



**CONGRESSIONAL BUDGET OFFICE
ESTIMATE OF COSTS
OF PRIVATE-SECTOR MANDATES**

November 9, 2001

**H.R. 2581
Export Administration Act of 2001**

*As ordered reported by the House Committee on International Relations
on August 1, 2001*

SUMMARY

H.R. 2581 would impose private-sector mandates as defined by the Unfunded Mandates Reform Act (UMRA) on certain exporters. CBO estimates that the total direct cost of those mandates would fall below the annual threshold established by UMRA for private-sector mandates (\$113 million in 2001, adjusted annually for inflation).

PRIVATE-SECTOR MANDATES CONTAINED IN THE BILL

H.R. 2581 would replace the expired Export Administration Act of 1979 (EAA) and would update the system for applying export controls and penalties on American business for national security or foreign policy purposes.

The bill would require pharmaceutical companies that apply for licenses to export certain test articles, including drugs, medical devices, biological products, and additives, to undertake new procedures. Such firms would have to identify each clinical investigation concerning those articles involving human subjects and submit proof that the protocols for each investigation have been examined by an institutional review board. Based on information from the Pharmaceutical Research and Manufacturers of America and the Federal Drug Administration, the cost to identify and submit proof of review would be small and further, few test articles would be subject to the new procedures.

The bill would prohibit implements of torture from being exported to certain countries. According to the Bureau of Export Administration, the number of prohibited instruments and equipment would be minimal.

H.R. 2581 also would require exporters not currently filing their applications through the Automated Export System (AES) to do so. Based on information from the Bureau of Export Administration, the number of additional exporters that would now be required to file through the AES would be minimal.

PREVIOUS CBO ESTIMATE

On April 2, 2001, CBO transmitted an estimate of S. 149, the Export Administration Act of 2001, as ordered reported by the Senate Committee on Banking, Housing, and Urban Affairs on March 22, 2001. CBO determined that S. 149 contained no private-sector mandates as defined by UMRA.

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