

108TH CONGRESS  
2D SESSION

# H. R. 4559

To extend certain trade benefits to countries emerging from political instability, civil strife, or armed conflict.

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IN THE HOUSE OF REPRESENTATIVES

JUNE 14, 2004

Mr. HYDE introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To extend certain trade benefits to countries emerging from political instability, civil strife, or armed conflict.

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. SHORT TITLE.**

4       This Act may be cited as “Post-Conflict Trade Recov-  
5       ery Act”.

6       **SEC. 2. FINDINGS.**

7       Congress finds that—

8               (1) it is in the mutual interest of the United  
9       States and countries emerging from political insta-  
10      bility, civil strife, or armed conflict, to promote sta-

1 ble and sustainable growth and development of such  
2 countries;

3 (2) democratization and economic progress in  
4 countries emerging from political instability, civil  
5 strife, or armed conflict are important elements of a  
6 policy to address terrorism and endemic instability;

7 (3) preferential trade and market access ar-  
8 rangements are not a substitute for, but a com-  
9 plement to, necessary political and economic reforms  
10 that lead to political liberalization and economic  
11 freedom;

12 (4) countries in the developing world, and in  
13 particular countries emerging from political insta-  
14 bility, civil strife, or armed conflict, experience deep-  
15 ening poverty, slow job creation, and a declining  
16 share of world trade and investment, while at the  
17 same time tend to have population growth rates  
18 among the highest in the world;

19 (5) such economic conditions are in part the re-  
20 sult of barriers to trade and investment, a failure to  
21 engage fully in the global trading system, lack of  
22 participation in the World Trade Organization, and,  
23 often, a lack of economic diversification and over-re-  
24 liance on the energy sector;

1           (6) offering enhanced trade preferences to  
2 countries emerging from political instability, civil  
3 strife, or armed conflict will encourage higher levels  
4 of trade and direct investment and help bring such  
5 countries more fully into the global trading system;

6           (7) higher levels of trade and investment and  
7 greater involvement in the global trading system can  
8 lead to increased economic development, which can  
9 in turn lead to more jobs for people in countries  
10 emerging from political instability, civil strife, or  
11 armed conflict; and

12           (8) encouraging the reduction of trade and in-  
13 vestment barriers will enhance the benefits of trade  
14 and investment for all participating countries, as  
15 well as enhance commercial and political ties be-  
16 tween the United States and such participating  
17 countries.

18 **SEC. 3. STATEMENT OF POLICY.**

19 Congress supports—

20           (1) encouraging increased trade and investment  
21 between the United States and countries emerging  
22 from political instability, civil strife, or armed con-  
23 flict;

24           (2) reducing tariff and nontariff barriers and  
25 other obstacles to trade between the United States

1 and countries emerging from political instability,  
2 civil strife, or armed conflict;

3 (3) strengthening and expanding the private  
4 sector and accelerating the rate of job creation in  
5 countries emerging from political instability, civil  
6 strife, or armed conflict;

7 (4) promoting the rule of law, economic reform,  
8 political liberalization, respect for human rights, and  
9 the eradication of poverty in such countries;

10 (5) facilitating the development of civil societies  
11 and political freedom in such countries;

12 (6) promoting sustainable development, and  
13 protecting and preserving the environment in a man-  
14 ner consistent with economic development; and

15 (7) encouraging such countries to diversify their  
16 economies, implement domestic economic reforms,  
17 open to trade, and adopt anticorruption measures,  
18 including through accession to the Organization for  
19 Economic Cooperation and Development (OECD)  
20 Convention on Combating Bribery of Foreign Public  
21 Officials in International Business Transactions.

22 **SEC. 4. DESIGNATION OF ELIGIBLE COUNTRIES.**

23 (a) IN GENERAL.—The President is authorized to  
24 designate any country emerging from political instability,

1 civil strife, or armed conflict as a beneficiary country if  
2 the President determines that the country—

3 (1) has established, or is making continual  
4 progress toward establishing—

5 (A) a market-based economy that protects  
6 private property rights, incorporates an open  
7 rules-based trading system, and minimizes gov-  
8 ernment interference in the economy through  
9 measures such as price controls, subsidies, and  
10 government ownership of economic assets;

11 (B) the rule of law and the right to due  
12 process, a fair trial, and equal protection under  
13 the law;

14 (C) political pluralism, a climate free of  
15 political intimidation and restrictions on peace-  
16 ful political activity, and democratic elections  
17 that meet international standards of fairness,  
18 transparency, and participation;

19 (D) the elimination of barriers to United  
20 States trade and investment, including by—

21 (i) providing national treatment and  
22 measures to create an environment condu-  
23 cive to domestic and foreign investment;

24 (ii) protecting intellectual property;

25 and

1 (iii) resolving bilateral trade and in-  
2 vestment disputes;

3 (E) economic policies that reduce poverty,  
4 increase the availability of health care and edu-  
5 cational opportunities, expand physical infra-  
6 structure, promote the development of private  
7 enterprise, and encourage the formation of cap-  
8 ital markets through micro-credit or other pro-  
9 grams;

10 (F) a system to combat corruption and  
11 bribery, such as signing and implementing the  
12 OECD Convention on Combating Bribery of  
13 Foreign Public Officials in International Busi-  
14 ness Transactions;

15 (G) protection of internationally recognized  
16 worker rights, including the right of association,  
17 the right to organize and bargain collectively, a  
18 prohibition on the use of any form of forced or  
19 compulsory labor, a minimum age for the em-  
20 ployment of children, and acceptable conditions  
21 of work; and

22 (H) policies that provide a high level of en-  
23 vironmental protection;

1           (2) does not engage in activities that undermine  
2           United States national security or foreign policy in-  
3           terests;

4           (3) is a signatory of the United Nations Dec-  
5           laration of Human Rights, does not engage in gross  
6           violations of internationally recognized human  
7           rights, and is making continuing and verifiable  
8           progress on the protection of internationally recog-  
9           nized human rights, including freedom of speech and  
10          press, freedom of peaceful assembly and association,  
11          and freedom of religion;

12          (4) is not listed by the United States Depart-  
13          ment of State as a state sponsor of terrorism and  
14          cooperates fully in international efforts to combat  
15          terrorism; and

16          (5) otherwise meets the eligibility criteria set  
17          forth in section 502(b)(2) of the Trade Act of 1974  
18          (19 U.S.C. 2462(b)(2)), other than section  
19          502(b)(2)(B).

20          (b) RULE OF CONSTRUCTION.—If a country fails to  
21          satisfy one or more of the requirements contained in sub-  
22          paragraphs (A) through (H) of subsection (a)(1), but oth-  
23          erwise meets the requirements of subsection (a), the Presi-  
24          dent may designate the country as a beneficiary country  
25          under this Act if the President determines that such des-

1 igation will be in the national economic or security inter-  
2 est of the United States and transmits to Congress a re-  
3 port that contains the determination and the reasons  
4 therefor.

5 (c) CONTINUING COMPLIANCE.—If the President de-  
6 termines that a designated beneficiary country no longer  
7 meets the requirements described in subsection (a), the  
8 President shall terminate the designation of the country  
9 made pursuant to subsection (a) and transmit to Congress  
10 a report that contains the determination and the reasons  
11 therefor.

12 **SEC. 5. DESIGNATION OF ELIGIBLE ARTICLES.**

13 (a) ELIGIBLE ARTICLES.—Except as provided in sec-  
14 tions 503(b)(2) and (3) of the Trade Act of 1974 (19  
15 U.S.C. 2463(b)(2) and (3)), the President is authorized  
16 to designate articles as eligible for duty-free treatment  
17 from all beneficiary countries for purposes of this section  
18 by Executive order or Presidential proclamation after re-  
19 ceiving the advice of the International Trade Commission  
20 in accordance with subsection (c).

21 (b) RULES OF ORIGIN.—

22 (1) GENERAL RULE.—The duty-free treatment  
23 provided under this section shall apply to any eligi-  
24 ble article which is the growth, product, or manufac-  
25 ture of 1 or more beneficiary countries if—

1 (A) that article is imported directly from a  
2 beneficiary country into the customs territory of  
3 the United States; and

4 (B) the sum of—

5 (i) the cost or value of the materials  
6 produced in 1 or more beneficiary coun-  
7 tries, plus

8 (ii) the direct cost of processing oper-  
9 ations performed in such beneficiary coun-  
10 try or countries,

11 is not less than 35 percent of the appraised  
12 value of such article at the time it is entered.

13 (2) EXCLUSIONS.—An article shall not be treat-  
14 ed as the growth, product, or manufacture of a ben-  
15 efitary country by virtue of having merely under-  
16 gone—

17 (A) simple combining or packaging oper-  
18 ations; or

19 (B) mere dilution with water or mere dilu-  
20 tion with another substance that does not mate-  
21 rially alter the characteristics of the article.

22 (3) REGULATIONS.—The Secretary of the  
23 Treasury, after consulting with the United States  
24 Trade Representative, shall prescribe such regula-  
25 tions as may be necessary to carry out this sub-

1 section, including, but not limited to, regulations  
2 providing that, in order to be eligible for duty-free  
3 treatment under this Act, an article—

4 (A) must be wholly the growth, product, or  
5 manufacture of 1 or more beneficiary countries;  
6 or

7 (B) must be a new or different article of  
8 commerce which has been grown, produced, or  
9 manufactured in 1 or more beneficiary coun-  
10 tries.

11 (c) INTERNATIONAL TRADE COMMISSION ADVICE.—  
12 Before designating an article as an eligible article under  
13 subsection (a), the President shall publish in the Federal  
14 Register and furnish the International Trade Commission  
15 with a list of articles that may be considered for designa-  
16 tion as eligible articles for purposes of this Act. The Presi-  
17 dent shall comply with the provisions of sections 131, 132,  
18 133, and 134 of the Trade Act of 1974 as if an action  
19 under this section were an action taken under section 123  
20 of the Trade Act of 1974 to carry out a trade agreement  
21 entered into under section 123.

1 **SEC. 6. TERMINATION OF PREFERENTIAL TREATMENT.**

2       No duty-free treatment or other preferential treat-  
3 ment extended to beneficiary countries under this Act  
4 shall remain in effect after December 31, 2011.

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