



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 16, 2001

H.J. Res. 55 **Disapproving the extension of the waiver authority contained in section 402(c) of the Trade Act of 1974 with respect to Vietnam**

*As ordered reported adversely by the House Committee on Ways and Means on
July 12, 2001*

SUMMARY

Under the Trade Act of 1974, nondiscriminatory trade relations may not be conferred on a country with a nonmarket economy if that country maintains restrictive emigration policies. The President may waive this prohibition on an annual basis, however, if he certifies that doing so would promote freedom of emigration in that country. On June 1, 2001, President Bush transmitted to the Congress his intention to waive the prohibition with respect to Vietnam for a year, beginning July 3, 2001. H.J. Res. 55 would disapprove the President's extension of this waiver. This legislation could affect direct spending if credit-guaranteed sales of farm products to Vietnam are prohibited. However, CBO estimates that such sales are likely to be insignificant. Because the bill could affect direct spending, pay-as-you-go procedures would apply.

H.J. Res. 55 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

CBO estimates that disapproving the extension of the waiver with respect to Vietnam would have no significant impact on direct spending or receipts. Because the waiver contained in section 402(c) of the Trade Act of 1974, as recommended by the President, would not give Vietnam normal trade relations treatment, disapproving it would not affect customs duties.

Enacting H.J. Res. 55 would prohibit various U.S. government agencies from extending credit and insurance to Vietnam. CBO estimates that the resolution would have no significant effect on the Overseas Private Investment Corporation, Eximbank programs, or General Sales Manager (GSM) export credit guarantee programs of the U.S. Department of

Agriculture (USDA). While Vietnam is currently eligible to purchase farm and food commodities backed by GSM export credit guarantees if the waiver is not disapproved, CBO estimates the likelihood that these guarantees will be offered is small. If USDA does offer GSM credit guarantees to Vietnam, the value of the sales and the associated costs during the next year are likely to be insignificant.

PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. Because H.J. Res. 55 could affect direct spending, pay-as-you-go procedures would apply. However, CBO estimates that disapproving the extension of the waiver to Vietnam would have no significant impact on direct spending.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.J. Res. 55 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

PREVIOUS ESTIMATE

On July 7, 2000, CBO transmitted an estimate for H.J. Res. 99, disapproving the extension of the waiver authority contained in section 402(c) with respect to Vietnam, as ordered reported adversely by the House Committee on Ways and Means. Last year's joint resolution would have disapproved the extension of the President's waiver for the period beginning on July 3, 2000, and ending on July 2, 2001. H.J. Res. 55 would disapprove of the extension of the President's waiver for the period beginning July 3, 2001, and ending July 2, 2002. The two CBO cost estimates for the disapprovals of such waivers are very similar.

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