

REAUTHORIZATION OF THE TROPICAL FOREST
CONSERVATION ACT OF 1998 THROUGH FISCAL YEAR 2004

JUNE 28, 2001.—Committed to the Committee of the Whole House on the State of
the Union and ordered to be printed

Mr. HYDE, from the Committee on International Relations,
submitted the following

R E P O R T

[To accompany H.R. 2131]

[Including cost estimate of the Congressional Budget Office]

The Committee on International Relations, to whom was referred the bill (H.R. 2131) to reauthorize the Tropical Forest Conservation Act of 1998 through fiscal year 2004, having considered the same, reports favorably thereon with amendments and recommends that the bill as amended do pass.

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THE AMENDMENTS

The amendments are as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. ELIGIBILITY FOR BENEFITS.

Section 805(a)(2) of the Tropical Forest Conservation Act of 1998 (22 U.S.C. 2431c(a)(2)) is amended by striking “major”.

SEC. 2. AUTHORIZATION OF APPROPRIATIONS TO SUPPORT REDUCTION OF DEBT UNDER THE FOREIGN ASSISTANCE ACT OF 1961 AND TITLE I OF THE AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954.

(a) REAUTHORIZATION.—Section 806 of the Tropical Forest Conservation Act of 1998 (22 U.S.C. 2431d) is amended by adding at the end the following new subsection:

“(d) AUTHORIZATION OF APPROPRIATIONS FOR FISCAL YEARS AFTER FISCAL YEAR 2001.—For the cost (as defined in section 502(5) of the Federal Credit Reform Act of 1990) for the reduction of any debt pursuant to this section or section 807, there are authorized to be appropriated to the President the following:

“(1) \$50,000,000 for fiscal year 2002.

“(2) \$75,000,000 for fiscal year 2003.

“(3) \$100,000,000 for fiscal year 2004.”.

(b) CONFORMING AMENDMENT.—Section 808(a)(1)(D) of the Tropical Forest Conservation Act of 1998 (22 U.S.C. 2431f(a)(1)(D)) is amended by striking “to appropriated under sections 806(a)(2) and 807(a)(2)” and inserting “to be appropriated under sections 806(a)(2), 807(a)(2), and 806(d)”.

SEC. 3. CHAIRPERSON OF THE ENTERPRISE FOR THE AMERICAS BOARD.

Section 811(b)(2) of the Tropical Forest Conservation Act of 1998 (22 U.S.C. 2431i(b)(2)) is amended by striking “from among the representatives appointed under section 610(b)(1)(A) of such Act or paragraph (1)(A) of this subsection” and inserting “and shall be the representative from the Department of State appointed under section 610(b)(1)(A) of such Act”.

Amend the title so as to read:

A bill to reauthorize the Tropical Forest Conservation Act of 1998 through fiscal year 2004, and for other purposes.

PURPOSE AND SUMMARY

To Reauthorize the Tropical Forest Conservation Act of 1998 through fiscal year 2004. This bill authorizes appropriations for debt reduction for eligible countries of \$50 million for FY2002, \$75 million for FY2003, and \$100 million for FY2004.

BACKGROUND AND NEED FOR THE LEGISLATION

The bill reauthorizes the Tropical Forest Conservation Act (TFCA) to protect the world’s most valuable tropical forests through “debt for nature” mechanisms. At present there are 11 nations on three continents that are interested in negotiating debt reduction agreements under the TFCA. This market-oriented conservation program is based on the previous Bush Administration’s Enterprise for the Americas Initiative allowing the President to restructure debt in exchange for conservation efforts in Latin America. TFCA expands this initiative to tropical forests on a sustained basis worldwide. Tropical forests act as “carbon sinks” absorbing massive quantities of carbon dioxide from the atmosphere, thereby reducing greenhouse gases.

COMMITTEE CONSIDERATION

On June 20, 2001, the Committee met in open session and ordered favorably reported the bill H.R. 2131, as amended, by voice vote, a quorum being present.

COMMITTEE OVERSIGHT FINDINGS

In compliance with clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee reports that the findings and recommendations of the Committee, based on oversight activities under clause 2(b)(1) of rule X of the Rules of the House of Representatives, are incorporated in the descriptive portions of this report.

NEW BUDGET AUTHORITY AND TAX EXPENDITURES

Clause 3(c)(2) of House Rule XIII is inapplicable because this legislation does not provide new budgetary authority or increased tax expenditures.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

In compliance with clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, the Committee sets forth, with respect to the bill, H.R. 2131, the following estimate and comparison prepared by the Director of the Congressional Budget Office under section 402 of the Congressional Budget Act of 1974:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, June 21, 2001.

Hon. HENRY J. HYDE, *Chairman,*
Committee on International Relations,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 2131, a bill to reauthorize the Tropical Forest Conservation Act of 1998 through fiscal year 2004.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Joseph C. Whitehill, who can be reached at 226-2840.

Sincerely,

DAN L. CRIPPEN, *Director.*

Enclosure

cc: Honorable Tom Lantos
Ranking Democratic Member

H.R. 2131—A bill to reauthorize the Tropical Forest Conservation Act of 1998 through fiscal year 2004, and for other purposes.

SUMMARY

H.R. 2131 would extend the Tropical Forest Conservation Act for three years through 2004 and authorize the appropriation of \$225 million for the cost of implementing the act over that period. The bill would expand the act to include additional countries and it would require that the State Department chair the interagency

board that oversees the tropical forest program and a companion Enterprise-for-the-Americas program. Assuming the appropriation of the authorized amounts, CBO estimates that implementing the bill would cost \$221 million over the 2002–2006 period. Because H.R. 2131 would not affect direct spending or receipts, pay-as-you-go procedures would not apply.

The Tropical Forest Conservation Act authorizes the Secretary of State to negotiate agreements with eligible countries to create local funds administered by local boards with the authority to make grants to preserve, maintain, and restore tropical forests. The local funds receive a stream of payments generated by modifying the terms of outstanding development assistance or food-aid debt owed to the United States. The debt modifications include authority to reduce and to restructure debt, to swap the debt, or to sell the debt back to an eligible country in ways that will generate income for the local funds. The amounts authorized by H.R. 2131 would be used to cover the cost, as defined by the Federal Credit Reform Act, of modifying the debt.

H.R. 2131 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 2131 is shown in the following table. The costs of this legislation fall within budget function 150 (international affairs).

By fiscal year, in millions of dollars						
	2001	2002	2003	2004	2005	2006
SPENDING SUBJECT TO APPROPRIATION						
Spending Under Current Law for Debt Reduction of Developing Countries with Tropical Forests						
Budget Authority ¹	13	0	0	0	0	0
Estimated Outlays	6	13	0	0	0	0
Proposed Changes						
Authorization Level	0	50	75	100	0	0
Estimated Outlays	0	13	36	69	64	39
Spending Under H.R. 2131 for Debt Reduction of Developing Countries with Tropical Forests						
Authorization Level ¹	13	50	75	100	0	0
Estimated Outlays	6	26	36	69	64	39

¹The 2001 level is the amount appropriated for that year for the cost of implementing the Tropical Forest Conservation Act of 1998.

BASIS OF ESTIMATE

CBO assumes that the authorized amounts would be appropriated by the start of each fiscal year and that outlays would follow historical spending patterns.

PAY-AS-YOU-GO CONSIDERATIONS:

None

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 2131 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

ESTIMATE PREPARED BY:

Federal Costs: Joseph C. Whitehill (226–2840)
 Impact on State, Local, and Tribal Governments: Elyse Goldman
 (225–3220)
 Impact on the Private Sector: Lauren Marks (226–2940)

ESTIMATE APPROVED BY:

Robert A. Sunshine
 Assistant Director for Budget Analysis

PERFORMANCE GOALS AND OBJECTIVES

The goal of this legislation is to reauthorize the TFCA (P.L. 105–214), protecting the world’s valuable tropical forests by restructuring debt in exchange for conservation efforts.

CONSTITUTIONAL AUTHORITY STATEMENT

Pursuant to clause 3(d)(1) of rule XIII of the Rules of the House of Representatives, the Committee finds the authority for this legislation in article 1, section 8, clause 18 of the Constitution.

SECTION-BY-SECTION ANALYSIS AND DISCUSSION

To reauthorize the Tropical Forest Conservation Act of 1998 through fiscal year 2004.

Section 1—Eligibility for Benefits.

Section 1 allows more countries to be eligible for benefits. In section 805(a)(2) of the Tropical Forest Conservation Act of 1998 (P.L. 105–214), the threshold for investment reforms for a country to become eligible for assistance has been changed by dropping “major” before “investment reforms.” The Committee is concerned that the Treasury Department is insisting on comprehensive foreign investment protection regimes, including extraneous trade-related issues, in order for countries to participate in this Act. However, the Committee believes that countries such as the Philippines and Costa Rica made significant progress in improving the climate for foreign investment, and should be made eligible to participate in the provisions of this Act in light of this progress as well as the critical importance of protecting the tropical forests in these countries.

The Committee wishes to clarify that the geographical limits defining eligibility under the Tropical Forest Conservation Act should be extended to any country or area that is between 30 degrees north and 30 degrees south of the Equator. The reason the Committee encourages this extension is due to U.S. Agency for International Development’s interpretation that only countries lying between 23.5 degrees north or south of the equator are eligible for benefits under this Act. This interpretation excludes certain tropical-type forests such as the forests of the Terai region in Southern Nepal and Northern India as well as large parts of the Atlantic for-

est in Brazil, Argentina, and Paraguay. The Committee believes that these valuable regions should be eligible under this Act in order to encourage their conservation.

Section 2—Authorization of Appropriations to Support Reduction of Debt under the Foreign Assistance Act of 1961 and Title I of the Agricultural Trade Development and Assistance Act of 1954.

Section 2 authorizes appropriations of \$50,000,000 for fiscal year 2002, \$75,000,000 for fiscal year 2003, \$100,000,000 fiscal year 2004.

Section 3—Chairpersons of the Enterprise for the Americas Board.

Section 3 specifies that the chairperson of the Enterprise for the Americas Board shall be a representative from the Department of State.

AGENCY VIEWS

The Administration supports the bill.

NEW ADVISORY COMMITTEES

H.R. 2131 does not establish or authorize any new advisory committees.

CONGRESSIONAL ACCOUNTABILITY ACT

H.R. 2131 does not apply to the legislative branch.

FEDERAL MANDAGES

H.R. 2131 provides no Federal mandates.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

TROPICAL FOREST CONSERVATION ACT OF 1998

* * * * *

PART V—DEBT REDUCTION FOR DEVELOPING COUNTRIES WITH TROPICAL FORESTS

* * * * *

SEC. 805. ELIGIBILITY FOR BENEFITS.

(a) IN GENERAL.—To be eligible for benefits from the Facility under this part, a country shall be a developing country with a tropical forest—

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

(2) that has put in place [major] investment reforms, as evidenced by the conclusion of a bilateral investment treaty with the United States, implementation of an investment sector loan with the Inter-American Development Bank, World Bank-supported investment reforms, or other measures, as appropriate.

* * * * *

SEC. 806. REDUCTION OF DEBT OWED TO THE UNITED STATES AS A RESULT OF CONCESSIONAL LOANS UNDER THE FOREIGN ASSISTANCE ACT OF 1961.

(a) * * *

* * * * *

(d) *AUTHORIZATION OF APPROPRIATIONS FOR FISCAL YEARS AFTER FISCAL YEAR 2001.*—For the cost (as defined in section 502(5) of the Federal Credit Reform Act of 1990) for the reduction of any debt pursuant to this section or section 807, there are authorized to be appropriated to the President the following:

- (1) \$50,000,000 for fiscal year 2002.
- (2) \$75,000,000 for fiscal year 2003.
- (3) \$100,000,000 for fiscal year 2004.

* * * * *

SEC. 808. AUTHORITY TO ENGAGE IN DEBT-FOR-NATURE SWAPS AND DEBT BUYBACKS.

(a) LOANS AND CREDITS ELIGIBLE FOR SALE, REDUCTION, OR CANCELLATION.—

(1) DEBT-FOR-NATURE SWAPS.—

(A) * * *

* * * * *

(D) *AUTHORIZATION OF APPROPRIATIONS.*—For the cost (as defined in section 502(5) of the Federal Credit Reform Act of 1990) for the reduction of any debt pursuant to subparagraph (A), amounts authorized [to appropriated under sections 806(a)(2) and 807(a)(2)] *to be appropriated under sections 806(a)(2), 807(a)(2), and 806(d)* shall be made available for such reduction of debt pursuant to subparagraph (A).

* * * * *

SEC. 811. BOARD.

(a) * * *

(b) ADDITIONAL MEMBERSHIP.—

(1) * * *

(2) *CHAIRPERSON.*—Notwithstanding section 610(b)(2) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1738i(b)(2)), the Enterprise for the Americas Board shall be headed by a chairperson who shall be appointed by the President [from among the representatives appointed under section 610(b)(1)(A) of such Act or paragraph (1)(A) of this subsection] *and shall be the representative from the De-*

partment of State appointed under section 610(b)(1)(A) of such Act.

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