

110TH CONGRESS  
1ST SESSION

# H. R. 3905

To provide for an additional trade preference program for least developed countries, and for other purposes.

---

## IN THE HOUSE OF REPRESENTATIVES

OCTOBER 18, 2007

Mr. McDERMOTT (for himself, Mr. ENGLISH of Pennsylvania, Mr. SMITH of Washington, Mr. WELLER of Illinois, Ms. WATSON, Mr. BURTON of Indiana, Mr. BLUMENAUER, Mr. CROWLEY, and Mr. MEEK of Florida) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on Foreign Affairs and Financial Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

---

## A BILL

To provide for an additional trade preference program for least developed countries, and for other purposes.

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 the “New Partnership for  
5       Development Act of 2007”.

1 **TITLE I—TRADE PREFERENCES**  
2 **FOR LEAST DEVELOPED**  
3 **COUNTRIES**

4 **SEC. 101. TRADE PREFERENCES.**

5 (a) IN GENERAL.—Title V of the Trade Act of 1974  
6 is amended by inserting after section 506B the following:

7 **“SEC. 506C. TRADE PREFERENCES FOR LEAST DEVELOPED**  
8 **COUNTRIES.**

9 “(a) DUTY-FREE-TREATMENT.—The President shall  
10 provide duty-free treatment in accordance with this sec-  
11 tion for all articles from qualified beneficiary countries  
12 designated under subsection (b), and such articles shall  
13 not be subject to any quantitative limitation.

14 “(b) DESIGNATION OF QUALIFIED BENEFICIARY  
15 COUNTRIES.—

16 “(1) DESIGNATED COUNTRIES.—Subject to  
17 paragraph (2), the President shall designate the fol-  
18 lowing countries as qualified beneficiary countries  
19 for purposes of this section:

20 “(A) Countries determined by the Eco-  
21 nomic and Social Council of the United Nations  
22 as ‘Least Developed’, other than Myanmar and  
23 Sudan.

24 “(B) A country that is designated as an el-  
25 igible sub-Saharan African country under sec-

1           tion 104 of the African Growth and Oppor-  
2           tunity Act.

3           “(2) EXCLUSION.—The President may not des-  
4           ignate a country as a qualified beneficiary country,  
5           and the President shall terminate the eligibility of a  
6           qualified beneficiary country for the preferential  
7           treatment under subsection (a), if any of the fol-  
8           lowing applies:

9                   “(A) The country has not adopted and  
10                 maintained in its statutes and regulations the  
11                 following rights, as defined by the International  
12                 Labor Organization:

13                           “(i) Freedom of association.

14                           “(ii) The effective recognition of the  
15                           right to collective bargaining.

16                           “(iii) The elimination of all forms of  
17                           compulsory or forced labor.

18                           “(iv) The effective abolition of child  
19                           labor and the prohibition on the worst  
20                           forms of child labor.

21                           “(v) The elimination of discrimination  
22                           in respect of employment and occupation.

23                   “(B) The country has failed to effectively  
24                   enforce, through a sustained or recurring  
25                   course of action or inaction laws directly related

1 to the rights set forth in subparagraph (A) and  
2 to acceptable conditions of work with respect to  
3 minimum wages, hours of work, and occupa-  
4 tional safety and health, in a manner affecting  
5 trade or investment between the United States  
6 and the qualifying beneficiary country.

7 “(C) The country is not making meaning-  
8 ful progress toward—

9 “(i) establishing a market-based econ-  
10 omy that protects private property rights,  
11 incorporates an open-rules-based trading  
12 system, and minimizes government inter-  
13 ference in the economy through measures  
14 such as price controls, subsidies, and gov-  
15 ernment ownership of economic assets;

16 “(ii) establishing the rule of law, polit-  
17 ical pluralism, and the right to due proc-  
18 ess, a fair trial, and equal protection under  
19 the law;

20 “(iii) elimination of barriers to trade  
21 and investment, including by—

22 “(I) the provision of national  
23 treatment measures to create an envi-  
24 ronment conducive to domestic and  
25 foreign investment;

1 “(II) the protection of intellectual  
2 property (without prejudice to any  
3 rights conferred by World Trade Or-  
4 ganization agreements); and

5 “(III) the resolution of bilateral  
6 trade and investment disputes;

7 “(iv) creating a system to combat cor-  
8 ruption and bribery, such as signing and  
9 implementing the Convention on Com-  
10 bating Bribery of Foreign Public Officials  
11 and International Business Transactions;

12 “(v) establishing and effectively en-  
13 forcing laws to manage natural resources  
14 in a manner that ensures that their extrac-  
15 tion does not cause serious injury to the  
16 environment and peoples of the producer  
17 nation; and

18 “(vi) establishing and effectively en-  
19 forcing laws and measures to prevent ex-  
20 ports of illegally harvested flora or fauna,  
21 including by fully implementing the Con-  
22 vention on International Trade in Endan-  
23 gered Species of Wild Fauna and Flora.

24 “(D) The country engages in gross viola-  
25 tions of internationally recognized human rights

1 or fails to cooperate in international efforts to  
2 eliminate human rights violations.

3 “(E) The country does not provide reason-  
4 able access to the appropriate United States of-  
5 ficials to investigate and monitor compliance  
6 with the matters set forth in subparagraphs (A)  
7 and (B), including by ensuring full access to  
8 worksites, workers, and managers for the com-  
9 pletion of monitoring visits prescribed under  
10 section 402(b) of the Foreign Assistance Act of  
11 1961.

12 “(3) COMPLIANCE.—

13 “(A) ACTIONS FOR NONCOMPLIANCE.—If  
14 the Director of Competitiveness for Least-De-  
15 veloped Countries (established in section 401 of  
16 the Foreign Assistance Act of 1961) deter-  
17 mines, based upon the annual Report Card on  
18 Competitiveness submitted under section 402(e)  
19 of that Act, and after interagency consultations  
20 and consideration of any comments by Members  
21 of Congress that are made upon review of such  
22 annual Report Card, or based upon the review  
23 and assessment of a petition submitted under  
24 section 402(d) of that Act, that the qualified  
25 beneficiary country is not meeting the stand-

ards required by subparagraphs (A), (B), (D),  
and (E) of paragraph (2), then—

“(i) the Director shall enter into consultations with the qualified beneficiary country, with the participation of worker representatives, in order to develop a plan with clear benchmarks to enable the country to comply with the provisions of subparagraphs (A), (B), (D) and (E) of paragraph (2);

“(ii) the Director shall notify the Congress of any action under clause (i); and

“(iii) if, after such consultations, a plan described in clause (i) cannot be developed, or such a plan is not implemented effectively, the President shall notify the Congress of the extent to which the President intends to terminate the country’s eligibility for preferential treatment under subsection (a).

“(B) TERMINATION OF ELIGIBILITY.—The President may not terminate the eligibility of a country on any basis under paragraph (2) before the end of the 3-month period beginning on

1 the date on which the President notifies the  
2 Congress of the President's intention to do so.

3 “(C) REINSTATEMENT OF ELIGIBILITY.—

4 The President may reinstate the eligibility for  
5 preferential treatment under subsection (a) of a  
6 country whose eligibility has been terminated  
7 under subparagraph (A) only if the Director of  
8 Competitiveness for Least-Developed Countries  
9 determines, based upon the most recent annual  
10 Report Card on Competitiveness referred to in  
11 subparagraph (A) and after interagency con-  
12 sultations and consideration of any comments  
13 by Members of Congress that are made upon  
14 review of such annual Report Card, that the  
15 qualified beneficiary country has met the stand-  
16 ards required by subparagraphs (A), (B), (D),  
17 and (E) of paragraph (2).

18 “(c) ELIGIBLE ARTICLES.—

19 “(1) RULES OF ORIGIN.—

20 “(A) IN GENERAL.—The duty-free treat-  
21 ment provided under this section shall apply to  
22 any article that is the growth, product, or man-  
23 ufacture of a qualified beneficiary country if—

24 “(i) the article is imported directly  
25 from a qualified beneficiary country into

1 the customs territory of the United States;

2 and

3 “(ii) the sum of—

4 “(I) the cost or value of the ma-

5 terials produced in 1 or more qualified

6 beneficiary countries under this sec-

7 tion, plus

8 “(II) the direct costs of proc-

9 essing operations performed in 1 or

10 more qualified beneficiary countries,

11 is not less than 35 percent of the ap-

12 praised value of the article at the time it

13 is entered.

14 “(B) SPECIAL RULE FOR SUB-SAHARAN

15 AFRICA.—In the case of a textile or apparel ar-

16 ticle that is the growth, product, or manufac-

17 ture of a country described in subsection

18 (b)(1)(B), in the 10-year period beginning on

19 January 1, 2009, subparagraph (A)(ii) shall be

20 applied by substituting ‘25 percent’ for ‘35 per-

21 cent’.

22 “(C) DETERMINATION OF PERCENTAGE.—

23 For purposes of determining the percentage re-

24 ferred to in subparagraph (A)(ii), the term

25 ‘qualified beneficiary country’ includes the Com-

1 monwealth of Puerto Rico and the United  
2 States Virgin Islands. If the cost or value of  
3 materials produced in the customs territory of  
4 the United States (other than the Common-  
5 wealth of Puerto Rico) is included with respect  
6 to an article to which this paragraph applies, an  
7 amount not to exceed 15 percent of the ap-  
8 praised value of the article at the time it is en-  
9 tered that is attributed to such United States  
10 cost or value may be applied toward deter-  
11 mining the percentage referred to in subpara-  
12 graph (A)(ii).

13 “(D) EXCLUSIONS.—An article shall not  
14 be treated as the growth, product, or manufac-  
15 ture of a qualified beneficiary developing coun-  
16 try by virtue of having merely undergone—

17 “(i) simple combining or packaging  
18 operations, or

19 “(ii) mere dilution with water or mere  
20 dilution with another substance that does  
21 not materially alter the characteristics of  
22 the article.

23 “(E) DIRECT COSTS OF PROCESSING OPER-  
24 ATIONS.—As used in this paragraph, the term  
25 ‘direct costs of processing operations’—

1 “(i) includes, but is not limited to—

2 “(I) all actual labor costs in-  
3 volved in the growth, production,  
4 manufacture, or assembly of the spe-  
5 cific merchandise, including fringe  
6 benefits, on-the-job training and the  
7 cost of engineering, supervisory, qual-  
8 ity control, and similar personnel; and

9 “(II) dies, molds, tooling, and de-  
10 preciation on machinery and equip-  
11 ment which are allocable to the spe-  
12 cific merchandise; and

13 “(ii) does not include costs that are  
14 not directly attributable to the merchan-  
15 dise concerned or are not costs of manu-  
16 facturing the product, such as—

17 “(I) profit; and

18 “(II) general expenses of doing  
19 business that are either not allocable  
20 to the specific merchandise or are not  
21 related to the growth, production,  
22 manufacture, or assembly of the mer-  
23 chandise, such as administrative sala-  
24 ries, casualty and liability insurance,  
25 advertising, interest, and salaries,

1 commissions, or expenses of sales per-  
2 sonnel.

3 “(2) ADJUSTMENT RULE.—

4 “(A) ADJUSTMENT RULE FOR SIGNIFICANT  
5 APPAREL SUPPLIERS.—In each of calendar  
6 years 2009 through 2019, in the case of a prod-  
7 uct described in subparagraph (B) that is the  
8 growth, product, or manufacture of a signifi-  
9 cant apparel supplier, the preferential treat-  
10 ment under subsection (a) shall be limited to  
11 the aggregate square meter equivalent of such  
12 product that entered from that significant ap-  
13 parel supplier in calendar year 2007.

14 “(B) PRODUCTS.—The products referred  
15 to in subparagraph (A) are the following:

16 “(i) Men’s and boys’ trousers, breech-  
17 es, and shorts made with cotton or man-  
18 made fibers.

19 “(ii) Women’s and girls’ trousers,  
20 slacks, breeches, and shorts made with cot-  
21 ton or man-made fibers.

22 “(iii) Men’s and boys’ knit shirts  
23 made from cotton or man-made fibers.

1                   “(iv) Women’s and girls’ knit shirts  
2                   and blouses made from cotton or man-  
3                   made fibers.

4                   “(v) Men’s and boys’ shirts, not knit,  
5                   made from cotton or man-made fibers.

6                   “(vi) Women’s and girls’ shirts and  
7                   blouses, non-knit, made from cotton or  
8                   man-made fibers.

9                   “(vii) Men’s and boys’ coats made  
10                  from cotton or man-made fibers.

11                  “(viii) Women’s and girls’ coats made  
12                  from cotton or man-made fibers.

13                  “(C) ALTERNATIVE ADJUSTMENT RULE  
14                  FOR SIGNIFICANT APPAREL SUPPLIER.—If a  
15                  significant apparel supplier qualifies under sub-  
16                  paragraph (D) for the competitiveness incentive  
17                  for a calendar year after calendar year 2009,  
18                  then the quantitative limitation under subpara-  
19                  graph (A) for that calendar year shall be in-  
20                  creased by 15 percent over the quantitative lim-  
21                  itation that applied to that supplier in the pre-  
22                  ceding calendar year.

23                  “(D) COMPETITIVE INCENTIVE.—A signifi-  
24                  cant apparel supplier qualifies for the competi-  
25                  tiveness incentive for a calendar year if the Di-

1 rector of Competitiveness for Least-Developed  
2 Countries established in section 401(b) of the  
3 Foreign Assistance Act of 1961 determines, on  
4 the basis of the annual Report Card on Com-  
5 petitiveness submitted under section 402(e) of  
6 that Act, and after meaningful interagency con-  
7 sultations and consideration of any comments  
8 by Members of Congress that are made upon  
9 review of such annual Report Card, that the  
10 country—

11 “(i) has adopted and maintained in its  
12 statutes and regulations, and practices  
13 thereunder, those labor rights set forth in  
14 subsection (b)(2)(A)(i) of this section; and

15 “(ii) has not failed to effectively en-  
16 force laws directly related to these rights  
17 and to acceptable conditions of work with  
18 respect to minimum wages, hours of work,  
19 and occupational safety and health.

20 “(E) SIGNIFICANT APPAREL SUPPLIER DE-  
21 FINED.—For purposes of this paragraph, the  
22 term ‘significant apparel supplier’ means Ban-  
23 gladesh and Cambodia.

24 “(d) PROTECTION AGAINST TRANSSHIPMENT.—The  
25 preferential treatment under this section may not be ex-

1 tended to textile and apparel articles imported from a  
2 qualified beneficiary country unless that country meets the  
3 requirements of section 113 of African Growth and Oppor-  
4 tunity Act, except that in applying that section—

5 “(1) any reference to a ‘sub-Saharan African  
6 country’ or to ‘sub-Saharan African countries’ shall  
7 be deemed to refer to a qualified beneficiary country  
8 or to qualified beneficiary countries, as the case may  
9 be; and

10 “(2) any reference to ‘section 112’ shall be  
11 deemed to refer to this section.

12 “(e) SAFEGUARD FOR AGRICULTURAL PRODUCTS.—

13 “(1) IN GENERAL.—In the case of an agricul-  
14 tural product that would otherwise be subject to a  
15 tariff-rate quota for which preferential treatment is  
16 claimed under this section, the President shall assess  
17 a duty, in the amount prescribed under paragraph  
18 (2), on imports of that product in excess of that tar-  
19 iff-rate quota if the President determines that the  
20 unit import price of the product when it enters the  
21 United States, determined on an F.O.B. basis, is  
22 less than the annual trigger price determined under  
23 paragraph (4).

1           “(2) CALCULATION OF ADDITIONAL DUTIES.—

2           The amount of the additional duty under this sub-  
3           section shall be determined as follows:

4                   “(A) If the difference between the unit im-  
5                   port price and the trigger price is less than, or  
6                   equal to, 10 percent of the trigger price, no ad-  
7                   ditional duty shall be imposed.

8                   “(B) If the difference between the unit im-  
9                   port price and the trigger price is greater than  
10                  10 percent, but less than or equal to 40 per-  
11                  cent, of the trigger price, the additional duty  
12                  shall be equal to 30 percent of the difference  
13                  between the preferential tariff rate and the col-  
14                  umn 1 general rate of duty imposed under the  
15                  HTS on like articles at the time the additional  
16                  duty is imposed.

17                  “(C) If the difference between the unit im-  
18                  port price and the trigger price is greater than  
19                  40 percent, but less than or equal to 60 per-  
20                  cent, of the trigger price, the additional duty  
21                  shall be equal to 50 percent of the difference  
22                  between the preferential tariff rate and the col-  
23                  umn 1 general rate of duty imposed under the  
24                  HTS on like articles at the time the additional  
25                  duty is imposed.

“(D) If the difference between the unit import price and the trigger price is greater than 60 percent, but less than or equal to 75 percent, of the trigger price, the additional duty shall be equal to 70 percent of the difference between the preferential tariff rate and the column 1 general rate of duty imposed under the HTS on like articles at the time the additional duty is imposed.

“(E) If the difference between the unit import price and the trigger price is greater than 75 percent of the trigger price, the additional duty shall be equal to 100 percent of the difference between the preferential tariff rate and the column 1 general rate of duty imposed under the HTS on like articles at the time the additional duty is imposed.

“(3) EXCEPTIONS.—An additional duty under this subsection shall not be assessed on an agricultural product if, at the time it is entered, the product is subject to import relief under chapter 1 of title II of this Act.

“(4) CALCULATION OF TRIGGER PRICE.—

“(A) IN GENERAL.—Not later than 60 days after the date of the enactment of the this

1 section, and annually thereafter, the President  
2 shall, in consultation with the Secretary of Ag-  
3 riculture, establish the annual trigger price for  
4 each agricultural product to which this sub-  
5 section applies, and shall publish such prices in  
6 the Federal Register. The trigger price for a  
7 product may not be less than the 3-year aver-  
8 age import price for that product.

9 “(B) CONSULTATION WITH CONGRES-  
10 SIONAL COMMITTEES.—Not later than 30 days  
11 before publishing the trigger prices in the Fed-  
12 eral Register under subparagraph (A), the  
13 President shall notify and consult with the  
14 Committee on Ways and Means and the Com-  
15 mittee on Agriculture of the House of Rep-  
16 resentatives, and the Committee on Finance  
17 and the Committee on Agriculture of the Sen-  
18 ate, with respect to the proposed trigger prices.

19 “(5) NOTICE TO COUNTRY CONCERNED.—Not  
20 later than 60 days after the President first assesses  
21 additional duties under this subsection on imports of  
22 an agricultural product, the President shall notify  
23 the qualified beneficiary country where the product  
24 was grown, manufactured, or produced, in writing of

1 such action and shall provide to the country data  
2 supporting the assessment of the additional duties.

3 “(6) DEFINITIONS.—In this subsection:

4 “(A) AGRICULTURAL PRODUCT.—The term  
5 ‘agricultural product’ means any agricultural  
6 commodity, food, feed, fiber, or livestock (in-  
7 cluding livestock as it is defined in section  
8 602(2) of the Agricultural Act of 1949 (7  
9 U.S.C. 1471(2)) and insects), and any product  
10 thereof.

11 “(B) F.O.B.—The term ‘F.O.B.’ means  
12 free on board, regardless of the mode of trans-  
13 portation, at the point of direct shipment by the  
14 seller to the buyer.

15 “(C) HTS.—The term ‘HTS’ means the  
16 Harmonized Tariff Schedule of the United  
17 States.

18 “(D) UNIT IMPORT PRICE.—The term  
19 ‘unit import price’ means the price expressed in  
20 dollars per kilogram.

21 “(f) MONITORING AFRICAN TEXTILE AND APPAREL  
22 TRADE.—

23 “(1) ITC REPORTS.—Not later than 9 months  
24 after the date on which this section takes effect, and  
25 every 6 months thereafter, the International Trade

1 Commission shall submit a report to the Congress  
2 on trade flows of textile and apparel products be-  
3 tween qualified beneficiary countries and the United  
4 States. The report shall include the Commission's  
5 determination, to the extent possible, of how the  
6 preferences provided under this section have bene-  
7 fitted sub-Saharan African countries and those  
8 countries that are not sub-Saharan African coun-  
9 tries. The report shall include—

10 “(A) an analysis of the impact that the re-  
11 moval of quotas on imports of apparel products  
12 of the People's Republic of China has had on  
13 trade between qualifying beneficiary countries  
14 and the United States; and

15 “(B) an analysis of the impact that im-  
16 ports from other large apparel exporting na-  
17 tions, such as India and Vietnam, has had on  
18 trade between qualifying beneficiary countries  
19 and the United States..

20 “(2) CONGRESSIONAL HEARINGS.—At least  
21 once each Congress, the Committee on Ways and  
22 Means of the House of Representatives and the  
23 Committee on Finance of the Senate shall hold pub-  
24 lic hearings to review the impact of this section, and  
25 in particular, to understand how this section is af-

1       fecting sub-Saharan African countries and to explore  
 2       the need for any policy changes to further enable the  
 3       preservation and expansion of the level of apparel  
 4       exports from qualifying beneficiary countries.

5       “(g) EFFECTIVE DATE AND CONTINUATION OF PRO-  
 6       GRAM.—This section shall take effect on January 1, 2009.  
 7       Section 505 does not apply to the preferential treatment  
 8       provided under this section.”.

9       (b) CONFORMING AMENDMENT.—The table of con-  
 10      tents for the Trade Act of 1974 is amended by inserting  
 11      after the item relating to section 506B the following new  
 12      item:

“506C. Trade preferences for least-developed countries.”.

## 13   **TITLE II—GENERALIZED SYSTEM** 14       **OF PREFERENCES**

### 15   **SEC. 201. SENSE OF CONGRESS CONCERNING GENERAL-** 16       **IZED SYSTEM OF PREFERENCES.**

17       It is the sense of the Congress that the Generalized  
 18       System of Preferences program under title V of the Trade  
 19       Act of 1974 (19 U.S.C. 2461 et seq.) is an important pro-  
 20       gram that can assist development and the extension of the  
 21       program before 2009 provides Congress with an oppor-  
 22       tunity to examine ways that the program can better assist  
 23       developing countries and vulnerable economies in part by  
 24       considering issues relating to eligibility criteria, qualifying

1 articles, competitive need limitations, and permanency  
 2 under the program.

3 **SEC. 202. SENSE OF CONGRESS CONCERNING INDIA, CHINA,**  
 4 **AND THE OECD.**

5 It is the sense of the Congress that—

6 (1) the benefits provided under title I of this  
 7 Act can be multiplied if India, the People’s Republic  
 8 of China, and the majority of countries that are  
 9 members of the Organization for Economic Coopera-  
 10 tion and Development provide market access that is  
 11 substantially similar to that provided under title I;  
 12 and

13 (2) it should be a priority of the President to  
 14 take action to secure such market access.

15 **TITLE III—ASSISTANCE TO LE-**  
 16 **VERAGE TRADE PREF-**  
 17 **ERENCES FOR LEAST DEVEL-**  
 18 **OPED COUNTRIES**

19 **SEC. 301. ASSISTANCE TO LEVERAGE TRADE PREFERENCES**  
 20 **FOR LEAST DEVELOPED COUNTRIES.**

21 Part I of the Foreign Assistance Act of 1961 (22  
 22 U.S.C. 2151 et seq.) is amended by adding after chapter  
 23 3 the following new chapter:

1 **“CHAPTER 4—ASSISTANCE TO LEVERAGE**  
2 **TRADE PREFERENCES FOR LEAST DE-**  
3 **VELOPED COUNTRIES**

4 **“SEC. 401. OFFICE OF TRADE AND COMPETITIVENESS FOR**  
5 **LEAST DEVELOPED COUNTRIES.**

6 “(a) ESTABLISHMENT.—There shall be established  
7 within the United States Agency for International Devel-  
8 opment an independent Office of Trade and Competitive-  
9 ness for Least Developed Countries (hereinafter in this  
10 chapter referred to as the ‘Office’) that will be responsible  
11 for planning, developing, and coordinating trade capacity-  
12 building and competitiveness programs for least developed  
13 countries.

14 “(b) DIRECTOR AND STAFF.—

15 “(1) DIRECTOR.—The head of the Office shall  
16 be the Director of Trade and Competitiveness for  
17 Least Developed Countries (hereinafter in this chap-  
18 ter referred to as the ‘Director’). The Director shall  
19 report directly to the Administrator of the United  
20 States Agency for International Development.

21 “(2) STAFF.—The Office shall include staff  
22 that includes jurists and an inspectorate staff with  
23 expertise in assessing compliance with the eligibility  
24 requirements of least developed countries under sec-  
25 tion 506C of the Trade Act of 1974.

1 **“SEC. 402. GENERAL DUTIES.**

2 “(a) STUDY ON COMPETITIVENESS OF LEAST DE-  
3 VELOPED COUNTRIES; AUTHORIZATION OF ASSISTANCE;  
4 COORDINATION AND CONSULTATION.—

5 “(1) STUDY REQUIRED.—In consultation with  
6 the heads of appropriate departments and agencies  
7 of the Federal Government, and not less than once  
8 every three years, the Director shall conduct and  
9 submit to Congress a study on the competitiveness  
10 of least developed countries.

11 “(2) MATTERS TO BE INCLUDED.—The study  
12 required by paragraph (1) shall include a detailed  
13 description for each least developed country that—

14 “(A) identifies sectors of the economy of  
15 the country with the greatest potential for  
16 growth and poverty reduction, including  
17 through export sales;

18 “(B) identifies barriers, both domestically  
19 and internationally, that are impeding growth  
20 and poverty reduction in sectors identified  
21 under subparagraph (A); and

22 “(C) makes recommendations on how the  
23 United States Government and the private sec-  
24 tor can provide technical assistance to the coun-  
25 try to assist the country in dismantling the bar-

1           riers and in promoting investment in sectors  
2           identified under subparagraph (B).

3           “(3) AUTHORIZATION OF ASSISTANCE.—The  
4           President is authorized to provide assistance to least  
5           developed countries for the purposes of dismantling  
6           barriers that are impeding growth in the economic  
7           sectors of such countries.

8           “(4) COORDINATION AND CONSULTATION.—

9                   “(A) IN GENERAL.—The Director shall co-  
10           ordinate trade capacity building programs car-  
11           ried out by the United States Agency for Inter-  
12           national Development in least developed coun-  
13           tries.

14                   “(B) TRADE CAPACITY COORDINATING  
15           COMMITTEE FOR LEAST DEVELOPED COUN-  
16           TRIES.—The President shall establish a Trade  
17           Capacity Coordinating Committee for Least De-  
18           veloped Countries for the purpose of coordi-  
19           nating implementation of trade capacity build-  
20           ing programs that are carried out by Federal  
21           departments and agencies (other than the  
22           United States Agency for International Devel-  
23           opment) in least developed countries. The Com-  
24           mittee shall be composed of the following indi-  
25           viduals or their designees:

1 “(i) The Director, who shall serve as  
2 chairperson of the Committee.

3 “(ii) The United States Trade Rep-  
4 resentative.

5 “(iii) The Secretaries of Agriculture,  
6 Commerce, Treasury, and State.

7 “(iv) The head of any other Federal  
8 department or agency that the President  
9 determines to be appropriate.

10 “(b) MONITORING WORKING CONDITIONS.—

11 “(1) IN GENERAL.—In conjunction with civil  
12 society partners in least developed countries with  
13 demonstrated expertise in labor rights matters, such  
14 as labor leaders, and together with other relevant  
15 international organizations, the Director, the Sec-  
16 retary of Labor (or the Secretary’s designee), and  
17 the Secretary of State (or the Secretary’s designee)  
18 shall work together to assess compliance by such  
19 least developed countries with labor rights described  
20 in subparagraphs (A) and (B) of section 506C(b)(2)  
21 of the Trade Act of 1974, and with national labor  
22 laws, including rights directly related to core labor  
23 rights and acceptable conditions of work, and such  
24 assessments shall include information available from  
25 the International Labor Organization, other inter-

1       ested parties, country and worksite visits that in-  
2       clude confidential worker and worker representative  
3       interviews, meetings with management, visits to  
4       workplaces, collection and review of relevant docu-  
5       ments.

6               “(2) REPORTS.—The Director, in coordination  
7       with the Secretary of Labor, or the Secretary’s des-  
8       ignee, shall monitor the working conditions in least  
9       developed countries and prepare reports with find-  
10      ings and recommendations to improve such working  
11      conditions which may also be presented to employ-  
12      ers, who shall be urged to sign and return such re-  
13      ports to the Director and Secretary indicating any  
14      provisions with which they disagree.

15           “(c) WORKFORCE COMPETITIVENESS PROGRAM.—In  
16      conjunction with civil society partners in least developed  
17      countries with demonstrated expertise in labor rights mat-  
18      ters, such as labor leaders, and together with other rel-  
19      evant international organizations, the Director and the  
20      Secretary of Labor (utilizing the capacity of the Bureau  
21      of International Labor Affairs) shall establish a workforce  
22      competitiveness program for least developed countries  
23      to—

24               “(1) provide assistance for drafting laws and  
25      regulations to adopt and maintain labor rights as

1 described in section 506C(b)(2)(A) of the Trade Act  
2 of 1974;

3 “(2) increase the capacity of employers, work-  
4 ers, and their respective organizations to improve  
5 working conditions, particularly in the garment sec-  
6 tor and for female workers, including by providing  
7 targeted technical and capacity building assistance  
8 directly to civil society partners in least developed  
9 countries with demonstrated expertise in labor rights  
10 matters, such as labor unions;

11 “(3) increase worker awareness of labor rights  
12 as described in section 506C(b)(2)(A) of the Trade  
13 Act of 1974, and worker rights under national laws,  
14 including those directly related to such core labor  
15 rights and acceptable conditions of work with respect  
16 to minimum wages, hours of work, and occupational  
17 safety and health;

18 “(4) build the capacity of government officials  
19 to ensure greater compliance with labor rights de-  
20 scribed in section 506C(b)(2)(A) of the Trade Act of  
21 1974 and national labor laws, including those di-  
22 rectly related to such labor rights and acceptable  
23 conditions of work with respect to minimum wages,  
24 hours of work, and occupational safety and health;  
25 and

1           “(5) develop projects and programs with the  
2           International Labor Organization and other private  
3           sector and civil society groups and labor unions to  
4           meet the objectives of an improved labor law frame-  
5           work and enhanced compliance with labor rights as  
6           described in 506C(b)(2)(A) of the Trade Act of  
7           1974 and the labor laws of least developed countries,  
8           including those directly related to such core labor  
9           rights and acceptable conditions of work with respect  
10          to minimum wages, hours of work, and occupational  
11          safety and health.

12          “(d) PUBLIC PETITIONS.—The Director shall—

13               “(1) provide for the submission and receipt of  
14               public petitions from interested parties at any time  
15               on labor rights matters (and take reasonable steps  
16               to ensure that such parties are aware of such oppor-  
17               tunity) arising in a least developed country and re-  
18               lated to compliance with the labor rights eligibility  
19               criteria in subparagraphs (A), (B), and (D) of sec-  
20               tion 506C(b)(2) of the Trade Act of 1974, which  
21               may include reference to specific worksites and em-  
22               ployers;

23               “(2) immediately upon receipt of such petitions,  
24               review the petitions, as appropriate, by conducting  
25               labor rights monitoring visits described in subsection

1 (b) to investigate the matter, and hold a public hear-  
2 ing on the reviews of the petitions and investiga-  
3 tions; and

4 “(3) upon review of such petition and not less  
5 than 60 days after receipt, the Director shall pub-  
6 licly issue a reasoned assessment of the merits, in-  
7 cluding a determination, after meaningful inter-  
8 agency consultation, regarding whether the labor  
9 rights matters raised in the petition constitute a vio-  
10 lation of the requirements of subparagraphs (A),  
11 (B), and (D) of section 506C(b)(2) of the Trade Act  
12 of 1974.

13 “(e) ANNUAL REPORT CARD ON COMPETITIVE-  
14 NESS.—The Administrator of the United States Agency  
15 for International Development shall submit to Congress  
16 a report, to be known as the ‘Report Card on Competitive-  
17 ness’, which shall be considered in the evaluation of eligi-  
18 bility of least developed countries for assistance under this  
19 chapter, and which describes—

20 “(1) the activities and progress of the Office  
21 and the Trade Capacity Coordinating Committee for  
22 Least Developed Countries toward dismantling the  
23 key barriers identified in the study under subsection  
24 (a);

1           “(2) the extent to which least developed coun-  
2       tries have adopted and maintained in their laws the  
3       core labor rights as described in section  
4       506C(b)(2)(A) of the Trade Act of 1974;

5           “(3) whether least developed countries are  
6       meeting the requirements of subparagraphs (B),  
7       (D), and (E) of section 506C(b)(2) of the Trade Act  
8       of 1974;

9           “(4) a syntheses of the monitoring visit reports  
10      prepared under subsection (b), which shall include  
11      the names of the worksites visited and the findings  
12      and recommendations pertaining to each with re-  
13      spect to compliance with labor rights, as detailed in  
14      section 506C(b)(2)(A) of the Trade Act of 1974,  
15      and with respect to national labor law, including  
16      those directly related to labor rights and acceptable  
17      conditions of work;

18          “(5) reasoned assessments of the merits of any  
19      public petitions on labor rights matters submitted  
20      during the preceding year under subsection (d);

21          “(6) the activities undertaken by the Office  
22      and, to the extent possible, by public and private en-  
23      tities with respect to the workforce competitiveness  
24      program under subsection (c);

1 “(7) whether countries meet the requirements  
 2 of the competitiveness incentive established under  
 3 section 506C(c)(2)(D) of the Trade Act of 1974,  
 4 and what challenges remain in each least developed  
 5 country; and

6 “(8) the activities and progress the Office has  
 7 achieved in implementing sections 403 through 405  
 8 of this Act and title IV of the New Partnership for  
 9 Development Act of 2007 and detail any key con-  
 10 straints that impact the Office’s ability to carry out  
 11 the duties described in this chapter.

12 **“SEC. 403. ASSISTANCE FOR CAPACITY BUILDING FOR**  
 13 **SMALL AND MEDIUM ENTERPRISES.**

14 “(a) ASSISTANCE AUTHORIZED.—The Director, in  
 15 consultation with the Administrator of the Small Business  
 16 Administration and the United States African Develop-  
 17 ment Foundation, shall provide assistance to promote ca-  
 18 pacity building for small and medium enterprises in least  
 19 developed countries.

20 “(b) ACTIVITIES SUPPORTED.—Assistance provided  
 21 under subsection (a) shall, to the maximum extent prac-  
 22 ticable, be used to carry out the following activities:

23 “(1) Provide quality training, counseling, and  
 24 access to financial resources to enable qualified  
 25 small and medium enterprises to present well-devel-

1       oped business plans to financial institutions for the  
2       purpose of accessing capital.

3               “(2) Provide counseling, training, and technical  
4       assistance in all aspects of small business manage-  
5       ment, including marketing and production, to quali-  
6       fied small and medium enterprises.

7               “(3) Provide management assistance to current  
8       and prospective owners of small and medium enter-  
9       prises.

10              “(4) Partner with financial institutions and  
11       international financial institutions to provide loan  
12       guarantees for qualified small and medium enter-  
13       prises.

14              “(5) Develop programs to help qualified small  
15       and medium enterprises to understand export oppor-  
16       tunities that may exist, including trade preferences  
17       programs similar to the program established under  
18       section 506C of the Trade Act of 1974.

19              “(6) Outreach activities to current and prospec-  
20       tive female entrepreneurs to provide assistance re-  
21       lated to launching or growing small businesses, par-  
22       ticularly to female entrepreneurs who can create em-  
23       ployment opportunities to those in poverty.

1           “(7) Provide guidance to qualified small and  
2           medium enterprises on developing and protecting in-  
3           tellectual property.

4   **“SEC. 404. ASSISTANCE FOR CAPACITY BUILDING FOR AG-**  
5           **RICULTURE.**

6           “(a) ASSISTANCE AUTHORIZED.—The Director, in  
7           consultation with the Secretary of Agriculture, shall pro-  
8           vide assistance to promote capacity building for farmers  
9           in least developed countries.

10          “(b) ACTIVITIES SUPPORTED.—Assistance provided  
11          under subsection (a) shall, to the maximum extent prac-  
12          ticable, be used to carry out the following activities:

13                  “(1) Develop and facilitate value-added agricul-  
14                  tural processing activities.

15                  “(2) Develop a comprehensive plan for the ex-  
16                  pansion and diversification of agricultural trade be-  
17                  tween and among least developed countries and the  
18                  United States.

19                  “(3) Arrange trade and investment missions to  
20                  least developed countries to generate joint venture  
21                  investment and marketing agreements among farm-  
22                  ers in least developed countries and the United  
23                  States.

24                  “(4) Improve market access for United States  
25                  agricultural products and equipment by—

1           “(A) strengthening the capacity of agricul-  
2           tural producer organizations in least developed  
3           countries to identify agricultural equipment and  
4           supply needs;

5           “(B) working with financial institutions in  
6           least developed countries to remove obstacles  
7           that inhibit export credit guarantee programs;  
8           and

9           “(C) facilitating access for ports of entry  
10          and warehouse facilities in least developed coun-  
11          tries.

12   **“SEC. 405. ASSISTANCE FOR CAPACITY BUILDING FOR FI-**  
13                   **NANCIAL INSTITUTIONS AND PROMOTING IN-**  
14                   **VESTMENT.**

15          “(a) ASSISTANCE AUTHORIZED.—The Director, in  
16          consultation with the Secretary of Commerce, shall pro-  
17          vide assistance to promote capacity building for financial  
18          institutions and promoting investment in least developed  
19          countries.

20          “(b) ACTIVITIES SUPPORTED.—Assistance provided  
21          under subsection (a) shall, to the maximum extent prac-  
22          ticable, be used to carry out the following activities:

23               “(1) Promote business partnerships between en-  
24          trepreneurs in least developed countries and the  
25          United States.

1           “(2) Host conferences and initiate two-way  
2           trade missions to discover and encourage opportuni-  
3           ties for private sector cooperation between least de-  
4           veloped countries and the United States.

5           “(3) Assist United States firms fully under-  
6           stand the risks and opportunities of doing business  
7           in least developed countries and developing tools and  
8           mechanisms to reduce such risks and enhance such  
9           opportunities, in part by seeking to establish a busi-  
10          ness council among least developed countries and the  
11          United States that consists of prominent, experi-  
12          enced business persons from least developed coun-  
13          tries and the United States.

14          “(4) Facilitate the development of modern com-  
15          mercial and manufacturing technology to least devel-  
16          oped countries for the purpose of expanding com-  
17          mercial opportunities.

18          “(5) Promote the establishment of lending pro-  
19          grams of financial institutions for small and medium  
20          enterprises by establishing effective credit risk man-  
21          agement systems in least developed countries to im-  
22          prove the quality of the assets of such financial in-  
23          stitutions and the ability of such financial institu-  
24          tions to research and assess overall credit risk.

1           “(6) Promote the development of qualified  
2           small and medium enterprises that are located in  
3           rural and peri-urban areas by carrying out capacity-  
4           building activities for micro-enterprise business asso-  
5           ciations and microfinance networks.

6   **“SEC. 406. LEAST DEVELOPED COUNTRY DEFINED.**

7           “For purposes of this chapter, the term ‘least devel-  
8   oped country’ means a country described in subsection  
9   (b)(1)(A) or (B) of section 506C of the Trade Act of 1974,  
10   irrespective of whether or not the country is initially or  
11   subsequently excluded from eligibility for preferential  
12   treatment under subsection (a) of such section.

13   **“SEC. 407. AUTHORIZATION OF APPROPRIATIONS.**

14           “(a) IN GENERAL.—To carry out this chapter, there  
15   are authorized to be appropriated to the Director  
16   \$250,000,000 for each of the fiscal years 2009 through  
17   2018.

18           “(b) PRIORITY.—Of the amounts appropriated pur-  
19   suant to the authorization of appropriations under sub-  
20   section (a)—

21           “(1) for each of the fiscal years 2009 through  
22           2013, the Director shall give priority to providing  
23           assistance under sections 403 through 405 to least  
24           developed countries that are sub-Saharan African  
25           countries, Haiti, and countries that qualify for com-

1       petitiveness incentives under section 506C(c)(2)(D)  
 2       of the Trade Act of 1974;

3           “(2) for each of the fiscal years 2014 through  
 4       2018, the Director shall give priority to providing  
 5       assistance under sections 403 through 405 to least  
 6       developed countries that qualify for competitiveness  
 7       incentives under section 506C(c)(2)(D) of the Trade  
 8       Act of 1974; and

9           “(3) for each of the fiscal years 2009 through  
 10      2018, not less than 20 percent of such amounts  
 11      shall be used to carry out subsections (b) through  
 12      (d) of section 402.”.

## 13   **TITLE IV—AID FOR TRADE FUND**

### 14   **SEC. 401. AID FOR TRADE FUND.**

15       (a) ESTABLISHMENT.—The President is authorized  
 16      to instruct the United States Executive Directors of each  
 17      international financial institution (as defined in section  
 18      1702(c)(2) of the International Financial Institutions Act)  
 19      to use the voice, vote, and influence of the United States  
 20      to establish a fund, to be known as the “Aid for Trade  
 21      Fund” (hereinafter in this section referred to as the  
 22      “Fund”), which meets the requirement of subsection (b)  
 23      of this section.

24       (b) ACTIVITIES OF FUND.—The requirement of this  
 25      subsection is that the Fund must make grants to least

1 developed countries and regional organizations that con-  
2 sist of a majority of such least developed countries in order  
3 to—

4 (1) finance infrastructure projects to increase  
5 economic diversification through trade in such least  
6 developed countries; and

7 (2) fulfill United States commitments at the  
8 World Trade Organization with respect to trade-ca-  
9 pacity building of such least developed countries.

10 (c) AUTHORIZATION OF APPROPRIATIONS.—For con-  
11 tributions to the Fund on behalf of the United States,  
12 there are authorized to be appropriated to the President  
13 \$100,000,000 for each of the fiscal years 2008 through  
14 2017.

15 **SEC. 402. ASSISTANCE TO DEVELOP LARGE-SCALE ENGI-**  
16 **NEERING INFRASTRUCTURE PROJECTS.**

17 (a) ASSISTANCE AUTHORIZED.—The Director of the  
18 Office of Trade and Competitiveness for Least Developed  
19 Countries (established under section 401 of the Foreign  
20 Assistance Act of 1961 (as added by section 301 of this  
21 Act)) in the United States Agency for International Devel-  
22 opment shall work closely with relevant departments and  
23 agencies of the Federal Government, international finan-  
24 cial institutions, and appropriate regional economic and  
25 political communities to develop and coordinate the devel-

1 opment of not less than four annual large-scale engineer-  
 2 ing infrastructure projects in least developed countries or  
 3 other countries that primarily—

4           (1) improves the ability of farmers and small  
 5           and medium enterprises to communicate and trans-  
 6           port goods and services;

7           (2) improve the distribution of food, electricity,  
 8           and water; and

9           (3) improve the provision of health care and  
 10          education to the inhabitants of the beneficiary coun-  
 11          try.

12          (b) **ADDITIONAL REQUIREMENT.**—In carrying out  
 13 subsection (a), the Director shall promote and facilitate  
 14 local, bilateral, and multilateral private and public sources  
 15 of financing for such infrastructure projects and consider  
 16 the importance of sustainability of the project and its im-  
 17 pact on the promotion of poverty reduction and equality  
 18 for women and vulnerable populations.

19          (c) **AUTHORIZATION OF APPROPRIATIONS.**—There  
 20 are authorized to be appropriated to the President  
 21 \$150,000,000 for each of the fiscal years 2009 through  
 22 2018 to carry out this section.

23 **SEC. 403. LEAST DEVELOPED COUNTRY DEFINED.**

24          For purposes of this title, the term “least developed  
 25 country” means a country described in subsection

1 (b)(1)(A) or (B) of section 506C of the Trade Act of 1974  
2 (as added by section 101 of this Act), irrespective of  
3 whether or not the country is initially or subsequently ex-  
4 cluded from eligibility for preferential treatment under  
5 subsection (a) of such section

○