

105TH CONGRESS
1ST SESSION

H. R. 2870

To amend the Foreign Assistance Act of 1961 to facilitate protection of tropical forests through debt reduction with developing countries with tropical forests.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 7, 1997

Mr. PORTMAN (for himself, Mr. KASICH, and Mr. HAMILTON) introduced the following bill; which was referred to the Committee on International Relations

A BILL

To amend the Foreign Assistance Act of 1961 to facilitate protection of tropical forests through debt reduction with developing countries with tropical forests.

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. DEBT REDUCTION FOR DEVELOPING COUN-**
4 **TRIES WITH TROPICAL FORESTS.**

5 The Foreign Assistance Act of 1961 (22 U.S.C. 2151
6 et seq.) is amended by adding at the end the following:

1 **“PART V—DEBT REDUCTION FOR DEVELOPING**
2 **COUNTRIES WITH TROPICAL FORESTS**

3 **“SEC. 801. SHORT TITLE.**

4 “This part may be cited as the ‘Tropical Forest Con-
5 servation Act of 1998’.

6 **“SEC. 802. FINDINGS AND PURPOSES.**

7 “(a) FINDINGS.—The Congress finds the following:

8 “(1) It is the established policy of the United
9 States to support and seek protection of tropical for-
10 ests around the world.

11 “(2) Tropical forests provide a wide range of
12 benefits to humankind by—

13 “(A) harboring a major share of the
14 Earth’s biological and terrestrial resources,
15 which are the basis for developing pharma-
16 ceutical products and revitalizing agricultural
17 crops;

18 “(B) playing a critical role as carbon sinks
19 in reducing greenhouse gases in the atmos-
20 phere, thus moderating potential global climate
21 change; and

22 “(C) regulating hydrological cycles on
23 which far-flung agricultural and coastal re-
24 sources depend.

25 “(3) International negotiations and assistance
26 programs to conserve forest resources have pro-

1 liferated over the past decade, but the rapid rate of
2 tropical deforestation continues unabated.

3 “(4) Developing countries with urgent needs for
4 investment and capital for development have allo-
5 cated a significant amount of their forests to logging
6 concessions.

7 “(5) Poverty and economic pressures on the
8 populations of developing countries have, over time,
9 resulted in clearing of vast areas of forest for con-
10 version to agriculture, which is often unsustainable
11 in the poor soils underlying tropical forests.

12 “(6) Debt reduction can reduce economic pres-
13 sures on developing countries and result in increased
14 protection for tropical forests.

15 “(b) PURPOSES.—The purposes of this part are—

16 “(1) to recognize the values received by United
17 States citizens from protection of tropical forests;

18 “(2) to facilitate greater protection of tropical
19 forests (and to give priority to protecting tropical
20 forests with the highest levels of biodiversity and
21 under the most severe threat) by providing for the
22 alleviation of debt in countries where tropical forests
23 are located, thus allowing the use of additional re-
24 sources to protect these critical resources and reduce
25 economic pressures that have led to deforestation;

1 “(3) to ensure that resources freed from debt in
2 such countries are targeted to protection of tropical
3 forests and their associated values; and

4 “(4) to rechannel existing resources to facilitate
5 the protection of tropical forests.

6 **“SEC. 803. ESTABLISHMENT OF THE FACILITY.**

7 “‘There is established in the Department of the
8 Treasury an entity to be known as the ‘Tropical Forest
9 Facility’ for the purpose of providing for the administra-
10 tion of debt reduction in accordance with this part.

11 **“SEC. 804. ELIGIBILITY FOR BENEFITS.**

12 “(a) IN GENERAL.—To be eligible for benefits from
13 the Facility under this part, a country shall be a develop-
14 ing country with a tropical forest—

15 “(1) whose government meets the requirements
16 applicable to Latin American or Caribbean countries
17 under paragraphs (1) through (5) and (7) of section
18 703(a) of this Act; and

19 “(2) that has put in place major investment re-
20 forms in conjunction with a loan of the appropriate
21 international development bank for the region in
22 which the country is located or otherwise is imple-
23 menting, or is making significant progress toward,
24 an open investment regime.

25 “(b) ELIGIBILITY DETERMINATIONS.—

1 “(1) IN GENERAL.—Consistent with subsection
2 (a), the President shall determine whether a country
3 is eligible to receive benefits under this part.

4 “(2) CONGRESSIONAL NOTIFICATION.—The
5 President shall notify the appropriate congressional
6 committees of his intention to designate a country as
7 an eligible country at least 15 days in advance of
8 any formal determination.

9 **“SEC. 805. REDUCTION OF DEBT OWED TO THE UNITED**
10 **STATES AS A RESULT OF CONCESSIONAL**
11 **LOANS UNDER THE FOREIGN ASSISTANCE**
12 **ACT OF 1961.**

13 “(a) AUTHORITY TO REDUCE DEBT.—

14 “(1) AUTHORITY.—The President may reduce
15 the amount owed to the United States (or any agen-
16 cy of the United States) that is outstanding as of
17 January 1, 1997, as a result of concessional loans
18 made to an eligible country by the United States
19 under part I of this Act, chapter 4 of part II of this
20 Act, or predecessor foreign economic assistance leg-
21 islation.

22 “(2) AUTHORIZATION OF APPROPRIATIONS.—
23 For the reduction of any debt pursuant to this sec-
24 tion, there are authorized to be appropriated to the
25 President—

1 “(A) \$25,000,000 for fiscal year 1999;

2 “(B) \$75,000,000 for fiscal year 2000; and

3 “(C) \$100,000,000 for fiscal year 2001.

4 “(3) CERTAIN PROHIBITIONS INAPPLICABLE.—

5 “(A) IN GENERAL.—A reduction of debt
6 pursuant to this section shall not be considered
7 assistance for purposes of any provision of law
8 limiting assistance to a country.

9 “(B) ADDITIONAL REQUIREMENT.—The
10 authority of this section may be exercised not-
11 withstanding section 620(r) of this Act or sec-
12 tion 321 of the International Development and
13 Food Assistance Act of 1975.

14 “(b) IMPLEMENTATION OF DEBT REDUCTION.—

15 “(1) IN GENERAL.—Any debt reduction pursu-
16 ant to subsection (a) shall be accomplished at the di-
17 rection of the Facility by the exchange of a new obli-
18 gation for obligations of the type referred to in sub-
19 section (a) outstanding as of the date specified in
20 subsection (a)(1).

21 “(2) EXCHANGE OF OBLIGATIONS.—

22 “(A) IN GENERAL.—The Facility shall no-
23 tify the agency primarily responsible for admin-
24 istering part I of this Act of an agreement en-
25 tered into under paragraph (1) with an eligible

1 country to exchange a new obligation for out-
2 standing obligations.

3 “(B) ADDITIONAL REQUIREMENT.—At the
4 direction of the Facility, the old obligations that
5 are the subject of the agreement shall be can-
6 celed and a new debt obligation for the country
7 shall be established relating to the agreement,
8 and the agency primarily responsible for admin-
9 istering part I of this Act shall make an adjust-
10 ment in its accounts to reflect the debt reduc-
11 tion.

12 “(c) ADDITIONAL TERMS AND CONDITIONS.—The
13 following additional terms and conditions shall apply to
14 the reduction of debt under subsection (a)(1) in the same
15 manner as such terms and conditions apply to the reduc-
16 tion of debt under section 704(a)(1) of this Act:

17 “(1) The provisions relating to repayment of
18 principal under section 705 of this Act.

19 “(2) The provisions relating to interest on new
20 obligations under section 706 of this Act.

1 **“SEC. 806. REDUCTION OF DEBT OWED TO THE UNITED**
2 **STATES AS A RESULT OF CREDITS EXTENDED**
3 **UNDER TITLE I OF THE AGRICULTURAL**
4 **TRADE DEVELOPMENT AND ASSISTANCE ACT**
5 **OF 1954.**

6 “(a) **AUTHORITY TO REDUCE DEBT.—**

7 “(1) **AUTHORITY.—**Notwithstanding any other
8 provision of law, the President may reduce the
9 amount owed to the United States (or any agency of
10 the United States) that is outstanding as of January
11 1, 1997, as a result of any credits extended under
12 title I of the Agricultural Trade Development and
13 Assistance Act of 1954 (7 U.S.C. 1701 et seq.) to
14 a country eligible for benefits from the Facility.

15 “(2) **AUTHORIZATION OF APPROPRIATIONS.—**
16 For the reduction of any debt pursuant to this sec-
17 tion, there are authorized to be appropriated to the
18 President—

19 “(A) \$25,000,000 for fiscal year 1999;

20 “(B) \$50,000,000 for fiscal year 2000; and

21 “(C) \$50,000,000 for fiscal year 2001.

22 “(b) **IMPLEMENTATION OF DEBT REDUCTION.—**

23 “(1) **IN GENERAL.—**Any debt reduction pursu-
24 ant to subsection (a) shall be accomplished at the di-
25 rection of the Facility by the exchange of a new obli-
26 gation for obligations of the type referred to in sub-

1 section (a) outstanding as of the date specified in
2 subsection (a)(1).

3 “(2) EXCHANGE OF OBLIGATIONS.—

4 “(A) IN GENERAL.—The Facility shall no-
5 tify the Commodity Credit Corporation of an
6 agreement entered into under paragraph (1)
7 with an eligible country to exchange a new obli-
8 gation for outstanding obligations.

9 “(B) ADDITIONAL REQUIREMENT.—At the
10 direction of the Facility, the old obligations that
11 are the subject of the agreement may be can-
12 celed and a new debt obligation may be estab-
13 lished for the country relating to the agreement,
14 and the Commodity Credit Corporation shall
15 make an adjustment in its accounts to reflect
16 the debt reduction.

17 “(c) ADDITIONAL TERMS AND CONDITIONS.—The
18 following additional terms and conditions shall apply to
19 the reduction of debt under subsection (a)(1) in the same
20 manner as such terms and conditions apply to the reduc-
21 tion of debt under section 604(a)(1) of the Agricultural
22 Trade Development and Assistance Act of 1954 (7 U.S.C.
23 1738c):

24 “(1) The provisions relating to repayment of
25 principal under section 605 of such Act.

1 “(2) The provisions relating to interest on new
2 obligations under section 606 of such Act.

3 **“SEC. 807. SALE, REDUCTION, OR CANCELLATION OF LOANS**
4 **MADE BY THE UNITED STATES UNDER THE**
5 **EXPORT-IMPORT BANK ACT OF 1945.**

6 “(a) AUTHORITY TO SELL, REDUCE, OR CANCEL
7 LOANS.—

8 “(1) AUTHORITY.—Notwithstanding any other
9 provision of law, the President may, in accordance
10 with this section, sell to any eligible purchaser any
11 loan or portion thereof made before January 1,
12 1997, to any eligible country or any agency thereof
13 pursuant to the Export-Import Bank Act of 1945
14 (12 U.S.C. 635 et seq.), or, on receipt of payment
15 from an eligible purchaser, reduce or cancel such
16 loan or portion thereof.

17 “(2) AUTHORIZATION OF APPROPRIATIONS.—
18 For the sale, reduction, or cancellation of loans or
19 portion thereof pursuant to this section, there are
20 authorized to be appropriated to the President
21 \$75,000,000 for fiscal year 2001.

22 “(b) IMPLEMENTATION OF DEBT REDUCTION.—

23 “(1) IN GENERAL.—Notwithstanding any other
24 provision of law, the President shall, in accordance
25 with this section, establish the terms and conditions

1 under which loans may be sold, reduced, or canceled
2 pursuant to subsection (a).

3 “(2) ADMINISTRATION.—The Facility shall no-
4 tify the Export-Import Bank of the United States of
5 purchasers that the President has determined to be
6 eligible, and shall direct the Bank to carry out the
7 sale, reduction, or cancellation of a loan pursuant to
8 this section, and the Bank shall make an adjustment
9 in its accounts to reflect the sale, reduction, or can-
10 cellation.

11 “(c) ADDITIONAL TERMS AND CONDITIONS.—The
12 following additional terms and conditions shall apply to
13 the sale, reduction, or cancellation of loans under sub-
14 section (a)(1) in the same manner as such terms and con-
15 ditions apply to the sale, reduction, or cancellation of loans
16 under section 12(c)(1) of the Export-Import Bank Act of
17 1945:

18 “(1) The provisions relating to the treatment of
19 the sale, reduction, or cancellation of loans under
20 the Securities Act of 1933 under section 12(c)(3) of
21 the Export-Import Bank Act of 1945.

22 “(2) The provisions relating to the deposit of
23 proceeds, eligible purchasers, and debtor consulta-
24 tion under subsections (d), (e), and (f), respectively,
25 of section 12 of such Act.

1 **“SEC. 808. TROPICAL FOREST FUND.**

2 “(a) ESTABLISHMENT.—Each beneficiary country
3 that enters into a Tropical Forest Agreement under sec-
4 tion 809 shall be required to establish a Tropical Forest
5 Fund to receive payments of interest on new obligations
6 issued by the beneficiary country under this part.

7 “(b) REQUIREMENTS RELATING TO OPERATION OF
8 FUND.—The following terms and conditions shall apply
9 to the Fund in the same manner as such terms as condi-
10 tions apply to an Enterprise for the Americas Fund under
11 section 707 of this Act:

12 “(1) The provision relating to deposits under
13 subsection (b) of such section.

14 “(2) The provision relating to investments
15 under subsection (c) of such section.

16 “(3) The provision relating to disbursements
17 under subsection (d) of such section.

18 **“SEC. 809. TROPICAL FOREST AGREEMENT.**

19 “(a) AUTHORITY.—

20 “(1) IN GENERAL.—The Secretary of State is
21 authorized, in consultation with other appropriate
22 officials of the Federal Government, to enter into a
23 Tropical Forest Agreement with any eligible country
24 concerning the operation and use of the Fund for
25 that country.

1 “(2) CONSULTATION.—In the negotiation of
2 such an Agreement, the Secretary shall consult with
3 the Tropical Forest Board in accordance with sec-
4 tion 810.

5 “(b) CONTENTS OF AGREEMENT.—The requirements
6 contained in section 708(b) of this Act (relating to con-
7 tents of an agreement) shall apply to a Agreement in the
8 same manner as such requirements apply to an Americas
9 Framework Agreement.

10 “(c) ADMINISTERING BODY.—

11 “(1) IN GENERAL.—Amounts disbursed from
12 the Fund in each beneficiary country shall be admin-
13 istered by a body constituted under the laws of that
14 country.

15 “(2) COMPOSITION.—

16 “(A) IN GENERAL.—The administering
17 body shall consist of—

18 “(i) one or more individuals appointed
19 by the United States Government;

20 “(ii) one or more individuals ap-
21 pointed by the government of the bene-
22 ficiary country; and

23 “(iii) individuals who represent a
24 broad range of—

1 “(I) environmental nongovern-
2 mental organizations active in the
3 beneficiary country;

4 “(II) local community develop-
5 ment nongovernmental organizations
6 of the beneficiary country; and

7 “(III) scientific or academic or-
8 ganizations or institutions of the ben-
9 eficiary country.

10 “(B) ADDITIONAL REQUIREMENT.—A ma-
11 jority of the members of the administering body
12 shall be individuals described in subparagraph
13 (A)(iii).

14 “(3) RESPONSIBILITIES.—The requirements
15 contained in section 708(c)(3) of this Act (relating
16 to responsibilities of the administering body) shall
17 apply to an administering body described in para-
18 graph (1) in the same manner as such requirements
19 apply to an administering body described in section
20 708(c)(1) of this Act.

21 “(d) ELIGIBLE ACTIVITIES.—Amounts deposited in a
22 Fund shall be used to provide grants to preserve, main-
23 tain, and restore the tropical forests in the beneficiary
24 country, including one or more of the following activities:

1 “(1) Establishment, restoration, protection, and
2 maintenance of parks and reserves.

3 “(2) Development and implementation of sound
4 systems of natural resource management, including
5 land and ecosystem management practices.

6 “(3) Training programs to strengthen conserva-
7 tion institutions and increase scientific, technical,
8 and managerial capacities of individuals and organi-
9 zations involved in conservation efforts.

10 “(4) Restoration, protection, or sustainable use
11 of diverse animal and plant species.

12 “(5) Protection of the world’s stratosphere from
13 the build-up of global warming gases.

14 “(6) Development and support of individuals
15 living in or near a tropical forest, including the cul-
16 tures of such individuals.

17 “(e) GRANT RECIPIENTS.—

18 “(1) IN GENERAL.—Grants made from a Fund
19 shall be made to—

20 “(A) nongovernmental environmental, con-
21 servation, and indigenous peoples organizations
22 active in the beneficiary country;

23 “(B) other appropriate local or regional
24 entities; and

1 “(C) in exceptional circumstances, the gov-
2 ernment of the beneficiary country.

3 “(2) PRIORITY.—In providing grants under
4 paragraph (1), priority shall be given to projects
5 that are run by nongovernmental organizations and
6 other private entities and that involve local commu-
7 nities in their planning and execution.

8 “(f) REVIEW OF LARGER GRANTS.—Any grant of
9 more than \$100,000 from a Fund shall be subject to veto
10 by the Government of the United States or the govern-
11 ment of the beneficiary country.

12 “(g) ELIGIBILITY CRITERIA.—In the event that a
13 country ceases to meet the eligibility requirements set
14 forth in section 804(a), as determined by the President
15 pursuant to section 804(b), then grants from the Fund
16 for that country may only be made to nongovernmental
17 organizations until such time as the President determines
18 that such country meets the eligibility requirements set
19 forth in section 804(a).

20 **“SEC. 810. TROPICAL FOREST BOARD.**

21 “(a) ESTABLISHMENT.—There is established a board
22 to be known as the ‘Tropical Forest Board’.

23 “(b) MEMBERSHIP AND CHAIRPERSON.—

1 “(1) MEMBERSHIP.—The Board shall be com-
2 posed of the following members appointed by the
3 President:

4 “(A) Six representatives from the United
5 States Government, at least one of whom shall
6 be a representative of the Department of Agri-
7 culture.

8 “(B) Five representatives from private
9 nongovernmental environmental, scientific, and
10 academic organizations with experience and ex-
11 pertise in preservation, maintenance, and res-
12 toration of tropical forests.

13 “(2) CHAIRPERSON.—The Board shall be head-
14 ed by a chairperson who shall be appointed by the
15 President from among the representatives appointed
16 under paragraph (1)(A).

17 “(c) DUTIES.—The Board—

18 “(1) shall advise the Secretary of State on the
19 negotiations of Tropical Forest Agreements;

20 “(2) shall ensure, in consultation with—

21 “(A) the government of the beneficiary
22 country,

23 “(B) nongovernmental organizations of the
24 beneficiary country,

1 “(C) nongovernmental organizations of the
2 region (if appropriate),

3 “(D) environmental, scientific, and aca-
4 demic leaders of the beneficiary country, and

5 “(E) environmental, scientific, and aca-
6 demic leaders of the region (as appropriate),

7 that a suitable administering body is identified for
8 each Fund; and

9 “(3) shall review the programs, operations, and
10 fiscal audits of each administering body.

11 **“SEC. 811. CONSULTATIONS WITH THE CONGRESS.**

12 “The President shall consult with the appropriate
13 congressional committees on a periodic basis to review the
14 operation of the Facility under this part and the eligibility
15 of countries for benefits from the Facility under this part.

16 **“SEC. 812. ANNUAL REPORTS TO THE CONGRESS.**

17 “(a) IN GENERAL.—Not later than December 31 of
18 each fiscal year, the President shall prepare and transmit
19 to the Congress an annual report concerning the operation
20 of the Facility for the prior fiscal year. Such report shall
21 include—

22 “(1) a description of the activities undertaken
23 by the Facility during the previous fiscal year;

24 “(2) a description of any Agreement entered
25 into under this part;

1 “(3) a report on any Funds that have been es-
2 tablished under this part and on the operations of
3 such Funds; and

4 “(4) a description of any grants that have been
5 provided by administering bodies pursuant to Agree-
6 ments under this part.

7 “(b) SUPPLEMENTAL VIEWS IN ANNUAL REPORT.—
8 Not later than December 15 of each fiscal year, each mem-
9 ber of the Board shall be entitled to receive a copy of the
10 report required under subsection (a). Each member of the
11 Board may prepare and submit supplemental views to the
12 President on the implementation of this part by December
13 31 for inclusion in the annual report when it is transmit-
14 ted to Congress pursuant to this section.

15 **“SEC. 813. DEFINITIONS.**

16 “As used in this part:

17 “(1) ADMINISTERING BODY.—The term ‘admin-
18 istering body’ means the entity provided for in sec-
19 tion 809(c).

20 “(2) APPROPRIATE CONGRESSIONAL COMMIT-
21 TEES.—The term ‘appropriate congressional com-
22 mittees’ means—

23 “(A) the Committee on International Rela-
24 tions and the Committee on Appropriations of
25 the House of Representatives; and

1 “(B) the Committee on Foreign Relations
2 and the Committee on Appropriations of the
3 Senate.

4 “(3) BENEFICIARY COUNTRY.—The term ‘bene-
5 ficiary country’ means an eligible country with re-
6 spect to which the authority of section 805(a)(1),
7 806(a)(1), or 807(a)(1) is exercised.

8 “(4) DEVELOPING COUNTRY WITH A TROPICAL
9 FOREST.—The term ‘developing country with a trop-
10 ical forest’ means—

11 “(A)(i) a country that has a per capita in-
12 come of \$725 or less in 1994 United States dol-
13 lars (commonly referred to as ‘low-income coun-
14 try’), as determined and adjusted on an annual
15 basis by the International Bank for Reconstruc-
16 tion and Development in its World Development
17 Report; or

18 “(ii) a country that has a per capita in-
19 come of more than \$725 but less than \$8,956
20 in 1994 United States dollars (commonly re-
21 ferred to as ‘middle-income country’), as deter-
22 mined and adjusted on an annual basis by the
23 International Bank for Reconstruction and De-
24 velopment in its World Development Report;
25 and

1 “(B) a country that contains at least one
2 tropical forest that is globally outstanding in
3 terms of its biological diversity or represents
4 one of the larger intact blocks of tropical for-
5 ests left, on a continental or global scale.

6 “(5) ELIGIBLE COUNTRY.—The term ‘eligible
7 country’ means—

8 “(A) for fiscal year 1999 and fiscal year
9 2000, the Republic of Bolivia, Brazil, Ecuador,
10 Guyana, the Republique de Cote d’Ivoire, the
11 Republic of Liberia, the Republic of Madagas-
12 car, the Republic of Indonesia, Papua New
13 Guinea, Peru, and the Philippines, if such coun-
14 try meets the criteria for designation by the
15 President under section 804; and

16 “(B) for fiscal year 2001, a country des-
17 ignated by the President in accordance with
18 section 804.

19 “(6) TROPICAL FOREST AGREEMENT.—The
20 term ‘Tropical Forest Agreement’ or ‘Agreement’
21 means a Tropical Forest Agreement provided for in
22 section 809.

23 “(7) TROPICAL FOREST BOARD.—The term
24 ‘Tropical Forest Board’ or ‘Board’ means the board
25 established by section 810.

1 “(8) TROPICAL FOREST FACILITY.—The term
2 ‘Tropical Forest Facility’ or ‘Facility’ means the
3 Tropical Forest Facility established in the Depart-
4 ment of the Treasury by section 803.

5 “(9) TROPICAL FOREST FUND.—The term
6 ‘Tropical Forest Fund’ or ‘Fund’ means a Tropical
7 Forest Fund provided for in section 808.”.

