect on Novem-

<sup>415-5</sup> Sec. 3013(2)(A) of the Farm Security and Rural Investment Act of 2002, P.L. 107-171, 116 Stat. 284, May 13, 2002, redesignated former paras. (1) and (2) as subparagraphs. (A) and (B), respectively, and adjusted the margins appropriately.

<sup>415-6</sup> Sec. 3013(2)(D)(ii)(I) of the Farm Security and Rural Investment Act of 2002, P.L. 107-171, 116 Stat. 284, May 13, 2002, amended subpara. (B) by striking “whole”.

<sup>415-7</sup> Sec. 3013(2)(D) of the Farm Security and Rural Investment Act of 2002, P.L. 107-171, 116 Stat. 284, May 13, 2002, added subpara. (C) and made conforming amendments.

<sup>415-8</sup> Sec. 3013(3) of the Farm Security and Rural Investment Act of 2002, P.L. 107-171, 116 Stat. 285, May 13, 2002, amended subsec. (b) by striking “the pilot program” and inserting “a program under this section”.

<sup>415-9</sup> Sec. 3013(4)(A) of the Farm Security and Rural Investment Act of 2002, P.L. 107-171, 116 Stat. 285, May 13, 2002, amended subsec. (c) by striking “the pilot program, whole” and inserting “a program”.

<sup>415-10</sup> Sec. 3013(4)(B) of the Farm Security and Rural Investment Act of 2002, P.L. 107-171, 116 Stat. 285, May 13, 2002, amended subsec. (c) by striking “the pilot program may” and inserting “a program may”.

<sup>415-11</sup> Sec. 3013(4)(C) of the Farm Security and Rural Investment Act of 2002, P.L. 107-171, 116 Stat. 285, May 13, 2002, amended subsec. (c) by striking “including” and inserting “such as”.

<sup>415-12</sup> Sec. 3013(4)(D) of the Farm Security and Rural Investment Act of 2002, P.L. 107-171, 116 Stat. 285, May 13, 2002, amended subsec. (c) by striking “and iodine” and inserting “iodine, and folic acid”.

<sup>415-13</sup> Sec. 3013(5)(A) of the Farm Security and Rural Investment Act of 2002, P.L. 107-171, 116 Stat. 285, May 13, 2002, amended subsec. (d) by striking “the pilot program” and inserting “programs”.

<sup>415-14</sup> Sec. 3013(5)(B) of the Farm Security and Rural Investment Act of 2002, P.L. 107-171, 116 Stat. 285, May 13, 2002, amended subsec. (d) by striking “2002” and inserting “2007”.

<sup>416-1</sup> Sec. 416 was added by sec. 223 of the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127, 110 Stat. 958, April 4, 1996.

ber 27, 1990) may be utilized by the Secretary in accordance with section 108 (as in effect on November 27, 1990).

## TITLE V—FARMER-TO-FARMER PROGRAM

### SEC. 501. [7 U.S.C. 1737] JOHN OGWONOWSKI AND DOUG BEREUTER FARMER-TO-FARMER PROGRAM.<sup>501-1</sup>

(a) DEFINITIONS.—In this section:

(1) CARIBBEAN BASIN COUNTRY.—The term “Caribbean Basin country” means a country eligible for designation as a beneficiary country under section 212 of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2702).

(2) EMERGING MARKET.—The term “emerging market” means a country that the Secretary determines—

(A) is taking steps toward a market-oriented economy through the food, agriculture, or rural business sectors of the economy of the country; and

(B) has the potential to provide a viable and significant market for United States agricultural commodities or products of United States agricultural commodities.

(3) MIDDLE INCOME COUNTRY.—The term “middle income country” means a country that has developed economically to the point at which the country does not receive bilateral development assistance from the United States.

(4) SUB-SAHARAN AFRICAN COUNTRY.—The term “sub-Saharan African country” has the meaning given the term in section 107 of the Trade and Development Act of 2000 (19 U.S.C. 3706).

(b) PROVISION.—Notwithstanding any other provision of law, to further assist developing countries, middle-income countries, emerging markets, sub-Saharan African countries, and Caribbean Basin countries to increase farm production and farmer incomes, the President may—

(1) establish and administer a program, to be known as the “John Ogonowski and Doug Bereuter<sup>501-2</sup> Farmer-to-Farmer Program”, of farmer-to-farmer assistance between the United States and such countries to assist in—

(A) increasing food production and distribution; and

(B) improving the effectiveness of the farming and marketing operations of agricultural producers in those countries;

(2) use United States agricultural producers, agriculturalists, colleges and universities (including historically black colleges and universities, land grant colleges or universities, and foundations maintained by colleges or universities), private agribusinesses, private organizations (including grassroots organizations with an established and demonstrated ca-

<sup>501-1</sup> Sec. 3014 of the Farm Security and Rural Investment Act of 2002, P.L. 107-171, 116 Stat. 285, May 13, 2002, amended sec. 501 in its entirety. Sec. 769(2) of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2005, P.L. 108-447, 118 Stat. 2848, Dec. 8, 2004, amended the heading by inserting “AND DOUG BEREUTER” after “JOHN OGWONOWSKI”. For the previous version of sec. 501, see pp. 1-31 and 1-32 of Agricultural Trade Laws (as of Dec. 17, 2001).

<sup>501-2</sup> Sec. 769(1) of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2005, P.L. 108-447, 118 Stat. 2848, Dec. 8, 2004, amended this para. by inserting “and Doug Bereuter” after “John Ogonowski”.

capacity to carry out such a bilateral exchange program), private corporations, and nonprofit farm organizations to work in conjunction with agricultural producers and farm organizations in those countries, on a voluntary basis—

(A) to improve agricultural and agribusiness operations and agricultural systems in those countries, including improving—

- (i) animal care and health;
- (ii) field crop cultivation;
- (iii) fruit and vegetable growing;
- (iv) livestock operations;
- (v) food processing and packaging;
- (vi) farm credit;
- (vii) marketing;
- (viii) inputs; and
- (ix) agricultural extension; and

(B) to strengthen cooperatives and other agricultural groups in those countries;

(3) transfer the knowledge and expertise of United States agricultural producers and businesses, on an individual basis, to those countries while enhancing the democratic process by supporting private and public agriculturally related organizations that request and support technical assistance activities through cash and in-kind services;

(4) to the maximum extent practicable, make grants to or enter into contracts or other cooperative agreements with private voluntary organizations, cooperatives, land grant universities, private agribusiness, or nonprofit farm organizations to carry out this section (except that any such contract or other agreement may obligate the United States to make outlays only to the extent that the budget authority for such outlays is available under subsection (d) or has otherwise been provided in advance in appropriation Acts);

(5) coordinate programs established under this section with other foreign assistance programs and activities carried out by the United States; and

(6) to the extent that local currencies can be used to meet the costs of a program established under this section, augment funds of the United States that are available for such a program through the use, within the country in which the program is being conducted, of—

(A) foreign currencies that accrue from the sale of agricultural commodities and products under this Act; and

(B) local currencies generated from other types of foreign assistance activities.

(c) SPECIAL EMPHASIS ON SUB-SAHARAN AFRICAN AND CARIBBEAN BASIN COUNTRIES.—

(1) FINDINGS.—Congress finds that—

(A) agricultural producers in sub-Saharan African and Caribbean Basin countries need training in agricultural techniques that are appropriate for the majority of eligible agricultural producers in those countries, including training in—

- (i) standard growing practices;
- (ii) insecticide and sanitation procedures; and

(iii) other agricultural methods that will produce increased yields of more nutritious and healthful crops;

(B) agricultural producers in the United States (including African-American agricultural producers) and banking and insurance professionals have agribusiness expertise that would be invaluable for agricultural producers in sub-Saharan African and Caribbean Basin countries;

(C) a commitment by the United States is appropriate to support the development of a comprehensive agricultural skills training program for those agricultural producers that focuses on—

(i) improving knowledge of insecticide and sanitation procedures to prevent crop destruction;

(ii) teaching modern agricultural techniques that would facilitate a continual analysis of crop production, including—

(I) the identification and development of standard growing practices; and

(II) the establishment of systems for record-keeping;

(iii) the use and maintenance of agricultural equipment that is appropriate for the majority of eligible agricultural producers in sub-Saharan African or Caribbean Basin countries;

(iv) the expansion of small agricultural operations into agribusiness enterprises by increasing access to credit for agricultural producers through—

(I) the development and use of village banking systems; and

(II) the use of agricultural risk insurance pilot products; and

(v) marketing crop yields to prospective purchasers (including businesses and individuals) for local needs and export; and

(D) programs that promote the exchange of agricultural knowledge and expertise through the exchange of American and foreign agricultural producers have been effective in promoting improved agricultural techniques and food security and the extension of additional resources to such farmer-to-farmer exchanges is warranted.

(2) GOALS FOR PROGRAMS CARRIED OUT IN SUB-SAHARAN AFRICAN AND CARIBBEAN COUNTRIES.—The goals of programs carried out under this section in sub-Saharan African and Caribbean Basin countries shall be—

(A) to expand small agricultural operations in those countries into agribusiness enterprises by increasing access to credit for agricultural producers through—

(i) the development and use of village banking systems; and

(ii) the use of agricultural risk insurance pilot products;

(B) to provide training to agricultural producers in those countries that will—

(i) enhance local food security; and

(ii) help mitigate and alleviate hunger;

(C) to provide training to agricultural producers in those countries in groups to encourage participants to share and pass on to other agricultural producers in the home communities of the participants, the information and skills obtained from the training, rather than merely retaining the information and skills for the personal enrichment of the participants; and

(D) to maximize the number of beneficiaries of the programs in sub-Saharan African and Caribbean Basin countries.

(d) MINIMUM FUNDING.—Notwithstanding any other provision of law, in addition to any funds that may be specifically appropriated to carry out this section, not less than 0.5 percent of the amounts made available for each of fiscal years 2002 through 2007 to carry out this Act shall be used to carry out programs under this section, with—

(1) not less than 0.2 percent to be used for programs in developing countries; and

(2) not less than 0.1 percent to be used for programs in sub-Saharan African and Caribbean Basin countries.

(e) AUTHORIZATION OF APPROPRIATIONS.—

(1) IN GENERAL.—There is authorized to be appropriated to carry out programs under this section in sub-Saharan African and Caribbean Basin countries \$10,000,000 for each of fiscal years 2002 through 2007.

(2) ADMINISTRATIVE COSTS.—Not more than 5 percent of the funds made available for a fiscal year under paragraph (1) may be used to pay administrative costs incurred in carrying out programs in sub-Saharan African and Caribbean Basin countries.

## TITLE VI—ENTERPRISE FOR THE AMERICAS INITIATIVE

### SEC. 601. [7 U.S.C. 1738] ESTABLISHMENT OF THE FACILITY.

There is established in the Department of the Treasury an entity to be known as the “Enterprise for the Americas Facility” (hereafter referred to in this title as the “Facility”).

### SEC. 602. [7 U.S.C. 1738a] PURPOSE.

The purpose of this title is to encourage and support improvement in the lives of the people of Latin America and the Caribbean through market-oriented reforms and economic growth with inter-related actions to promote debt reduction, investment reforms, and community-based conservation and sustainable use of the environment. The Facility will support such objectives through the administration of debt reduction operations relating to those countries that meet investment reform and other policy conditions provided for in this title.

### SEC. 603. [7 U.S.C. 1738b] ELIGIBILITY FOR BENEFITS UNDER THE FACILITY.

(a) REQUIREMENTS.—To be eligible for benefits from the Facility under this title, a country shall—

(1) be a Latin American or Caribbean country;

(2) have in effect or have received approval for, or, as appropriate in exceptional circumstances, be making significant progress towards the establishment of—

(A) an International Monetary Fund (hereafter referred to in this title as the “IMF”) standby arrangement, extended IMF arrangement, or an arrangement under the structural adjustment facility or enhanced structural adjustment facility, or in exceptional circumstances, an IMF-monitored program or its equivalent; and

(B) as appropriate, structural or sectoral adjustment loans from the International Bank for Reconstruction and Development (hereafter referred to in this title as the “World Bank”) or the International Development Association (hereafter referred to in this title as the “IDA”);

(3)<sup>603-1</sup> have placed into effect major investment reforms in conjunction with an Inter-American Development Bank (hereafter referred to as the “IDB”) loan or otherwise be implementing, or making significant progress towards an open investment regime; and

(4) if appropriate, have agreed with its commercial bank lenders on a satisfactory financing program, including, as appropriate, debt or debt service reduction.

(b) **ELIGIBILITY DETERMINATION.**—The President shall determine whether a country is an eligible country for purposes of subsection (a).

**SEC. 604. [7 U.S.C. 1738c] REDUCTION OF CERTAIN DEBT.**

(a) **AUTHORITY TO REDUCE DEBT.**—

(1) **IN GENERAL.**—Notwithstanding any other provision of law, the President may reduce the amount owed to the United States or any agency of the United States, and outstanding as of January 1, 1990, as a result of any credits extended under title I to a country eligible for benefits from the Facility.

(2)<sup>604-1</sup> **AVAILABILITY OF APPROPRIATIONS.**—The authorities under this section may be exercised only to the extent provided for in advance in appropriation Acts.

(b) **LIMITATION.**—A debt reduction authorized under subsection (a) shall be accomplished, at the direction of the Facility, through the exchange of a new obligation under this title for obligations of the type referred to in subsection (a) outstanding as of January 1, 1990.

(c) **EXCHANGE OF OBLIGATIONS.**—The Facility shall notify the Commodity Credit Corporation of an agreement entered into under subsection (b) with an eligible country to exchange a new obligation for outstanding obligations. At the direction of the Facility, the old obligations that are the subject of the agreement may be canceled and a new debt obligation may be established for the country relating to the agreement. The Commodity Credit Corporation shall make an adjustment in its accounts to reflect a debt reduction under this section.

**SEC. 605. [7 U.S.C. 1738d] REPAYMENT OF PRINCIPAL.**

(a) **CURRENCY OF PAYMENT.**—The principal amount owed under each new obligation issued under section 604 shall be repaid in United States dollars.

<sup>603-1</sup> Section 302 of P.L. 102-237 made a technical correction to this paragraph.

<sup>604-1</sup> Section 303 of P.L. 102-237 made a technical correction to this paragraph.

(b) DEPOSIT OF PAYMENTS.—Principal repayments on new obligations issued under section 604 shall be deposited in Commodity Credit Corporation accounts.

**SEC. 606. [7 U.S.C. 1738e] INTEREST OF NEW OBLIGATIONS.**

(a) RATE OF INTEREST.—New obligations issued to an eligible country under section 604 shall bear interest at a concessional rate.

(b) CURRENCY OF PAYMENT, DEPOSITS.—

(1) UNITED STATES DOLLARS.—An eligible country to which a new obligation has been issued under section 604 that has not entered into an agreement under section 607, shall be required to pay interest on such obligation in United States dollars which shall be deposited in Commodity Credit Corporation accounts.

(2) LOCAL CURRENCY.—If an eligible country to which a new obligation has been issued under section 604 has entered into an agreement under section 607, interest under such obligation may be paid in the local currency of the eligible country and deposited into an Environmental Fund as provided for in section 608. Such interest shall be the property of the eligible country until such time as it is disbursed under section 608. Such local currencies shall be used for the purposes specified in the agreement entered into under section 607.

(c) INTEREST PREVIOUSLY PAID.—If an eligible country to which a new obligation has been issued under section 604 enters into an agreement under section 607 subsequent to the date on which interest first becomes due on such new obligation, any interest paid on such new obligation prior to such agreement being entered into shall not be redeposited into the Fund established for the eligible country under section 608(a) but shall be deposited into Commodity Credit Corporation accounts.<sup>606-1</sup>

**SEC. 607. [7 U.S.C. 1738f] ENVIRONMENTAL FRAMEWORK AGREEMENTS.**

(a)<sup>607-1</sup> AUTHORITY.—The President is authorized to enter into an environmental framework agreement with each country eligible for benefits from the Facility concerning the operation and use of an Enterprise for the Americas Environmental Fund (hereafter referred to in this title as the “Environmental Fund”) established under section 608 for that country. The President shall consult with the Board established under section 610 when entering into such agreements.

(b) REQUIREMENTS.—An environmental framework agreement entered into under this section shall—

(1) require the eligible country to establish an Environmental Fund;

(2) require the eligible country to make interest payments under section 608(a) into the Environmental Fund;

(3) require the eligible country to make prompt disbursements from the Environmental Fund to the body described in subsection (c);

(4) where appropriate, seek to maintain the value of the local currency resources deposited into the appropriate Environmental Fund in terms of United States dollars;

(5) specify, in accordance with section 612, the purposes for which the Environmental Fund may be used; and

<sup>606-1</sup> Section 304 of P.L. 102-237 added word “accounts”.

<sup>607-1</sup> Section 305 of P.L. 102-237 made a technical correction to this subsection.



(6) contain reasonable provisions for the enforcement of the terms of the agreement.

(c) ADMINISTERING BODY.—Funds disbursed from the Environmental Fund in an eligible country shall be administered by a body constituted under the laws of the country. Such body shall—

(1) be composed of—

(A) one or more representatives appointed by the President;

(B) one or more representatives appointed by the eligible country; and

(C) representatives from a broad range of environmental and local community development nongovernmental organizations of the host country;

the majority of which shall be local representatives from nongovernmental organizations, and scientific or academic bodies;

(2) receive proposals for grant assistance from local organizations, and make grants to such organizations in accordance with the priorities agreed upon in the framework agreement and consistent with the overall purposes of section 612;

(3) be responsible for the management of the program and oversight of grant activities funded from resources of the Environmental Fund;

(4) be subject to fiscal audits by an independent auditor on an annual basis;

(5) present an annual program for review by the Board established under section 610 each year;

(6) present an annual report on the activities undertaken during the previous year to the Chairman of the Board established under section 610, and the government of the eligible country each year; and

(7) have any grant over \$100,000 be subject to veto by the United States and the government of the eligible country.

**SEC. 608. [7 U.S.C. 1738g] ENTERPRISE FOR THE AMERICAS ENVIRONMENTAL FUNDS.**

(a) ESTABLISHMENT.—An eligible country shall, under the terms of an environmental framework agreement entered into under section 607, establish an Environmental Fund to receive payments in local currency pursuant to section 607(b)(1).

(b) INVESTMENT.—Amounts deposited into an Environmental Fund shall be invested until disbursed. Notwithstanding any other provision of law, any return on such investment may be retained by the Environmental Fund and need not be deposited to the account of the Commodity Credit Corporation and may be retained without further appropriation by Congress.

**SEC. 609. [7 U.S.C. 1738h] DISBURSEMENT OF ENVIRONMENTAL FUNDS.**

Funds in an Environmental Fund shall be disbursed only pursuant to a framework agreement entered into pursuant to section 607.

**SEC. 610.**<sup>610-1</sup> [7 U.S.C. 1738i] **ENTERPRISE FOR THE AMERICAS BOARD.**

(a) **ESTABLISHMENT.**—There is established a board to be known as the “Enterprise for the Americas Board” (hereafter referred to in this title as the “Board”).

(b) **MEMBERSHIP AND CHAIRPERSON.**—

(1) **MEMBERSHIP.**—The Board shall be composed of—

(A) six representatives from the United States Government, at least one of whom shall be a representative of the Department of Agriculture;<sup>610-2</sup> and

(B) five representatives from private nongovernmental environmental, child survival and child development, community development, scientific, and academic organizations with experience and expertise in Latin America and the Caribbean, at least one of whom shall be a representative from a child survival and child development organization; to be appointed by the President.

(2) **CHAIRPERSON.**—The Board shall be headed by a chairperson who shall be appointed by the President from among the representatives appointed under paragraph (1)(A).

(c) **RESPONSIBILITIES.**—The Board shall—

(1) advise the President on the negotiations for the environmental framework agreements described in subsections (a) and (b) of section 607;

(2) ensure, in consultation with the government of the appropriate eligible country, with nongovernmental organizations of such eligible country, and if appropriate, of the region, and with environmental, scientific, and academic leaders of such eligible country and, as appropriate, of the region, that a suitable body referred to in section 607(c) is identified; and

(3) review the programs, operations, and fiscal audits of the bodies referred to in section 607(c).

**SEC. 611. [7 U.S.C. 1738j] OVERSIGHT.**

The President may designate appropriate United States agencies to review the implementation of programs under this title and the fiscal audits relating to such programs. Such oversight shall not constitute active management of an Environmental Fund.

**SEC. 612. [7 U.S.C. 1738k] ELIGIBLE ACTIVITIES AND GRANTEEES.**

(a) **ELIGIBLE ENTITIES.**—Activities eligible to receive assistance through the framework agreements entered into under section 607, shall include—

(1)<sup>612-1</sup> activities of the type described in the Global Environmental Protection Assistance Act of 1989 (22 U.S.C. 2281 et seq.);

(2) agriculture-related activities, including those that provide for the biological prevention and control of animal and plant pests and diseases, to benefit the environment; and

(3) local community initiatives that promote conservation and sustainable use of the environment.

(b) **REGULATION.**—All activities of the type referred to in subsection (a) shall, where appropriate, include initiatives that link

<sup>610-1</sup> Section 603 of P.L. 102-549 substituted “**ENTERPRISE**” for “**ENVIRONMENT**” in the heading and subsection (a), and added references to child survival and child development in subsection (b)(1)(B).

<sup>610-2</sup> P.L. 102-237, Dec. 13, 1991, 105 Stat. 1861 changed the total number of members from 9 to 11 and included the Secretary of Agriculture.

<sup>612-1</sup> Section 306 of P.L. 102-237 made a technical correction to this paragraph.

conservation of natural resources with local community development.

(c) **SETTING OF PRIORITIES.**—Appropriate activities and priorities relating to the use of an Environmental Fund shall be set by local nongovernmental organizations within the appropriate eligible country.

(d) **GRANTS.**—Grants may be made by the body referred to in section 607(c) from the Environmental Fund for environmental purposes to—

- (1) host country nongovernmental environmental, conservation, development, educational, and indigenous peoples organizations;
- (2) other appropriate local or regional entities; or
- (3) in exceptional circumstances, the government of the eligible country.

(e) **PRIORITY.**—In providing assistance from an Environmental Fund, the body established under section 607(c) within the eligible country shall give priority to projects that are run by nongovernmental organizations and other private entities, and that involve local communities in their planning and execution.

**SEC. 613. [7 U.S.C. 1738/] ENCOURAGING MULTILATERAL DEBT DONATIONS.**

(a) **ENCOURAGING DONATIONS FROM OFFICIAL CREDITORS.**—The President should actively encourage other official creditors of an eligible country to provide debt reduction to such eligible country.

(b) **ENCOURAGING DONATIONS FROM OTHER SOURCES.**—The President shall make every effort to insure that programs established through Environmental Funds are able to receive donations from private and public entities, and private creditors of the eligible country.

**SEC. 614.**<sup>614-1</sup> **[7 U.S.C. 1738m] ANNUAL REPORT TO CONGRESS.**

(a) **IN GENERAL.**—Not later than December 31 of each fiscal year, the President shall prepare and submit to the Speaker of the House of Representatives and the President Pro Tempore of the Senate an annual report concerning the operation of the Facility for the prior fiscal year.<sup>614-2</sup> This report shall include—

- (1) a description of the activities undertaken by the Facility during the previous fiscal year;
- (2) a description of any Environmental Framework Agreement entered into under this title;
- (3) a report on what Environmental Funds have been established under this title and on the operations of such Funds; and
- (4) a description of any grants that have been extended by administering bodies pursuant to an Environmental Framework Agreement under this title.

(b)<sup>614-3</sup> **SUPPLEMENTAL VIEWS IN ANNUAL REPORT.**—No later than December 15 of each fiscal year, each member of the Board shall be entitled to receive a copy of the report required under subsection (a). Each member of the Board may prepare and submit supplemental views to the President on the implementation of this

<sup>614-1</sup> Section 604 of P.L. 102-549 specifies that these annual reports shall include a progress report on the establishment of the International University for the Americas.

<sup>614-2</sup> The following sentence was added by section 3 of P.L. 102-532.

<sup>614-3</sup> Added by P.L. 102-237, Dec. 13, 1991.

title by December 31 for inclusion in the annual report when it is transmitted to Congress pursuant to this section.

**SEC. 615.** <sup>615-1</sup> [7 U.S.C. 1738n] **CONSULTATIONS WITH CONGRESS.**

The President shall consult with the appropriate congressional committees on a periodic basis to review the operation of the Facility under this title and the eligibility of countries for benefits from the Facility under this title.

**SEC. 616.** <sup>616-1</sup> [7 U.S.C. 1738o] **SALE OF QUALIFIED DEBT TO ELIGIBLE COUNTRIES.**

(a) **IN GENERAL.**—

(1) **AUTHORIZATION.**—The President may sell to an eligible country up to 40 percent of such country's qualified debt, only if an amount of the local currency of such country (other than the price paid for the debt) equal to—

(A) not less than 40 percent of the price paid for such debt by such eligible country, or

(B) the difference between the price paid for such debt and the face value of such debt;

whichever is less, is used by such country through an Environmental Fund for eligible activities described in section 612.

(2) **ENVIRONMENTAL FUNDS.**—For purposes of this section, the term “Environmental Fund” means an Environmental Fund established under section 608. In the case of Mexico, such fund may be designated as the Good Neighbor Environmental Fund for the Border.

(3) **ESTABLISHMENT AND OPERATION OF ENVIRONMENTAL FUNDS.**—The President should advise eligible countries on the procedures required to establish and operate the Environmental Funds required to be established under paragraph (1).

(b) **TERMS AND CONDITIONS.**—The President shall establish the terms and conditions, including the amount to be paid by the eligible country, under which such country's qualified debt may be sold under this section.

(c) **APPROPRIATIONS REQUIREMENT.**—The authorities provided by this section may be exercised only in such amounts and to such extent as is provided in advance in appropriations Acts.

(d) **CERTAIN PROHIBITIONS INAPPLICABLE.**—A sale of debt under this section shall not be considered assistance for purposes of any provision of law limiting assistance to a country.

(e) **IMPLEMENTATION BY THE FACILITY.**—A sale of debt authorized under this section shall be accomplished at the direction of the Facility. The Facility shall direct the Commodity Credit Corporation to carry out such sale. The Commodity Credit Corporation shall make an adjustment in its accounts to reflect the sale.

(f) **DEPOSIT OF PROCEEDS.**—The proceeds from a sale of qualified debt under this section shall be deposited in the account or accounts established by the Commodity Credit Corporation for the repayment of such debt by the eligible country.

(g) **DEBTOR CONSULTATION.**—Before any sale of qualified debt may occur under this section, the President should consult with the eligible country's government concerning such sale. The topics addressed in the consultation shall include the amount of qualified

<sup>615-1</sup> Added by P.L. 102-237, Dec. 13, 1991.

<sup>616-1</sup> Sections 616 through 619 were added by Pub. L. 102-532, § 2, Oct. 27, 1992, 106 Stat. 3509.

debt involved in the transaction and the uses to which funds made available as a result of the sale shall be applied.

**SEC. 617. [7 U.S.C. 1738p] SALE, REDUCTION, OR CANCELLATION OF QUALIFIED DEBT TO FACILITATE CERTAIN DEBT SWAPS.**

(a) **AUTHORITY TO SELL, REDUCE, OR CANCEL QUALIFIED DEBT.**—For the purpose of facilitating eligible debt swaps, the President, in accordance with this section—

(1) may sell to an eligible purchaser (as determined pursuant to subsection (c)(1)) any qualified debt of an eligible country; or

(2) may reduce or cancel eligible debt of an eligible country upon receipt of payment from an eligible payor (as determined under subsection (c)(2)).

(b) **TERMS AND CONDITIONS.**—The President shall establish the terms and conditions under which qualified debt may be sold, reduced, or canceled pursuant to this section.

(c) **ELIGIBLE PURCHASERS AND ELIGIBLE PAYORS.**—

(1) **SALES OF DEBT.**—Qualified debt may be sold pursuant to subsection (a)(1) only to a purchaser who presents plans satisfactory to the President for using the debt for the purpose of engaging in eligible debt swaps.

(2) **REDUCTION OR CANCELLATION OF DEBT.**—Qualified debt may be reduced or cancelled pursuant to subsection (a)(2) only if the payor presents plans satisfactory to the President for using such reduction or cancellation for the purpose of facilitating eligible debt swaps.

(d) **DEBTOR CONSULTATION AND RIGHT OF FIRST REFUSAL.**—

(1) **CONSULTATION.**—Before selling, reducing, or canceling any qualified debt of an eligible country pursuant to this section, the President should consult with that country concerning, among other things, the amount of debt to be sold, reduced, or canceled and the uses of such debt for eligible debt swaps.

(2) **RIGHT OF FIRST REFUSAL.**—The qualified debt of an eligible country may be sold, reduced, or cancelled pursuant to this section only if that country has been offered the opportunity to purchase that debt pursuant to section 616 and has not accepted that offer.

(e) **LIMITATION.**—In the aggregate, not more than 40 percent of the qualified debt of an eligible country may be sold, reduced, or cancelled under this section or sold under section 616.

(f) **ADMINISTRATION.**—The Facility shall notify the Commodity Credit Corporation of purchasers and payors the President has determined to be eligible under subsection (c), and shall direct the corporation to carry out the sale, reduction, or cancellation of a qualified debt pursuant to this section. The Commodity Credit Corporation shall make an adjustment in its accounts to reflect such sale, reduction, or cancellation.

(g) **APPROPRIATIONS REQUIREMENT.**—The authorities provided by this section may be exercised only in such amounts and to such extent as is provided in advance in appropriations Acts.

(h) **DEPOSIT OF PROCEEDS.**—The proceeds from the sale, reduction, or cancellation of qualified debt pursuant to this section shall be deposited in the United States Government account or accounts established for the repayment of such debt.

(i) **ELIGIBLE DEBT SWAPS.**—As used in this section, the term “eligible debt swap” means a debt-for-development swap or debt-for-nature swap.

**SEC. 618. [7 U.S.C. 1738q] NOTIFICATION TO CONGRESSIONAL COMMITTEES.**

(a) **NOTICE OF NEGOTIATIONS.**—The Secretary of State and the Secretary of the Treasury shall, in every feasible instance, notify the designated congressional committees not less than 15 days prior to any formal negotiation for debt relief under this title.

(b) **TRANSMITTAL OF TEXT OF AGREEMENTS.**—The Secretary of State shall transmit to the designated congressional committees a copy of the text of any agreement with any foreign government which would result in any debt relief under this title no less than 30 days prior to its entry into force, together with a detailed justification of the interest of the United States in the proposed debt relief.

(c) **ANNUAL REPORT.**—The Secretary of State or the Secretary of the Treasury, as appropriate, shall submit to the designated congressional committees not later than February 1 of each year a consolidated statement of the budgetary implications of all debt relief agreements entered into force under this title during the preceding fiscal year.

(d) **DESIGNATED CONGRESSIONAL COMMITTEES.**—As used in this section, the term “designated congressional committees” means the Committee on Agriculture and the Committee on Foreign Affairs of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

**SEC. 619. [7 U.S.C. 1738r] DEFINITION OF QUALIFIED DEBT.**

As used in sections 616, 617, and 618, the term “qualified debt” means any obligation, or portion of such obligation, of an eligible country to pay for purchases of United States agricultural commodities guaranteed by the Commodity Credit Corporation under export credit guarantee programs authorized pursuant to section 5(f) of the Commodity Credit Corporation Charter Act or section 4(b) of the Food for Peace Act of 1966—

(1) in which the Commodity Credit Corporation obtained a legal right or interest, as a result of assignment or subrogation, not later than September 1, 1992; and

(2) the payment of which obligation has been, not later than September 1, 1992, rescheduled in accordance with principles set forth in an Agreed Minute of the Paris Club.

Such term includes the obligation to pay any interest which was due or accrued not later than September 1, 1992, and unpaid as of the date of a debt sale pursuant to section 616 or a debt sale, reduction, or cancellation pursuant to section 617 (as the case may be).