

103^D CONGRESS
1ST SESSION

H. R. 2192

To amend the FREEDOM Support Act to establish a program to provide loans for joint ventures between United States small businesses and small businesses or entrepreneurs in the independent states of the former Soviet Union.

IN THE HOUSE OF REPRESENTATIVES

MAY 19, 1993

Mr. TRAFICANT introduced the following bill; which was referred jointly to the Committees on Foreign Affairs, Ways and Means, and Banking, Finance and Urban Affairs

A BILL

To amend the FREEDOM Support Act to establish a program to provide loans for joint ventures between United States small businesses and small businesses or entrepreneurs in the independent states of the former Soviet Union.

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

3 **SECTION 1. SMALL BUSINESS JOINT VENTURE LOAN PRO-**
4 **GRAM FOR THE FORMER SOVIET UNION.**

5 (a) ESTABLISHMENT OF PROGRAM.—The Freedom
6 for Russia and Emerging Eurasian Democracies and Open

1 Markets Support Act of 1992 is amended by adding at
2 the end the following new title:

3 **“TITLE XI—SMALL BUSINESS**
4 **JOINT VENTURE LOAN PRO-**
5 **GRAM**

6 **“SEC. 1101. PURPOSE.**

7 “It is the purpose of this title to assist United States
8 small businesses expand into markets in the independent
9 states of the former Soviet Union, thereby developing
10 those markets to the benefit of United States small busi-
11 nesses and the United States economy.

12 **“SEC. 1102. ESTABLISHMENT OF SMALL BUSINESS JOINT**
13 **VENTURE PROGRAM.**

14 “(a) IN GENERAL.—The Secretary of State shall
15 carry out a program in accordance with this title to sup-
16 port the establishment by United States small businesses
17 and Independent States small businesses or entrepreneurs
18 of joint ventures to engage in business activity in the inde-
19 pendent states of the former Soviet Union.

20 “(b) EXAMPLES OF BUSINESS AREAS.—Joint ven-
21 tures supported under this title may include joint ventures
22 in areas such as manufacturing, telecommunications, en-
23 ergy production, environmental protection, agriculture,
24 housing, aviation, and defense conversion.

1 **“SEC. 1103. LOANS TO JOINT VENTURES.**

2 “(a) AUTHORIZATION.—The Secretary is authorized
3 to make loans in accordance with this section for joint ven-
4 tures described in section 1102(a).

5 “(b) CRITERIA.—The Secretary shall use the follow-
6 ing criteria in determining which joint ventures receive a
7 loan under this section:

8 “(1) Preference shall be given to joint ventures
9 involving United States small businesses located in
10 economically depressed communities.

11 “(2) Preference shall be given to loans that will
12 be most cost-effective.

13 “(3) Preference shall be given to joint ventures
14 that have the greatest likelihood of success. A loan
15 may not be made to a joint venture if the Secretary
16 determines that the joint venture is unlikely to be
17 successful.

18 “(4) Preference shall be given to joint ventures
19 that are most likely to benefit the participating
20 United States small businesses and the United
21 States economy.

22 “(5) Preference shall be given to joint ventures
23 in which—

24 “(A) the participating United States small
25 business will provide the management, account-

1 ing, marketing, training, and other business ex-
2 pertise needed by the joint venture; and

3 “(B) the participating Independent States
4 small business or entrepreneur will provide en-
5 trepreneurship, the understanding of local
6 needs and conditions, and the local resources
7 needed by the joint venture.

8 “(6) Preference shall be given to joint ventures
9 that will produce goods that are to be used, or serv-
10 ices that are to be provided, within the independent
11 states of the former Soviet Union.

12 “(c) LIMITATIONS ON AMOUNT OF LOAN.—A loan
13 under this section may not exceed \$100,000. Not more
14 than one loan may be made for any single joint venture.

15 “(d) TERM AND REPAYMENT OF LOANS.—The fol-
16 lowing shall apply with respect to any loan under this sec-
17 tion:

18 “(1) The Secretary shall determine the term of
19 the loan.

20 “(2) Payments of principal shall not be re-
21 quired during the 1st 3 years of the loan.

22 “(3) Interest shall not accrue during the 1st 5
23 years of the loan. Thereafter, the rate of interest
24 shall be based on the average of the Consumer Price
25 Index (all items—United States city average), pub-

1 lished monthly by the Bureau of Labor Statistics in
2 the Department of Labor, for such period prior to
3 the due date for each interest payment as the Sec-
4 retary may determine.

5 “(e) PROHIBITION ON TRANSFER OF JOBS FROM
6 THE UNITED STATES.—A loan may not be made to a joint
7 venture under this section if, as a result of that joint ven-
8 ture, the United States small business participating in the
9 joint venture would transfer any business operation or ac-
10 tivity that it has been carrying out in the United States
11 to any location outside the United States.

12 “(f) PROHIBITION ON IMPORTS TO THE UNITED
13 STATES.—

14 “(1) IN GENERAL.—Goods produced pursuant
15 to any joint venture that receives a loan under this
16 section may not be imported into the United States,
17 including as parts or components of other goods.

18 “(2) ENFORCEMENT.—The Secretary and the
19 Secretary of the Treasury shall take appropriate
20 steps to implement and enforce paragraph (1). Such
21 steps shall include a requirement that any joint ven-
22 ture that receives a loan under this section and pro-
23 duces any goods for export submit to the Secretary
24 such information as the Secretary may require re-
25 garding the foreign recipient of any such goods that

1 are to be exported, the identifying characteristics of
2 such goods, and the amount of goods to be exported.
3 The Secretary shall provide such lists to the Com-
4 missioner of Customs.

5 **“SEC. 1104. OTHER ACTIVITIES TO FACILITATE THE ESTAB-**
6 **LISHMENT OF JOINT VENTURES.**

7 “(a) DATABASE CONTRACTOR.—

8 “(1) IN GENERAL.—In order to facilitate the
9 establishment of joint ventures that would be eligible
10 to receive a loan under section 1103(a), the Sec-
11 retary shall enter into a contract with an eligible pri-
12 vate business entity (hereinafter in this section re-
13 ferred to as the ‘contractor’) for the development
14 and maintenance by the contractor of the database
15 described in subsection (b).

16 “(2) SELECTION OF CONTRACTOR.—The Sec-
17 retary shall use competitive procedures in selecting
18 the contractor and shall award the contract required
19 by paragraph (1) within 60 days after the date of
20 enactment of this section.

21 “(3) LIMITATION ON CONTRACT AMOUNT;
22 BUDGET ACT REQUIREMENTS.—(A) Subject to sub-
23 paragraphs (B) and (C), the Secretary shall deter-
24 mine the amount of the contract awarded pursuant
25 to this subsection.

1 “(B) The contract awarded pursuant to this
2 subsection may not require the United States Gov-
3 ernment to make payments to the contractor that in
4 the aggregate exceed \$3,000,000 for any fiscal year.

5 “(C) The United States Government shall be
6 obligated to make outlays under the contract re-
7 quired by this subsection only to the extent that the
8 budget authority for such outlays is provided in ad-
9 vance by appropriation Acts.

10 “(b) DATABASE.—The database provided for in sub-
11 section (a) shall list—

12 “(1) United States small businesses that are in-
13 terested in participating in a joint venture that
14 would be eligible to receive a loan under section
15 1103(a); and

16 “(2) Independent States small businesses or en-
17 trepreneurs that have submitted a proposal for the
18 establishment of a joint venture that would be eligi-
19 ble to receive a loan under section 1103(a).

20 The database shall include information regarding the
21 types of business activity in which each such business is
22 involved.

23 “(c) SUBMISSION AND DISTRIBUTION OF PROPOSALS
24 FOR JOINT VENTURES.—

1 “(1) SUBMISSION TO THE SECRETARY.—The
2 Secretary shall accept proposals for joint ventures
3 submitted by Independent States small businesses or
4 entrepreneurs and shall forward them to the con-
5 tractor.

6 “(2) DISTRIBUTION BY THE CONTRACTOR.—
7 The contractor shall provide information about each
8 such proposal to United States small businesses list-
9 ed in the database established pursuant to sub-
10 section (a) that would be qualified to participate in
11 the proposed joint venture.

12 “(d) REVIEW OF PROPOSED JOINT VENTURES BY
13 THE CONTRACTOR.—Each application for a loan under
14 section 1103(a) shall be submitted to the contractor. The
15 contractor—

16 “(1) shall determine whether the Independent
17 States small business or entrepreneur that would be
18 participating in the proposed joint venture has the
19 resources it claims it will contribute to the joint ven-
20 ture; and

21 “(2) shall make a recommendation to the Sec-
22 retary with respect to whether a loan should be
23 made for the proposed joint venture based on the
24 criteria set forth in section 1103(b).

25 “(e) PUBLICIZING PROGRAM.—

1 “(1) UNITED STATES SMALL BUSINESSES.—
2 The Secretary shall take appropriate steps to make
3 United States small businesses aware of the
4 database established pursuant to subsection (a) and
5 the loan program established pursuant to section
6 1103. Such steps shall include publication of infor-
7 mation about the database and the program in the
8 Federal Register.

9 “(2) INDEPENDENT STATES SMALL BUSINESSES
10 OR ENTREPRENEURS.—The Secretary shall also take
11 appropriate steps to make Independent States small
12 businesses or entrepreneurs aware of the database
13 and the loan program.

14 **“SEC. 1105. AUTHORIZATION OF APPROPRIATIONS.**

15 “(a) LOAN PROGRAM.—There are authorized to be
16 appropriated \$100,000,000 to carry out section 1103, in-
17 cluding for the cost (as defined in section 502 of the Fed-
18 eral Credit Reform Act of 1990) of loans.

19 “(b) DATABASE COSTS.—There are authorized to be
20 appropriated \$3,000,000 for each fiscal year for payments
21 pursuant to the contract provided for in section 1104(a).

22 **“SEC. 1106. DEFINITIONS.**

23 “(a) ECONOMICALLY DEPRESSED COMMUNITY.—For
24 purposes of this title, the term ‘economically depressed
25 community’ means a rural or urban community which, rel-

1 ative to other communities in the United States, is de-
2 pressed in terms of age of housing, the extent of poverty,
3 the growth rate of per capita income, the extent of unem-
4 ployment, job lag, or the extent of surplus labor.

5 “(b) ELIGIBLE PRIVATE BUSINESS ENTITY.—For
6 purposes of this title, the term ‘eligible private business
7 entity’ means a United States small business that—

8 “(1) has experience in business activity in at
9 least one independent state of the former Soviet
10 Union; and

11 “(2) has its main business office within the
12 metropolitan Washington, D.C., area.

13 “(c) INDEPENDENT STATES SMALL BUSINESS OR
14 ENTREPRENEUR.—For purposes of this title, the term
15 ‘Independent States small business or entrepreneur’
16 means—

17 “(1) a small business that is organized under
18 the laws of an independent state of the former So-
19 viet Union and that is more than 50 percent owned
20 by citizens of the independent states (as determined
21 under regulations of the Secretary); or

22 “(2) an entrepreneur who is a citizen of an
23 independent state and is a resident of an independ-
24 ent state.

1 “(d) SECRETARY.—For purposes of this title, the
2 term ‘Secretary’ means the Secretary of State.

3 “(e) SMALL BUSINESS.—For purposes of this title,
4 the term ‘small business’—

5 “(1) in the case of United States small busi-
6 nesses, means an organization that is a small busi-
7 ness concern for purposes of the Small Business Act;
8 and

9 “(2) in the case of Independent States small
10 businesses, means an organization that is deter-
11 mined to be a small business by the Secretary using
12 criteria comparable to those used for identifying
13 small business concerns for purposes of the Small
14 Business Act.

15 “(f) UNITED STATES SMALL BUSINESS.—For pur-
16 poses of this title, the term ‘United States small business’
17 means a small business—

18 “(1) that is organized under the laws of the
19 United States (including any State, the District of
20 Columbia, the Commonwealth of Puerto Rico, the
21 Commonwealth of the Northern Mariana Islands,
22 American Samoa, Guam, the Virgin Islands, or any
23 other territory or possession of the United States);
24 and

1 “(2) that is more than 50 percent owned by
2 United States citizens (as determined under regula-
3 tions of the Secretary).”.

4 (b) CONFORMING AMENDMENT.—The table of con-
5 tents in section 2 of the Freedom for Russia and Emerg-
6 ing Eurasian Democracies and Open Markets Support Act
7 of 1992 is amended by adding at the end the following:

“TITLE XI—SMALL BUSINESS JOINT VENTURE LOAN PROGRAM

“Sec. 1101. Purpose.

“Sec. 1102. Establishment of small business joint venture program.

“Sec. 1103. Loans to joint ventures.

“Sec. 1104. Other activities to facilitate the establishment of joint ventures.

“Sec. 1105. Authorization of appropriations.

“Sec. 1106. Definitions.”.

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